

Document No: A625313

Report To: Audit and Risk Committee



Meeting Date: 16 August 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:

| Elected Member Name: | | |
|---|-------------------------------|---|
| Item(s) of Business on the Order Paper | Reason for Declaration | Type of Conflict 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.

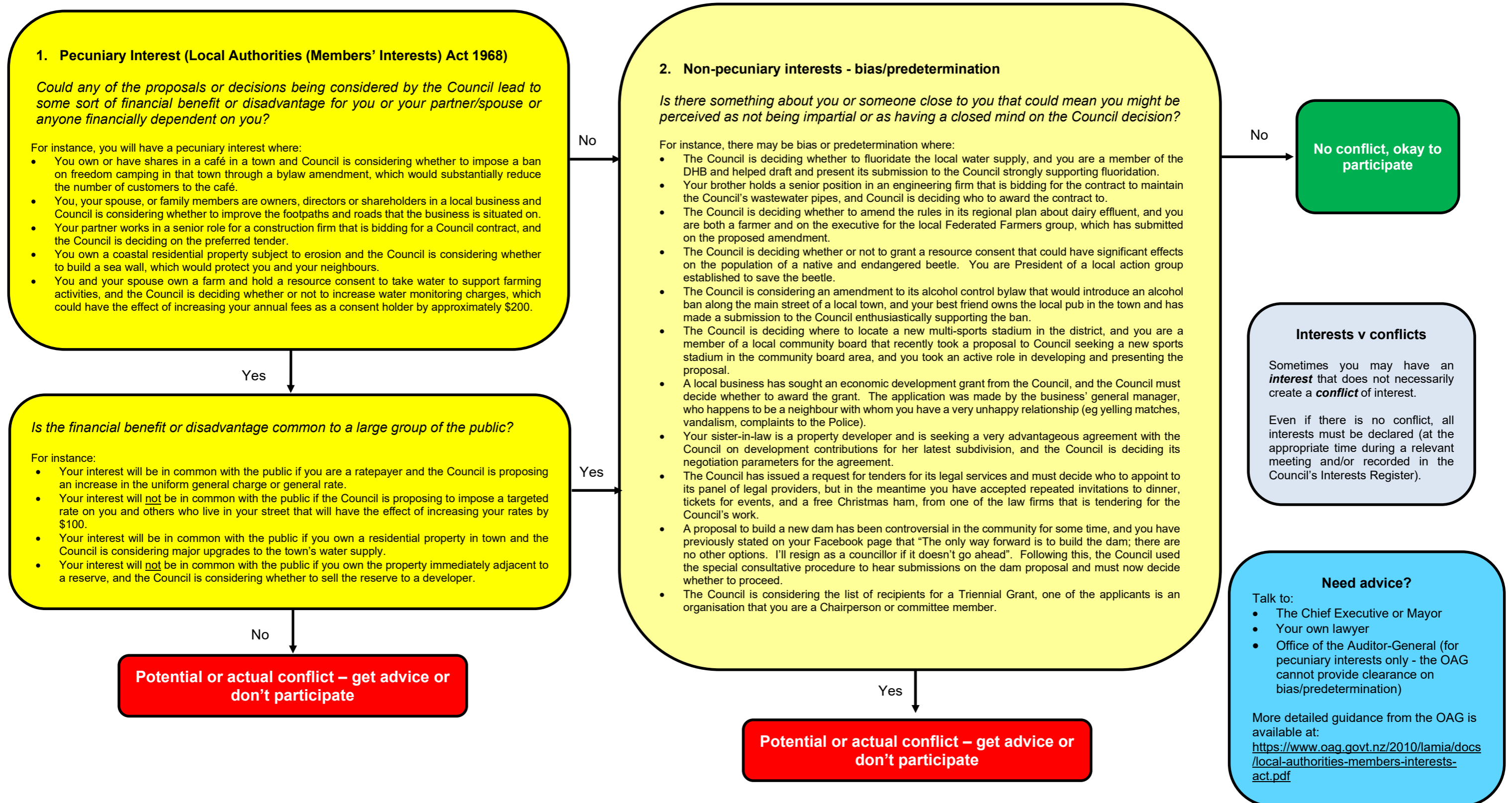
A Conflict of Interest may exist where the employee:

- 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"> - How close is your relationship with this other person or organisation? - Will they be directly affected by the decision? - How seriously will they be affected? |
| 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"> • Is there a risk that you will be seen to be acting in the interests of entity B rather than entity A? • 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? | <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 Scenarios 3, 5 | Paragraphs 3.12-3.24 Scenarios 1, 2, 3, 9, 11 | Paragraphs 3.25-3.31 Scenarios 8, 10 | Paragraphs 3.32-3.40 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

MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL AUDIT, RISK AND FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, QUEEN STREET, TE KUITI ON TUESDAY 17 MAY 2022 AT 9.00AM

- PRESENT:** Mayor John Robertson
 Deputy Mayor Guy Whitaker
 Councillor Phil Brodie
 Councillor Allan Goddard
 Councillor Lisa Marshall
 Councillor Janene New
 Councillor Sue Smith
- IN ATTENDANCE:** Chief Executive, Ben Smit
 Manager – Governance Support, Michelle Higgie
 General Manager – Business Support, Alister Duncan
- Via ZOOM:** General Manager – Community Services, Helen Beever
 General Manager – Infrastructure Services, Shyamal Ram
 General Manager – Strategy and Environment, Alex Bell
 Operations Manager, Emergency Management/Civil Defence, Dave Simes

Noting the apology from Independent Chairperson Bruce Robertson, Mayor John Robertson, as Deputy Chairperson, took the chair. The Committee noted feedback on the Agenda provided by Bruce Robertson which was tabled at the meeting.

1. Apology

Resolution

The apology from Independent Chairperson Bruce Robertson be received and leave of absence granted.

Robertson/Whitaker Carried

2. Declaration of Member Conflicts of Interest

Members declared interests/conflicts of interest in respect to the Agenda as set out below:

| Item(s) of Business on the Order Paper | Member and Reason for Declaration | Type of Conflict <i>Financial / Non-Financial / Conflict of Roles / Pre-Determination</i> |
|---|--|---|
| Public Excluded Item 1: Accounting Treatment: King Country Indoor Sport and Recreation Centre | <ul style="list-style-type: none"> • Cr New (Trustee on Game On Charitable Trust) | Non-Financial |

| |
|--|
| 3. Confirmation of Minutes – 15 February 2022 |
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Resolution

The Minutes of the Waitomo District Council Audit, Risk and Finance Committee meeting of 15 February 2022, including the Public Excluded minutes, be confirmed as a true and correct record.

Robertson/Brodie Carried

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| 4. Mastercard Expenditure Report (January – March 2022) |
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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.

The Committee discussed the pros and cons of receiving reporting on Mastercard expenditure at this level and the general consensus was to retain the reporting for public transparency purposes.

Resolution

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

Robertson/Goddard Carried

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| 5. Cyber Security – Quarterly Status Report |
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The Committee considered a business paper providing an update on the Cyber Security Work Plan.

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

Resolution

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

Robertson/New Carried

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| 6. 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.

Robertson/Smith Carried

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| 7. Insurance Update Report for the Insurance Year to 31 October 2022 |
|---|

The Committee considered a business paper providing a brief on Council's 2021-22 insurance arrangements currently in place.

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

The Committee recommended that some publicity be undertaken with community organisations who meet the criteria for purchasing insurance cover in line with Council's Policy.

Resolution

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

Goddard/Whitaker Carried

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| 8. Progress Report: Procurement Summary Schedule (January to March 2022) |
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The Committee considered a business paper presenting a a summary of the procurements made in the period January to March 2022 in accordance with Waitomo District Council's Procurement Policy.

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

The Committee discussed the level of detail provided in this quarterly report and the consensus was to continue receiving this level of reporting.

Resolution

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

Robertson/Marshall Carried

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| 9. Waka Kotahi (NZ Transport Agency) Final Procedural Audit Report 2021 |
|--|

The Committee considered a business paper informing of the final Waka Kotahi New Zealand Transport Agency Investment (Procedural) audit report for 2021.

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

Resolution

The business paper on the Waka Kotahi (NZ Transport Agency) Final Procedural Audit Report 2021 be received.

Robertson/Brodie Carried

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| 10. Progress Report: WDC Resource Consents – Compliance Monitoring |
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The Committee considered a business paper providing a brief on compliance reporting against Resource Consent conditions, due during the third quarter of 2021/22.

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

The Committee commended WDC staff on the high level of compliance being achieved.

Resolution

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

Robertson/Whitaker Carried

11. 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 – Community Services expanded verbally on the business paper and answered Members' questions.

Resolution

The Progress Report: Health and Safety be received.

Robertson/Smith Carried

12. Financial and Performance Delivery Report - period ended 31 March 2022

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 March 2022.

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

Resolution

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

Robertson/Marshall Carried

13. Motion to Exclude the Public

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

Resolution

- 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.

Robertson/Marshall Carried

The General Manager – Community Services, General Manager – Infrastructure Services, General Manager – Strategy and Environment and Operations Manager, Emergency Management/Civil Defence left the meeting at 10.40am

The meeting adjourned at 10.40am and reconvened at 10.58am.

14. Consideration of Public Excluded Items for the purpose of making information Public following Council's decision taking

Following consideration and decision taking of items of business with the public excluded, the Committee agreed that the following information be made public:

1 Accounting Treatment: King Country Indoor Sport and Recreation Centre

The Resolutions be made public as follows:

Resolution

- 1 *The business paper on the Accounting Treatment - King Country Indoor Sport and Recreation Centre be received.*
- 2 *The PricewaterhouseCoopers Advice on the Accounting Treatment for King Country Indoor Sports Facility construction and operation be received.*

- 3 *The advice received from PricewaterhouseCoopers determining that the arrangement be accounted for as a Service Concession Arrangement: Operator under accounting standard PBE FRS 45 Service concession arrangements be noted.*

New/Smith Carried

Robertson/Whitaker Carried

There being no further business the meeting closed at 11.04am

Dated this day of 2021.

JOHN ROBERTSON
DEPUTY CHAIRPERSON

Confidential

Document No: A625314

Report To: Audit, Risk and Finance Committee



Meeting Date: 16 August 2022
Subject: **Mastercard Expenditure Report
 April 2022 – June 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 April 2022 to June 2022 be received.



MICHELLE HIGGIE

MANAGER – GOVERNANCE SUPPORT

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



RECEIVED

02 MAR 2022

WAITOMO DISTRICT COUNCIL

A611082

CONSOLIDATED STATEMENT

TAX INVOICE
GST NO. 93 259 688

27 April 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: \$15,000.00
Total Cardholder Net Balance: \$4,433.00
Total Interest and Fees: \$0.00

Statement period: 28/03/2022 to 27/04/2022

Consolidated summary

| CARDHOLDER NAME | ACCOUNT NUMBER | LIMIT \$ | BALANCE \$ |
|-----------------|----------------|----------|------------|
| Ms M D Higgie | 0030 2936 5933 | 10,000 | 4,433.00 |
| Mr B E Smit | 0030 6638 4672 | 5,000 | 0.00 |
| TOTALS | | \$15,000 | \$4,433.00 |

Direct Debit payment

We advise that \$4,433.00 will be directly charged to your account 03-0449-0070201-00 on 20 May 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/ for details.

18 Mastercard Statement Authorisation Form

| | |
|------------------------|-------------------------------------|
| Name: | Michelle Higgle |
| Position: | Manager – Governance Support |
| Statement Date: | 27 / 04 / 22 |

| | | |
|------------|---------------------|---|
| (1) | Creditor: | Waka Kotahi NZ Transport Agency |
| | Date: | 25 March 2022 |
| | Amount: | \$1,524.80 |
| | GL Code: | 820 27 773 |
| | Expenditure: | 20,000km of Road User Charges for WDC Fleet Vehicle (Rego NKG330) |

| | | |
|------------|---------------------|---|
| (2) | Creditor: | Waka Kotahi NZ Transport Agency |
| | Date: | 25 March 2022 |
| | Amount: | \$1,524.80 |
| | GL Code: | 820 27 774 |
| | Expenditure: | 20,000km of Road User Charges for WDC Fleet Vehicle (Rego NKQ165) |

| | | |
|------------|---------------------|---|
| (3) | Creditor: | Waka Kotahi NZ Transport Agency |
| | Date: | 1 April 2022 |
| | Amount: | \$764.80 |
| | GL Code: | 820 27 749 |
| | Expenditure: | 10,000km of Road User Charges for WDC Fleet Vehicle (Rego LPS823) |

| | | |
|------------|---------------------|--|
| (4) | Creditor: | Waka Kotahi NZ Transport Agency |
| | Date: | 22 April 2022 |
| | Amount: | \$151.80 |
| | GL Code: | 820 27 753 |
| | Expenditure: | 3,000km of Road User Charges for WDC Fleet Vehicle (Rego MGA225) |

| | | |
|------------|---------------------|--|
| (5) | Creditor: | Waka Kotahi NZ Transport Agency |
| | Date: | 22 April 2022 |
| | Amount: | \$151.80 |
| | GL Code: | 820 27 777 |
| | Expenditure: | 3,000km of Road User Charges for WDC Fleet Vehicle (Rego NLD334) |

| | | |
|------------|---------------------|---|
| (6) | Creditor: | Hamilton Airport |
| | Date: | 26 April 2022 |
| | Amount: | \$315.00 |
| | GL Code: | 820 27 731 |
| | Expenditure: | Airport Parking Fees for WDC Fleet Vehicle (Rego JBL852) - Vehicle allocated for use by Greg Boyle. |

I certify that:

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

| | | |
|---|--|--|
| <p>Signature of Manager – Governance Support</p>  <p>Date: 26 May 2022</p> | <p>Authorised by Chief Executive:</p>  <p>Date: 27 May 2022</p> | <p>Authorised by Mayor:</p>  <p>Date: 27 May 2022</p> |
|---|--|--|



19
A616802

CONSOLIDATED STATEMENT

TAX INVOICE
GST NO. 93 259 688

29 May 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: **\$15,000.00**
Total Cardholder Net Balance: **\$1,037.07**
Total Interest and Fees: **\$0.00**

Statement period: **28/04/2022 to 29/05/2022**

Consolidated summary

| CARDHOLDER NAME | ACCOUNT NUMBER | LIMIT \$ | BALANCE \$ |
|-----------------|----------------|-----------------|-------------------|
| Ms M D Higgle | 0030 2936 5933 | 10,000 | 966.57 |
| Mr S C Ram | 0030 6674 8769 | 5,000 | 70.50 |
| TOTALS | | \$15,000 | \$1,037.07 |




Direct Debit payment

We advise that \$1,037.07 will be directly charged to your account 03-0449-0070201-00 on 20 June 2022, please note this transaction for your records.

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

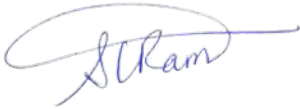

Westpac Business Mastercard Conditions of Use and applicable fees apply. See westpac.co.nz/business/products-services/credit-cards/business-mastercard/ for details.

20 Mastercard Statement Authorisation Form

| | | |
|---|--|---|
| Name: | Michelle Higgie | |
| Position: | Manager – Governance Support | |
| Statement Date: | 29 / 05 / 22 | |
| (1) Creditor: | Waka Kotahi NZ Transport Agency | |
| Date: | 12 May 2022 | |
| Amount: | \$151.80 | |
| GL Code: | 820 27 747 | |
| Expenditure: | 3,000km of Road User Charges for WDC Fleet Vehicle (Rego LPS811) | |
| (2) Creditor: | Waka Kotahi NZ Transport Agency | |
| Date: | 12 May 2022 | |
| Amount: | \$151.80 | |
| GL Code: | 820 27 733 | |
| Expenditure: | 3,000km of Road User Charges for WDC Fleet Vehicle (Rego JDQ986) | |
| (3) Creditor: | Waka Kotahi NZ Transport Agency | |
| Date: | 12 May 2022 | |
| Amount: | \$102.80 | |
| GL Code: | 820 27 752 | |
| Expenditure: | 2,000km of Road User Charges for WDC Fleet Vehicle (Rego MGA224) | |
| (4) Creditor: | Adobe Stock Photos | |
| Date: | 18 May 2022 | |
| Amount: | \$470.25 <i>(AUD \$413.99 including NZ \$11.45 Foreign Currency Fee)</i> | |
| GL Code: | 431 24 710 | |
| Expenditure: | Purchase of 1 x Adobe Stock (40 credit pack) - photos of the Waitomo District for community development, communications, and promotional purposes | |
| (5) Creditor: | Shutterstock | |
| Date: | 25 May 2022 | |
| Amount: | \$89.92 <i>(US \$56.35 including NZ \$2.17 Foreign Currency Fee)</i> | |
| GL Code: | 431 24 710 | |
| Expenditure: | Purchase of 1 x 365-day Images On Demand (with 5 standard license downloads) - images/photos for community development, communications, and promotional purposes | |
| 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 Manager – Governance Support | Authorised by Chief Executive: | Authorised by Mayor: |
|  |  |  |
| Date: 7 June 2022 | Date: 7 June 2022 | Date: 7 June 2022 |

Mastercard Statement Authorisation Form

21

| | |
|---|---|
| Name: Shyamal Ram | |
| Position: General Manager – Infrastructure Services | |
| Statement Date: 29 / 05 / 22 | |
| (1) Creditor: | Red Kitchen |
| Date: | 19 May 2022 |
| Amount: | \$70.50 |
| GL Code: | 811 20 700 |
| Expenditure: | Lunch Meeting with NZTA Waka Kotahi to discuss budgets and Cyclone Dovi related works |
| 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 | Authorised by Chief Executive: |
|  |  |
| Date: 7/06/2022 | Date: 7 June 2022 |



A6 205 22

CONSOLIDATED STATEMENT

TAX INVOICE
GST NO. 93 259 688

RECEIVED

04 JUL 2022

WAITOMO DISTRICT
COUNCIL

27 June 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: **\$3,161.74**
Total Interest and Fees: **\$0.00**

Statement period: **30/05/2022 to 27/06/2022**

Consolidated summary

| CARDHOLDER NAME | ACCOUNT NUMBER | LIMIT \$ | BALANCE \$ |
|-----------------|----------------|-----------------|-------------------|
| Ms M D Higgie | 0030 2936 5933 | 10,000 | 2,405.68 |
| Mr A M Bell | 0030 6627 0319 | 5,000 | 345.00 |
| Mr S C Ram | 0030 6674 8769 | 5,000 | 411.06 |
| TOTALS | | \$20,000 | \$3,161.74 |

Direct Debit payment

We advise that \$3,161.74 will be directly charged to your account 03-0449-0070201-00 on 20 July 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/ for details.

Mastercard Statement Authorisation Form

23

Name: Michelle Higgle
Position: Manager – Governance Support
Statement Date: 27 / 06 / 2022

(1) **Creditor:** LGNZ (House of Travel)
Date: 27 May 2022
Amount: \$183.48
GL Code: 111 42 700
Expenditure: Accommodation: Cr Allan Goddard - Attendance at LGNZ Rural and Provincial Sector Meeting in Wellington on 116/17 June 2022

(2) **Creditor:** Air New Zealand
Date: 27 May 2022
Amount: \$424.60
GL Code: 111 42 700
Expenditure: Airfares: Hamilton to Wellington Return - Cr Allan Goddard - Attendance at LGNZ Rural and Provincial Sector Meeting in Wellington on 116/17 June 2022

(3) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 9 June 2022
Amount: \$494.80
GL Code: 820 27 742
Expenditure: 10,000km of Road User Charges for WDC Fleet Vehicle (Rego LHC172)
Water Treatment Plant Operator

(4) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 9 June 2022
Amount: \$249.80
GL Code: 820 27 765
Expenditure: 5,000km of Road User Charges for WDC Fleet Vehicle (Rego KBU338)
Building Control Officer

(5) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 9 June 2022
Amount: \$151.80
GL Code: 820 27 744
Expenditure: 3,000km of Road User Charges for WDC Fleet Vehicle (Rego LHY96)
Parks and Facilities Operator

(6) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 9 June 2022
Amount: \$151.80
GL Code: 820 27 752
Expenditure: 3,000km of Road User Charges for WDC Fleet Vehicle (Rego MGA224)
Parks and Facilities Operator

(7) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 9 June 2022
Amount: \$249.80
GL Code: 820 27 753
Expenditure: 5,000km of Road User Charges for WDC Fleet Vehicle (Rego MGA225)
Parks and Facilities Operator

(8) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 15 June 2022
Amount: \$249.80
GL Code: 820 27 777
Expenditure: 5,000km of Road User Charges for WDC Fleet Vehicle (Rego NLD334)
Treatment Plant Operator

(9) **Creditor:** Waka Kotahi NZ Transport Agency
Date: 15 June 2022
Amount: \$249.80
GL Code: 820 27 741
Expenditure: 5,000km of Road User Charges for WDC Fleet Vehicle (RegoLHC171)
Treatment Plant Operator

I certify that:

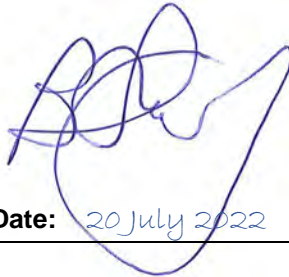
- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

**Signature of
Manager – Governance Support**



Date: 12 July 2022

**Authorised by
Chief Executive:**



Date: 20 July 2022

**Authorised by
Mayor:**



Date: 19 July 2022

Mastercard Statement Authorisation Form

25

Name: Alex Bell
Position: General Manager – Strategy and Environment
Statement Date: 27 / 06 / 2022

(1) **Creditor:** Eventbrite
Date: 23/06/2022
Amount: \$345.00
GL Code: 817 38 700
Expenditure: Compliance Schedule Writing Workshop - Hamilton – Building Control Officer

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 – Strategy and Environment



Date: 12 July 2022

Authorised by
Chief Executive:



Date: 20 July 2022

26
Mastercard Statement Authorisation Form

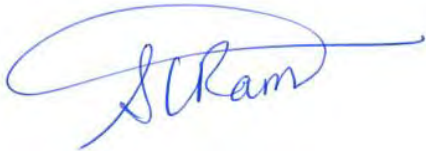
Name: Shyamal Ram
Position: General Manager – Infrastructure Services
Statement Date: 27 / 06 / 2022

(1) **Creditor:** Hilton Lake Taupo
Date: 3 June 2022
Amount: \$411.06
GL Code: 720 32 614
Expenditure: Accommodation: General Manager – Infrastructure Services – Attendance at Three Waters Reform two day workshop in Taupo on 2/3 June 2022

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: 7 / 7 / 2022

Authorised by
Chief Executive:



Date: 20 July 2022



Credit Card Policy

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1.0 Policy Background

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

2.0 Eligibility for Credit Cards

2.1 This policy authorises the issue of credit cards to:

- Members of the Executive Management Team
- The 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: A625114

Report To: Audit Risk and Finance Committee

Meeting Date: 16 August 2022

Subject: **Civic Financial Services Ltd - Annual Report 2021**

Type: Information

Purpose of Report

- 1.1 The purpose of this business paper is to present the Annual Report for Civic Financial Services Limited (CFSL) for the year ended 31 December 2021.

Background

- 2.1 CFSL is the former New Zealand Local Government Insurance Corporation Ltd and previously traded as Civic Assurance. CFSL has been trading for over 76 years.
- 2.2 The name change was instituted due to the company withdrawing from offering property insurance and no longer holding an insurance licence.
- 2.3 CFSL provides administration services to SuperEasy and SuperEasy KiwiSaver Superannuation Schemes, the Local Authority Protection Programme Disaster Fund (LAPP), Riskpool, Civic Liability Pool and Civic Property Pool.
- 2.4 WDC holds 16,940 shares (0.15%) in CFSL.

Commentary

- 3.1 **Annual Report for the year ended 31 December 2021**
- 3.2 The Annual Report from CFSL is attached to and forms part of this business paper (Attachment 1).
- 3.3 CFSL's income was derived from administration services and investment income.
- 3.4 The surplus before taxation reported was \$502,167, which compares favourably with to the forecasted surplus of \$349,120 as set out in the Statement of Intent for 2021.
- 3.5 Shareholders' equity totals \$11,182,400 at 31 December 2021 and an increase of \$360,528, due to Total Comprehensive Surplus Net of tax.
- 3.6 The significant assets in the balance sheet include term deposits of \$5,914,564 and a loan receivable of \$2,408,002 from Riskpool and Civic Liability Pool.
- 3.7 Included in the balance sheet is a deferred tax asset of \$2,208,806. The main contributor to this balance is recognition of the future benefit of tax losses carried forward. Tax losses carried forward will negate taxable income earned, which the Directors anticipate will be earned in the future.
- 3.8 Total liabilities were \$560,267, made of Sundry Creditors and Accrued Charges, Accrued Holiday Pay and Administration Fee Reserves.

- 3.9 The Financial Statements have been prepared on a going concern basis and the Audit Report contains the Auditor's Opinion that they present fairly the financial position and performance of the company and comply with NZ generally accepted accounting standards.

Suggested Resolutions

- 1 The business paper on Civic Financial Services Ltd Annual Report for the year ended 31 December 2021 be received.
- 2 The Civic Financial Services Ltd Annual Report for the year ended 31 December 2021 be received.



ALISTER DUNCAN
GENERAL MANAGER - BUSINESS SUPPORT

3 August 2022

Attachment: Civic Financial Services Limited - Annual Report 2021 (A625115)



ANNUAL REPORT 2021

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| SHAREHOLDERS' DETAILS | BACK COVER |



ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

Your Directors have pleasure in submitting the 61st Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2021, which is to be presented at the Annual General Meeting of Members in June 2022.

Directors operate under a Charter which outlines the specific role and responsibilities of the Board. Each Director must be assessed as being fit and proper in accordance with Civic's Fit and Proper Policy and at least two Directors must be independent, being neither a member or an employee of a local authority. The Directors are all subject to Civic's Code of Ethics. The Board has a Risk and Audit Committee which is governed by its own Charter and is responsible for maintaining the Board's risk management processes and policies, including ensuring compliance with regulatory and legal standards.

1. PERFORMANCE

Civic's before-tax profit in 2021 was \$502,167.

This compares favourably to the forecasted before-tax surplus of \$349,120 as set out in the 2021 Statement of Intent.

This increased profit is due to receiving higher than anticipated administration fees combined with reduced marketing and operating expenses.

2. OPERATIONS

Administration Services

Fees in 2021 from providing services to LAPP, Riskpool and the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes were \$3,100,598 (2020: \$2,973,440).

Investment Revenue

Income from investments was \$116,935 (2020: \$141,233).

Sponsorship and Support for the Sector

Civic continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

3. ASSOCIATED ENTITIES

Local Government Superannuation Trustee Limited

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation

Schemes. Both Schemes are administered by Civic and are registered with the FMA (Financial Markets Authority). Director appointments to LGST are made by LGNZ (two), Civic (one), CTU (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The Schemes feature low member charges and simple administration for councils. The Schemes offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older. The SuperEasy website is www.supereasy.co.nz.

The Schemes have a combined membership of over 11,000, with funds under management as at December 2021 of \$530 million (December 2020 \$470 million). Of the councils that have a preferred provider for KiwiSaver, 69 out of 73 (94%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. It could be said that LAPP is New Zealand's original LASS (Local Authority Shared Services). LAPP's website is: www.lappfund.co.nz.

LAPP is currently managing Marlborough District Council's claim that resulted from the severe flood damage that hit the Marlborough region in July 2021. At the time of writing it is unknown how much this claim will be, but it will be well within LAPP's ability to pay, providing the benefit of full cover for all of the flood damaged assets registered with LAPP.

Civic is the administration and fund manager for LAPP.

DIRECTORS' REPORT

Riskpool/Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls.

However with reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into two arm's length, secured loan facility agreements on commercial terms with Local Government Mutual Funds Trustee Limited to enable Riskpool to manage its cashflows.

Riskpool members were advised in October 2018 that Riskpool would need to make an interim call before a final call would be made when Riskpool is wound up. The interim call was for \$6 million, payable on 1 July 2019.

It is expected that the final call from Riskpool, which is likely in 2025 or 2026, will be for a lesser amount.

4. DIRECTORS

As at 31 December 2021 there were four directors: J.B. Melville, J.E. Miller, B.J. Morrison, and C.R. Stevenson. A.J. Marryatt retired as a director with effect from 2 December 2021; A.T. Gray retired as a director with effect from 3 December 2021.

Director attendances at Board meetings held in 2021:

| | |
|-----------------|-------|
| Tony Gray | 6 / 6 |
| Tony Marryatt | 2 / 5 |
| John Melville | 6 / 6 |
| Jo Miller | 6 / 6 |
| Basil Morrison | 6 / 6 |
| Craig Stevenson | 1 / 1 |

Craig Stevenson was appointed a Director on 3 December 2021.

Nicola Mills was appointed a Director after year end, on 14 January 2022.

The Chairmen of each of the Board and the Risk and Audit Committee are elected at the first meeting held after each year's AGM.

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT. Subsequently two secured loan facility agreements have been entered into between Civic and LGMFT whereby Civic loans LGMFT up to \$2,250,000 under each of two separate loans.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Civic Board.

For the year ended 31 December 2021, Directors' remuneration was:

| | |
|-----------------|------------------|
| Tony Gray | \$18,030 |
| Tony Marryatt | \$22,261 |
| John Melville | \$27,749 |
| Jo Miller | \$15,803 |
| Basil Morrison | \$15,803 |
| Craig Stevenson | \$1,255 |
| | \$100,901 |

In addition, the following Directors received fees in relation to their directorships of Riskpool or LGST:

| | | |
|-----------------|------------|-----------------|
| Tony Gray | (Riskpool) | \$7,678 |
| Tony Marryatt | (Riskpool) | \$11,742 |
| John Melville | (Riskpool) | \$12,533 |
| Jo Miller | (Riskpool) | \$8,310 |
| Basil Morrison | (LGST) | \$13,411 |
| Craig Stevenson | (Riskpool) | \$655 |
| | | \$54,329 |

DIRECTORS' REPORT**Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2021 were:

- J.B. Melville Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT.
- J. E. Miller Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Vice President of Taituarā Executive Council; Board Member Hutt Valley Chamber of Commerce.
- B.J. Morrison Chairman of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA.
- C.R. Stevenson Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of New Plymouth District Council; Trustee of Ratanui Trust.

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. This insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

Use of Information

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chairman the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

Loans to Directors

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration in their capacity as employees of \$100,000 or more during the year ended 31 December 2021.

| Remuneration | Number of Employees |
|-----------------------|---------------------|
| \$160,000 – \$170,000 | 1 |
| \$200,000 – \$210,000 | 1 |

The above remunerations include Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

DIRECTORS' REPORT

6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Hamish Anton using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee comprises the full Board. Tony Gray is the Chairman of this committee. The Committee met five times in 2021: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2020: \$0).

8. STAFF

Recognising the stress that Covid has created within the office and in the lives of the staff, the Directors would sincerely thank the staff – Ian Brown, Charlie Howe, Glenn Watkin, Sylvia Jackson, Chathuri Mendis, Jen McGahan, Lisa Norris, Tim Sole and Sue Tong – for their work and support during the year.



John Melville **Chairman**
March 2022

DIRECTORS

John B. Melville (Chairman)

Johanna E. Miller

Nicola K. Mills

Basil J. Morrison CNZM JP

Craig R. Stevenson

EXECUTIVE OFFICERS

Chief Executive : Charlie Howe

Chief Financial Officer : Glenn Watkin

COMPANY REGISTRATION NO: 13271

AUDITORS

The Auditor General, who has appointed Hamish Anton, Deloitte Limited to carry out the audit on his behalf

BANKERS

ANZ Banking Group (New Zealand) Limited

Bank of New Zealand

LEGAL ADVISERS

Dentons Kensington Swan

REGISTERED OFFICE

Level 7, Civic Assurance House, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone (04) 978 1250

Facsimile (04) 978 1260

Email admin@civicfs.co.nz

Website www.civicfs.co.nz

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)
Participant Number 2000427

Statement of Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--|------|------------------|------------------|
| REVENUE | | | |
| Administration Fees | 17 | 3,100,598 | 2,973,440 |
| Interest Income | 4 | 116,935 | 141,233 |
| Other Income | | 775 | 608 |
| Total Revenue | | 3,218,308 | 3,115,281 |
| EXPENDITURE | | | |
| Audit Fee | 14 | | |
| Statutory Audit of the Financial Statements | | 103,697 | 127,639 |
| Other Fees Paid to Auditors for Assurance Services | | 30,368 | 26,784 |
| Other Fees Paid to Auditors for Tax Compliance | | - | 37,388 |
| Depreciation | 7 | 18,169 | 16,107 |
| Amortisation | 7 | 12,047 | 65 |
| Directors' Remuneration | 3 | 100,901 | 100,646 |
| Interest Expense | | 12,264 | - |
| Other Expenses | 6 | 1,617,381 | 1,579,736 |
| Employee Remuneration | 3 | 797,637 | 725,518 |
| Superannuation Subsidies | | 23,677 | 20,940 |
| Total Expenditure | | 2,716,141 | 2,634,823 |
| Surplus Before Taxation | | 502,167 | 480,458 |
| Taxation Expense | 10 | 141,639 | 135,635 |
| TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY | 15 | 360,528 | 344,823 |

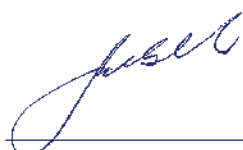
This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | NOTE | 2021 \$ | 2020 \$ |
|---|------|-------------------|-------------------|
| SHAREHOLDERS' EQUITY | | | |
| Issued and Paid-Up Ordinary Shares | | | |
| Ordinary Shares fully paid up | 15 | 10,763,506 | 10,763,506 |
| Retained Earnings | 15 | 418,894 | 58,366 |
| TOTAL EQUITY | | 11,182,400 | 10,821,872 |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | | 335,363 | 881,761 |
| Term Deposits | | 5,914,564 | 4,735,000 |
| Accrued Interest Receivable | | 21,349 | 15,396 |
| Sundry Debtors and Prepayments | 12 | 649,448 | 526,169 |
| Loan Receivable | 13 | 2,408,002 | 2,588,354 |
| Total Current Assets | | 9,328,726 | 8,746,680 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 7 | 46,297 | 28,728 |
| Intangible Assets (Software) | 7 | 158,838 | 170,885 |
| Deferred Tax Asset | 10 | 2,208,806 | 2,350,445 |
| Total Non Current Assets | | 2,413,941 | 2,550,058 |
| TOTAL ASSETS | | 11,742,667 | 11,296,738 |
| CURRENT LIABILITIES | | | |
| Sundry Creditors and Accrued Charges | 12 | 412,593 | 328,375 |
| Accrued Holiday Pay | | 88,752 | 68,312 |
| CLP/ Riskpool Admin Fee Reserve | | 52,530 | 52,530 |
| Total Current Liabilities | | 553,875 | 449,217 |
| NON-CURRENT LIABILITIES | | | |
| CLP/ Riskpool Admin Fee Reserve | | 6,392 | 25,649 |
| Total Non Current Liabilities | | 6,392 | 25,649 |
| TOTAL LIABILITIES | | 560,267 | 474,866 |
| EXCESS OF ASSETS OVER LIABILITIES | | 11,182,400 | 10,821,872 |

For and on behalf of the Directors



JOHN MELVILLE Chairman 11 March 2022



BASIL MORRISON Director 11 March 2022

This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--|------|-------------------|-------------------|
| OPENING EQUITY | | 10,821,872 | 10,477,049 |
| Total Comprehensive Surplus Net of Tax | | 360,528 | 344,823 |
| Dividend Payment | | - | - |
| Ordinary Shares issued during the year | 15 | - | - |
| CLOSING EQUITY | | 11,182,400 | 10,821,872 |

This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--|-----------|-------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Administration Fees Received | | 3,028,084 | 2,970,690 |
| Other Income | | 775 | 608 |
| | | 3,028,859 | 2,971,298 |
| Cash was applied to: | | | |
| Payments to Suppliers and Employees | | 2,639,025 | 2,360,681 |
| | | 2,639,025 | 2,360,681 |
| Net Cash Flow from Operating Activities | 11 | 389,834 | 610,617 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Investment Income | | 45,648 | 74,872 |
| Term Deposits | | - | 555,045 |
| Loans Repaid from Related Parties | | 2,271,655 | 3,422,432 |
| | | 2,317,303 | 4,052,349 |
| Cash was applied to: | | | |
| Term Deposits | | 1,179,564 | - |
| Purchase of Property, Plant and Equipment | | 35,738 | 92,338 |
| Loans Issued to Related Parties | | 2,026,299 | 3,963,376 |
| | | 3,241,601 | 4,055,714 |
| Net Cash Flow (used in) / from Investing Activities | | (924, 298) | (3, 365) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Loan Interest Received | | 330 | 81 |
| | | 330 | 81 |
| Cash was applied to: | | | |
| Interest Paid | | 12,264 | - |
| | | 12,264 | - |
| Net Cash Flow (used in) / from Financing Activities | | (11,934) | 81 |
| Net (Decrease)/Increase in Cash Held | | (546,398) | 607,333 |
| Opening Cash Balance as at 1 January | | 881,761 | 274,428 |
| Closing Cash Balance as at 31 December | | 335,363 | 881,761 |
| Being: | | | |
| Cash & Cash Equivalents | | 335,363 | 881,761 |

This statement is to be read in conjunction with the notes on pages 11 to 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government.

Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

NOTE 2 STATEMENT OF ACCOUNTING POLICIES**General Accounting Policies**

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10).

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

(a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

(b) Investment in Subsidiaries

At 31 December 2021 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2020 and 31 December 2021.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 2 STATEMENT OF ACCOUNTING POLICIES CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

(d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(e) Basis of Measuring Other Income and Expenses

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

(f) Changes in Accounting Policies

There have been no material changes in the accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior year.

NOTE 3 KEY MANAGEMENT PERSONNEL

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

| | 2021 | 2020 | 2021 | 2020 |
|-------------------------------------|--------|------|----------------|----------------|
| | Number | | \$ | \$ |
| Short term employee benefits | | | | |
| Executive Management Personnel | 4 | 3 | 506,726 | 427,434 |
| Directors | 5 | 5 | 100,901 | 100,646 |
| | | | 607,627 | 528,080 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4 FINANCIAL INSTRUMENTS

Accounting Policies:

i) Classification and Measurement

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

Loans and Receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) Offsetting Financial Instruments

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

iii) Asset Quality**Impairment of Financial Assets**

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

v) Derivatives

The Group do not use any derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED*Accounting Policies: continued***(1) Income Relating to Financial Assets**

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Loans | | |
| Interest Received – Loans | 65,334 | 50,965 |
| Cash & Cash Equivalents | | |
| Interest Received – Short Term Deposits | 51,601 | 90,268 |
| Total Interest Income | 116,935 | 141,233 |

(2) Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(2) Financial Assets and Liabilities continued

Carrying value of Financial Assets and Financial Liabilities

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Financial Asset: Loans and Receivables | | |
| Sundry Debtors | 537,894 | 484,840 |
| Loans | 2,408,002 | 2,588,354 |
| Total Loans and Receivables | 2,945,896 | 3,073,194 |
| Financial Asset: Amortised Cost | | |
| Cash & Cash Equivalents | 335,363 | 881,761 |
| Term Deposits | 5,914,564 | 4,735,000 |
| Total Financial Assets: Amortised Cost | 6,249,927 | 5,616,761 |
| Financial Liability: Amortised Cost | | |
| Sundry Creditors & Accrued Charges | 412,593 | 328,375 |
| Total Financial Liabilities: Amortised Cost | 412,593 | 328,375 |

(3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash, debtors and interest bearing deposits. The Group has no debt liability instruments.

Apart from security against Riskpool's future contributions, the Group does not require collateral or other security to support financial instruments with credit risk. As such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

(a) Market Risk

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

(b) Carrying Amount and Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(3) Financial Risk – Structure and Management** continued**(c) Liquidity Risk**

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

| Maturity Analysis as at 31 December 2021 | | | | | | |
|--|------------------------------|--------------------------|-------------------------|-----------------------|-----------------------|------------------|
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0 to 0.15% | 335,363 | - | - | - | 335,363 |
| Term Deposits & Accrued Interest | 0.8% to 1.7% | 3,732,341 | 2,203,572 | - | - | 5,935,913 |
| Other Receivables | n/a | 537,894 | - | - | - | 537,894 |
| Loans | 2.93% to 3.28% | 2,408,002 | - | - | - | 2,408,002 |
| Total Financial Assets | | 7,013,600 | 2,203,572 | - | - | 9,217,172 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 412,593 | - | - | - | 412,593 |
| Total Financial Liabilities | | 412,593 | - | - | - | 412,593 |
| Maturity Analysis as at 31 December 2020 | | | | | | |
| | Interest Rate Spread % | Within 6 months \$ | 6 to 12 months \$ | 1 to 2 years \$ | 2 to 5 years \$ | Total \$ |
| Assets | | | | | | |
| Cash & Cash Equivalents | 0 to 0.48% | 897,157 | - | - | - | 897,157 |
| Term Deposits & Accrued Interest | 0.7% to 1.78% | 2,749,730 | 2,000,666 | - | - | 4,750,396 |
| Other Receivables | n/a | 484,840 | - | - | - | 484,840 |
| Loans | 2.96% to 3.96% | 2,588,354 | - | - | - | 2,588,354 |
| Total Financial Assets | | 6,720,081 | 2,000,666 | - | - | 8,720,747 |
| Liabilities | | | | | | |
| Sundry Creditors & Accrued Expenses | n/a | 328,375 | - | - | - | 328,375 |
| Total Financial Liabilities | | 328,375 | - | - | - | 328,375 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk – Structure and Management continued

(d) Credit Risk

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

(i) Exposure to Credit Risk

| | 2021 \$ | 2020 \$ |
|----------------------------------|------------------|------------------|
| Cash & Cash Equivalents | 335,363 | 897,157 |
| Term Deposits & Accrued Interest | 5,935,913 | 4,750,396 |
| Other Receivables | 537,894 | 484,840 |
| Loans | 2,408,002 | 2,588,354 |
| Total | 9,217,172 | 8,720,747 |

(ii) Concentration of Credit Exposure

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

NOTE 5 OPERATING LEASE COMMITMENTS

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Operating Lease Expense Commitments: | | |
| not later than one year | 70,763 | 69,807 |
| later than one year but not later than five years | 184,629 | 251,888 |
| later than five years | - | - |
| | 255,392 | 321,695 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 6 OTHER EXPENSES

| | 2021 \$ | 2020 \$ |
|------------------|------------------|------------------|
| Compliance Costs | 77,324 | 140,179 |
| Consultants | 115,200 | 82,075 |
| Legal Fees | 109,289 | 180,747 |
| Other Expenses | 1,315,568 | 1,176,735 |
| Total | 1,617,381 | 1,579,736 |

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**Accounting Policy:**

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

| Depreciation Rates | |
|--------------------------------|----------------|
| Office Furniture and Equipment | up to 17 years |
| Intangibles – Software | 5 years |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

| | 2021 \$ | 2020 \$ |
|---|---------------|---------------|
| (a) Property, Plant and Equipment | | |
| Office Furniture and Equipment – cost | 139,772 | 129,384 |
| Plus Additions | 35,738 | 10,388 |
| Less Disposals | - | - |
| Closing Value – cost | 175,510 | 139,772 |
| Office Furniture and Equipment – Accumulated Depreciation | (111,044) | (94,937) |
| Less Depreciation Charge | (18,169) | (16,107) |
| Less Disposals | - | - |
| Closing Accumulated Depreciation | (129,213) | (111,044) |
| Net Book Value | 46,297 | 28,728 |

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes no gains or losses on disposal of fixed assets (2020: \$nil).

| | 2021 \$ | 2020 \$ |
|-------------------------------------|----------------|----------------|
| (b) Intangible Assets | | |
| Software – cost | 601,403 | 519,453 |
| Plus Additions | - | 81,950 |
| Less Disposals | (166,339) | - |
| Closing Value – cost | 435,064 | 601,403 |
| Software – Accumulated Amortisation | (430,518) | (430,453) |
| Less Amortisation Charge | (12,047) | (65) |
| Less Disposals | 166,339 | - |
| Closing Accumulated Amortisation | (276,226) | (430,518) |
| Net Book Value | 158,838 | 170,885 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2020: \$nil).

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities (2020: \$nil).

NOTE 10 TAXATION**Accounting Policies:****i) Current Tax**

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

ii) Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over a relatively long time period. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.

iii) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

- *When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.*
- *Receivables and payables, which are stated with the amount of GST included.*

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10 TAXATION CONTINUED

(a) Income tax recognised in the Statement of Comprehensive Income

| | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| Tax expense comprises: | | |
| Current tax expense | - | - |
| Adjustments recognised in the current year in relation to the current tax of prior years | - | - |
| Deferred tax relating to temporary differences | 141,639 | 135,635 |
| Total tax expense | 141,639 | 135,635 |
| Attributable to: | | |
| Continuing operations | 141,639 | 135,635 |
| | 141,639 | 135,635 |

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

| | 2021 \$ | 2020 \$ |
|-------------------------------------|----------------|----------------|
| Surplus before tax | 502,167 | 480,458 |
| Income tax calculated at 28% | 140,607 | 134,528 |
| Tax effect of permanent differences | 1,032 | 830 |
| Prior Period Adjustment | - | 277 |
| Income Tax Expense | 141,639 | 135,635 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10 TAXATION CONTINUED**(b) Current tax assets and liabilities**

| | 2021 | 2020 |
|-----------------------|------|------|
| | \$ | \$ |
| Tax refund receivable | - | - |
| | - | - |

(c) Deferred tax balances

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Deferred tax assets comprise: | | |
| Temporary differences | 2,208,172 | 2,349,610 |
| | 2,208,172 | 2,349,610 |
| Deferred tax liabilities comprise: | | |
| Temporary differences | 634 | 835 |
| | 634 | 835 |
| Net Deferred Tax balance | 2,208,806 | 2,350,445 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10 TAXATION CONTINUED

(c) Deferred tax balances continued

Gross taxable and deductible temporary differences for the Group arise from the following:

| | Opening Balance \$ | Charged to Income \$ | Charged to Equity \$ | Prior Period Adjustment \$ | Closing Balance \$ | |
|-------------------|--------------------------|----------------------------|----------------------------|----------------------------------|--------------------------|------------------|
| 2021 | Property and equipment | 2,987 | (718) | - | 2,269 | |
| | | 2,987 | (718) | - | 2,269 | |
| | Employee entitlements | 62,036 | 22,416 | - | 84,452 | |
| | Losses carried forward | 8,329,428 | (527,552) | - | 7,801,875 | |
| | | 8,391,464 | (505,136) | - | 7,886,328 | |
| | Attributable to: | | | | | |
| | Continuing operations | 8,394,451 | (505,854) | - | 7,888,597 | |
| | Total | 8,394,451 | (505,854) | - | 7,888,597 | |
| Tax effect at 28% | 2,350,445 | (141,639) | - | - | 2,208,806 | |
| 2020 | Property and equipment | 5,057 | (1,081) | - | 2,987 | |
| | | 5,057 | (1,081) | - | 2,987 | |
| | Employee entitlements | 26,540 | 35,496 | - | 62,036 | |
| | Losses carried forward | 8,847,264 | (517,836) | - | 8,329,428 | |
| | | 8,873,804 | (482,340) | - | 8,391,464 | |
| | Attributable to: | | | | | |
| | Continuing operations | 8,878,861 | (483,421) | - | (989) | 8,394,451 |
| | Total | 8,878,861 | (483,421) | - | (989) | 8,394,451 |
| Tax effect at 28% | 2,486,080 | (135,358) | - | (277) | 2,350,445 | |

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses (refer Note 20).

(d) Imputation Credit Account

| | 2021 \$ | 2020 \$ |
|------------------------|------------------|------------------|
| Closing Balance | 1,593,490 | 1,593,490 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES**Accounting Policy:**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

The following are definitions of the terms used in the Statement of Cash Flows:

- *Bank comprises cash on hand and demand deposits.*
- *Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.*
- *Cash flows are inflows and outflows of cash and cash equivalents.*
- *Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.*
- *Investing activities are the acquisition and disposal of long-term assets.*
- *Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES CONTINUED

| | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| Total Comprehensive Surplus | 360,528 | 344,823 |
| Add/(less) non cash items | | |
| Loan Interest | (65,003) | (50,883) |
| Depreciation | 18,169 | 16,107 |
| Amortisation | 12,047 | 65 |
| Movement in CLP/ Riskpool Admin Fee Reserve | (19,256) | (19,256) |
| Movement in Deferred Tax Asset | 141,639 | 135,635 |
| Net change in fair value of investment property | - | - |
| | 87,597 | 81,668 |
| Add/(less) movements in other working capital items | | |
| Sundry Debtors, Prepayments and Accrued Interest | (129,232) | 28,440 |
| Sundry Creditors and Accrued Charges | 104,657 | 246,035 |
| Tax Refund Due | - | - |
| | (24,576) | 274,475 |
| Add/(Less) Items Classified as Investing Activity | (45,979) | (90,349) |
| Add/(Less) Items Classified as Financing Activity | 12,264 | - |
| Net Cash Flow from Operating Activities | 389,834 | 610,617 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 12 SUNDRY DEBTORS AND CREDITORS**(a) Sundry Debtors and Prepayments**

| | 2021 \$ | 2020 \$ |
|---------------------------------------|----------------|----------------|
| Sundry Debtors | 537,894 | 484,840 |
| Prepayments | 109,000 | 41,329 |
| GST Receivable | 2,554 | - |
| Sundry Debtors and Prepayments | 649,448 | 526,169 |

(b) Sundry Creditors and Accrued Charges

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Sundry Creditors and Accrued Charges | 337,961 | 165,435 |
| Related Party Loan Payable to CLP | 74,632 | - |
| GST Payable | - | 162,940 |
| Sundry Creditors and Accrued Charges | 412,593 | 328,375 |

NOTE 13 LOANS*Loan Receivable***Related Party Loans Receivable**

| | 2021 \$ | 2020 \$ |
|---|------------------|------------------|
| Riskpool | 2,408,002 | 2,074,371 |
| Civic Liability Pool | - | 513,983 |
| Total Related Party Loans Receivable | 2,408,002 | 2,588,354 |

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provides a loan facility of \$4,000,000. Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2021 is \$2,408,002 (2020: \$2,074,371). Interest received by the Company relating to the loans for the year to 31 December 2021 was \$65,334 (2020: \$50,965).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2021 is \$nil (2020: \$513,983). There is a related parties loan payable to CLP at 31 December 2021 of \$74,632 (refer Note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 14 AUDIT FEES

A breakdown of the fees paid to the auditors is below:

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Statutory Audit of the Financial Statements | | |
| Civic Financial Services | 41,580 | 49,566 |
| Civic Liability Pool | 17,640 | 17,640 |
| Local Government Superannuation Trustee | 44,476 | 60,433 |
| Total Statutory Audit of the Financial Statements | 103,697 | 127,639 |
| Other Fees Paid to Auditors for Assurance Services | 30,368 | 26,784 |
| Other Fees Paid to Auditors for Tax Compliance | - | 37,388 |
| Total Fees Paid to the Auditors | 134,065 | 191,811 |

NOTE 15 SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2020 there were no shares issued. There were no shares issued during 2021.

| | 2021 \$ | 2020 \$ |
|---|-------------------|-------------------|
| Retained Earnings | | |
| Opening Balance | 58,366 | (286,457) |
| Net Surplus After Taxation | 360,528 | 344,823 |
| Dividend Payment | - | - |
| Closing balance | 418,894 | 58,366 |
| Shareholders Capital | | |
| Opening Balance | 10,763,506 | 10,763,506 |
| Ordinary Shares issued during the year | - | - |
| Closing balance | 10,763,506 | 10,763,506 |
| Number of Ordinary Shares Fully Paid | 11,249,364 | 11,249,364 |
| Par Value per Share | \$0.99 | \$0.96 |
| Dividend Payment per Share | \$0.00 | \$0.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes.

NOTE 17 RELATED PARTIES

The Company provided administration services to related parties during the year to NZ Local Authority Protection Programme (LAPP), NZ Mutual Liability Riskpool (Riskpool), Local Government Superannuation Trustee (Trustee of the Local Government Superannuation Scheme (LGSS) and SuperEasy KiwiSaver Superannuation Scheme (SKSS)) and Civic Property Pool (CPP). There were no related party transactions with CPP in either of the last two years.

The income derived from the administration services as well as year end accounts receivable are detailed in the table below. Refer to Note 12 and Note 13 for the terms and information relating to loans with related parties.

Administration Fees

| | 2021 \$ | 2020 \$ |
|---|------------------|------------------|
| LGSS & SKSS | 2,606,612 | 2,484,661 |
| LAPP | 304,000 | 295,667 |
| Riskpool | 170,730 | 173,856 |
| Civic Liability Pool | 19,256 | 19,256 |
| Administration Fees from Related Parties | 3,100,598 | 2,973,440 |

Accounts Receivable

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| LGSS & SKSS | 537,516 | 484,587 |
| LAPP | 378 | - |
| Accounts Receivable from Related Parties | 537,894 | 484,587 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 18 SUBSEQUENT EVENTS

There have been no material events subsequent to 31 December 2021 that require adjustment to or disclosure in the financial statements.

NOTE 19 CAPITAL COMMITMENTS

The Company has no capital commitments at balance date (2020: \$nil).

NOTE 20 GOING CONCERN

The financial statements have been prepared on a going concern basis.

The profitability of financial services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

OPINION

We have audited the consolidated financial statements of the Group on pages 7 to 29, that comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 31 December 2021; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Our audit was completed on 11 March 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements, we comment on other information and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

INDEPENDENT AUDITOR'S REPORT *CONTINUED***INDEPENDENCE**

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as the auditor, we have no relationship with, or interests in, the Group.



Hamish Anton
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2021

| SHAREHOLDER MEMBER | NO. OF SHARES | | SHAREHOLDER MEMBER | NO. OF SHARES | |
|--------------------------|---------------|--------|-----------------------------------|---------------|-------|
| CITY COUNCILS | | | DISTRICT COUNCILS (Cont'd) | | |
| Auckland | 2,195,042 | 19.51% | Rangitikei | 35,338 | 0.31% |
| Christchurch | 1,417,704 | 12.60% | Rotorua | 175,906 | 1.56% |
| Dunedin | 470,966 | 4.19% | Ruapehu | 56,666 | 0.50% |
| Hamilton | 202,729 | 1.80% | South Taranaki | 135,496 | 1.20% |
| Hutt | 479,822 | 4.27% | South Waikato | 42,374 | 0.38% |
| Invercargill | 407,927 | 3.63% | South Wairarapa | 53,930 | 0.48% |
| Napier | 283,842 | 2.52% | Southland | 13,715 | 0.12% |
| Nelson | 95,543 | 0.85% | Stratford | 65,608 | 0.58% |
| Palmerston North | 411,737 | 3.66% | Tararua | 99,972 | 0.89% |
| Porirua | 140,146 | 1.25% | Tasman | 65,584 | 0.58% |
| Tauranga | 124,242 | 1.10% | Taupo | 83,971 | 0.75% |
| Upper Hutt | 51,209 | 0.46% | Thames-Coromandel | 27,120 | 0.24% |
| Wellington | 526,821 | 4.68% | Timaru | 230,118 | 2.05% |
| DISTRICT COUNCILS | | | Waikato | 41,070 | 0.37% |
| Ashburton | 56,016 | 0.50% | Waimakariri | 88,172 | 0.78% |
| Buller | 27,698 | 0.25% | Waimate | 30,458 | 0.27% |
| Carterton | 23,642 | 0.21% | Waipa | 149,082 | 1.33% |
| Central Hawke's Bay | 28,580 | 0.25% | Wairoa | 22,992 | 0.20% |
| Central Otago | 91,238 | 0.81% | Waitaki | 120,000 | 1.07% |
| Clutha | 33,711 | 0.30% | Waitomo | 16,940 | 0.15% |
| Far North | 85,440 | 0.76% | Western Bay of Plenty | 28,142 | 0.25% |
| Gisborne | 99,404 | 0.88% | Westland | 28,356 | 0.25% |
| Gore | 54,589 | 0.49% | Whakatane | 38,788 | 0.34% |
| Grey | 33,742 | 0.30% | Whanganui | 289,660 | 2.57% |
| Hastings | 129,170 | 1.15% | Whangarei | 63,524 | 0.56% |
| Hauraki | 63,434 | 0.56% | REGIONAL COUNCILS | | |
| Horowhenua | 110,689 | 0.98% | Bay of Plenty | 55,000 | 0.49% |
| Hurunui | 14,000 | 0.12% | Canterbury | 152,696 | 1.36% |
| Kaikoura | 10,000 | 0.09% | Hawke's Bay | 20,000 | 0.18% |
| Kaipara | 13,629 | 0.12% | Horizons | 2,000 | 0.02% |
| Kapiti Coast | 15,060 | 0.13% | Southland | 10,000 | 0.09% |
| Kawerau | 31,161 | 0.28% | Taranaki | 1,000 | 0.01% |
| Manawatu | 203,964 | 1.81% | Waikato | 22,000 | 0.20% |
| Marlborough | 86,022 | 0.76% | Wellington | 80,127 | 0.71% |
| Masterton | 127,230 | 1.13% | OTHER | | |
| Matamata-Piako | 122,554 | 1.09% | TrustPower | 137,251 | 1.22% |
| New Plymouth | 441,456 | 3.92% | Total Shares 11,249,364 | | |
| Opotiki | 20,000 | 0.18% | | | |
| Otorohanga | 5,000 | 0.04% | | | |
| Queenstown-Lakes | 31,149 | 0.28% | | | |

Document No: A625896

Report To: Audit, Risk and Finance Committee

Meeting Date: 16 August 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, April and May 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, Corruption and Financial, Significant Internal and External Disruptions and Fit for Purpose Assets.
- 3.4 The Workshop Reader for strategic risks – Three Waters Infrastructure has been distributed for a workshop following the Committee Meeting today.
- 3.5 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.

3.6 Cyber Security

- 3.7 Progress on the Cyber Security mitigation actions are progressing well with the following been achieved this quarter:
- Second module of Phreindlly phishing security awareness training began on the 4 of July and will run for another month until September 4. In total 53 members including elected members, staff and contractors have completed this module.
 - An immutable backup solution has been identified and paperwork is in progress to procure Veeam Cloud Connect and vGRID.
 - The development of IT acceptance Policies is in the final stages.
 - Disaster Recovery and Failover response and implementation documents has been completed. Regular testing exercises will be programmed to take place once a year with the first one programmed in the next 2 weeks.
 - Risk Assessment by SAM for compliance has been scheduled for 16 and 17 January 2023.
 - Market research and evaluation of Privileged Access Management (PAM) solution has been completed. Securden has been selected and procurement is in progress. Securden provides 3 different solutions,
 - PAM Solution
 - Password Vault
 - Remote access (This allows IT to securely and efficiently manages Remote access, especially contractor access to WDC)

Suggested Resolution

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



ALISTER DUNCAN
GENERAL MANAGER - BUSINESS SUPPORT

Document: A625427

Report To: Audit, Risk and Finance Committee



Date: 16 August 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 during the 2021/22 year.

Background

- 2.1 Elected Members are provided ongoing progress reports to provide visibility of health and safety performance and various key performance indicators.
- 2.2 This report has been structured to align 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 their health and safety culture and exceed minimum compliance requirements.

Commentary

3.1 **LEADERSHIP COMMITMENT**

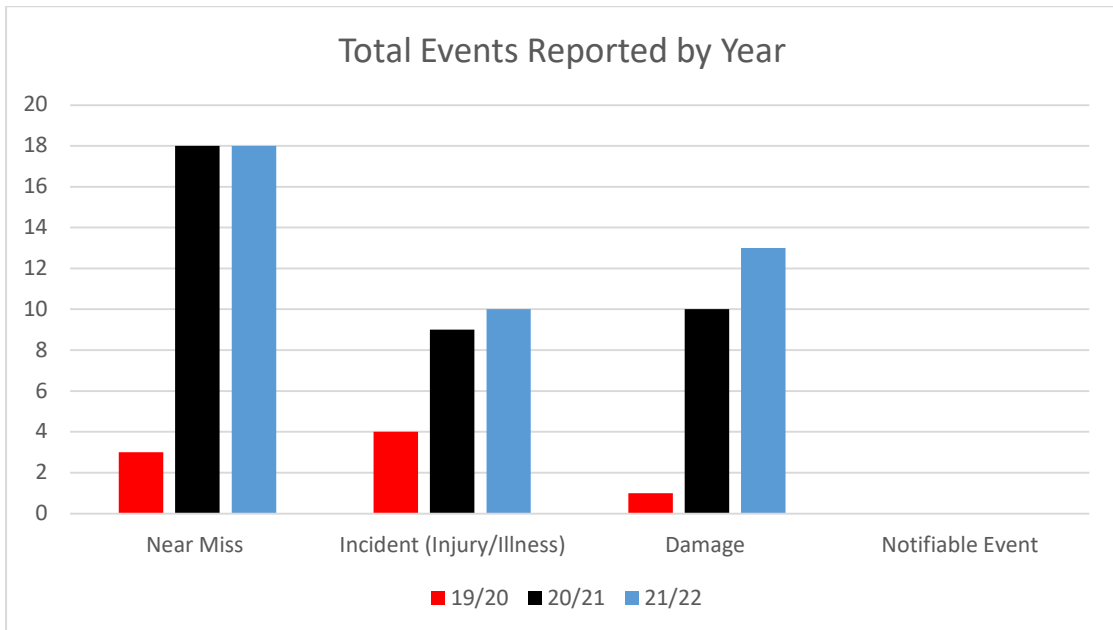
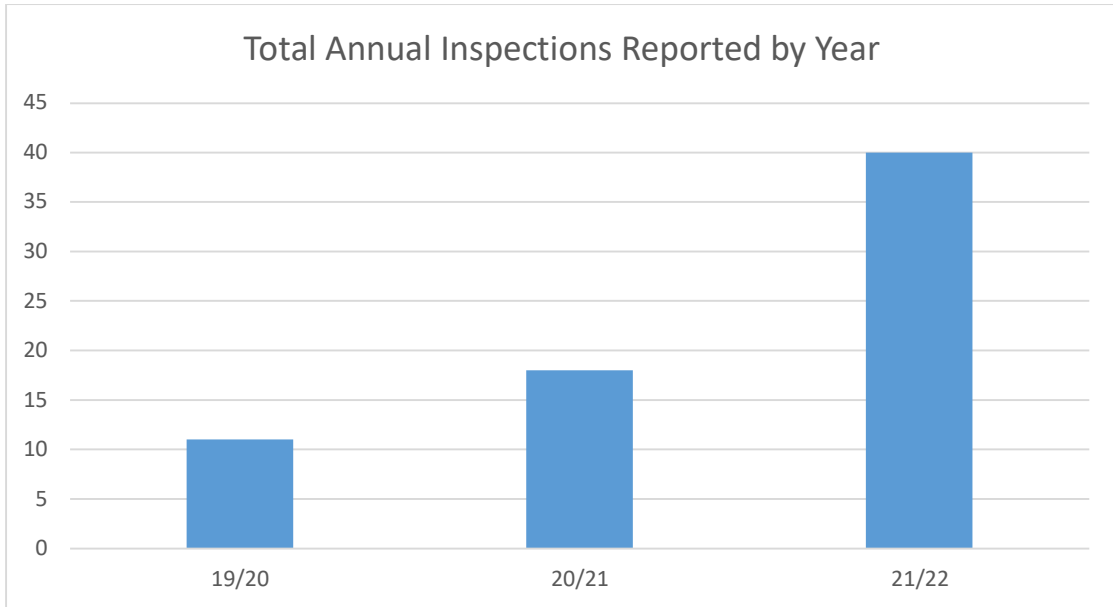
- 3.2 Under the Health and Safety at Work Act 2015, "Officers" are required to exercise due diligence to provide them with a level of assurance that health and safety is being effectively managed. Due diligence requires the need for "Officers" to keep up to date with health and safety matters and information; 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.
- 3.3 Identified improvements and actions during the 2021/22 included:
- 3.3.1 Approved Fire Evacuation Schemes in place for Treatment Plants where the quantities of hazardous substances meet the threshold – in progress (delayed due to hazardous substances compliance requirements needing to be addressed prior to applying for the fire evacuation scheme).
 - 3.3.2 Development and rollout of desk files and educational workshops for LASS Regional Health and Safety Framework implementation – completed.
 - 3.3.3 Complete health and safety assessments across WDC's quarry network – remains in progress due to staff changes.
 - 3.3.4 Support and encourage a continued increase in site safety inspections and near miss recording – ongoing.

- 3.4 The Annual Plan for 2022/23 (refer attachment 1) was approved by the Senior Management Team in June 2022. The Key Performance Indicators below provide an indication of how Council tracked against the set objectives in 2021/22.

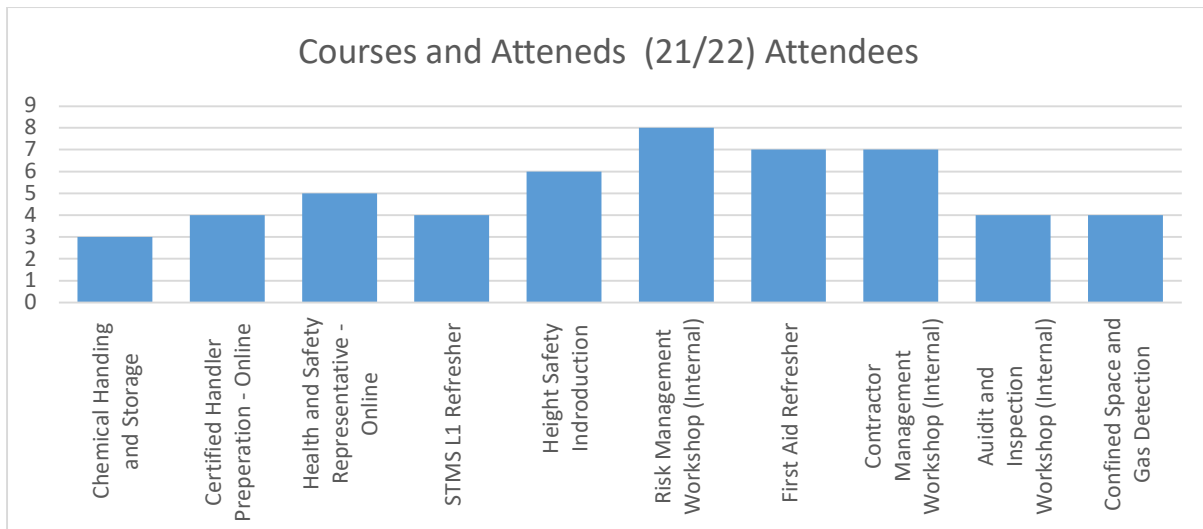
| KPI | Target | Status |
|--------------------------------------|---------------------------|--|
| Site Inspections | 5 per month |  |
| Workplace Inspections | 1 quarterly |  |
| Managers H&S Conversations | 5 per month (1 per group) |  |
| Health and Safety Committee Meetings | 1 per month |  |
| 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 Implementation of a new health and safety software system (Assure) commenced in July 2022, with a gradual rollout planned for all activities. The system will support up to date and accurate data capturing, be easier for field staff to record events through a web-based portal available offline, assign and track actions through to completion and enable more effective trend analyses.
- 3.6 **WORKER ENGAGEMENT PARTICIPATION AND REPRESENTATION**
- 3.7 WDC continues to maintain an active Health and Safety Committee. The Committee consists of elected Health and Safety Representatives (HSRs) from Business Support, Community Services, Infrastructure Services (x2), Strategy and Environment, a senior management representative, Health and Safety Administrator and WDC's external Health and Safety Advisor.
- 3.8 The Health and Safety Committee meetings are scheduled to occur monthly. These meetings are minuted, with actions recorded in the Health and Safety Action Plan to monitor progress and close off.
- 3.9 The consultation process was applied to gather worker feedback regarding the procurement of a Health and Safety software system. HSRs and relevant staff were engaged to review and provide input/feedback for consideration. This is a beneficial process in getting buy-in from staff who are required to implement the process and has received positive feedback.
- 3.10 Health and Safety Representatives and Management have demonstrated an increased commitment to health and safety, by engaging in workplace and site inspections, and health and safety conversations with staff. While the number of inspections has increased during the year, this continues to be an area requiring improvement.



- 3.11 41 events were reported in 2021/22, compared to the 37 events reported in 2020/21. Though there was a slight increase, there was a significant drop in event reporting during the corresponding months of Covid-19 restrictions (August and October).
- 3.12 Reporting will continue to be encouraged, enabling WDC to identify preventative actions rather than corrective actions following an injury or damage. The low recording in previous years will be an indication of the reporting culture or lack of knowledge of the benefits.
- 3.13 A range of formal training courses have been attended during 2021/22 to ensure compliance is maintained and to provide tools and education to staff.
- 3.14 All five Health and Safety Representatives underwent training in February 2022.



3.15 **RISK MANAGEMENT**

- 3.16 All Risk Registers have undergone an annual review, with each team reviewing and updating their relevant Risk Register. The General and Generic Risk Register was reviewed by the Health and Safety Committee, prior to being rolled out to all staff. The registers have been developed to align with the organisational risk register and using WDC's risk matrix.
- 3.17 Risk Registers developed include a Generic Risk Register covering risks relevant to all areas and all staff at WDC and group Risk Registers covering risks applicable to group operational activities and workplaces.
- 3.18 Work is progressing on hazardous substances compliance. Treatment Plant Operators are in the final stages of becoming Certified Handlers. This will enable the three relevant Treatment Plants to obtain the Location Compliance Certificates. Following that, an application will be submitted to Fire and Emergency New Zealand to obtain an Approved Fire Evacuation Scheme for the Treatment Plant sites requiring them.
- 3.19 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).
 - 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 remains a focus area going forward.
 - 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 for customer facing roles occurred in mid 2021 and will be re-scheduled to take place again in the coming months. 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.
 - 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.

- 3.20 Approved Fire Evacuation Schemes has been obtained for applicable Council-owned buildings. A fire evacuation drill for the Council Office took place on 29 July 2022.
- 3.21 The COVID-19 Health and Safety Plan remains actively in place and has been reviewed frequently as required. Processes have been developed to manage the risk of COVID spreading within the workplace including mask use, sanitisation, remote working arrangements where appropriate, and RAT testing.

Continuous Improvement - Looking forward to 2022/23

- 4.1 Approved Fire Evacuation Schemes are in place for Treatment Plants where the quantities of hazardous substances meet the threshold.
- 4.2 Development, implementation and rollout of new Health and Safety software system – Tomo.
- 4.3 Complete health and safety assessments across WDC's quarry network.
- 4.4 Support and encourage a continued increase in safety inspections and near miss recording.
- 4.5 Implementation of the Health and Safety Annual Plan 2022/2023 with objectives and key performance indicators actively tracked.

Suggested Resolution

The Progress Report: Health and Safety be received.



HELEN BEEVER
GENERAL MANAGER – COMMUNITY SERVICES

August 2022

Attachment: Health and Safety Annual Plan 2022/2023

HEALTH AND SAFETY ANNUAL PLAN 2022/23

VISION: Encouraging health and safety leadership and participation to support a vibrant organisation

The Senior Management Team (SMT) are committed to providing a safe and healthy work environment. As part of this commitment SMT will lead health and safety by ensuring the delivery of this plan

OUR COMMITMENT – we will

- | | |
|--|---|
| • Provide a safe and healthy work environment | • Demonstrate commitment and create a positive culture |
| • Ensure all hazards/risks are effectively managed | • Be held accountable for health and safety organisational wide |
| • Recognise behavioural and safety excellence | • Provide a safe environment for our customers and community |

GOALS – we will

- | | |
|--|---|
| • Ensure our people go home safe and well everyday | • Ensure management demonstrate their commitment |
| • Have systems and processes in place that meet legislative requirements | • Ensure hazards are identified and risks are managed effectively |
| • Empower our people to actively participate in health and safety | • Consult with our people on health and safety matters |

OBJECTIVES – we will

- | | |
|---|---|
| • Identify improvement opportunities | • Encourage management to engage in health and safety conversations |
| • Monitor health and safety performance onsite and in the workplace | • Promote an active and healthy lifestyle |

MEASURES – we will

- | | |
|--|---|
| • Conduct a SafePlus self-assessment | • Record management health and safety conversations |
| • Complete annual workplace inspections and monthly worksite inspections | • Develop and implement a wellbeing programme |

Document No: A625964

Report To: Audit, Risk and Finance Committee



Meeting Date: 16 August 2022

Subject: **Interim Report for Year Ended 30 June 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 year ended 30 June 2022.
- 1.2 A copy of the Progress Report Interim Report for the Year ended 30 June 2022 is enclosed separately and forms part of this business paper.

Background

- 2.1 Each quarter, progress reports are prepared to provide high level updates of Council's activities for the Audit, Risk and Finance Committee. The Progress Report includes:
 - 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 Interim Report.
- 2.3 The financial and non-financial information presented in the Interim Report is prepared based on information available at the time of preparation. The information contained within the report is subject to change as a result of finalising the financial result for the year and the associated audit process. Any changes will be incorporated in the Draft Annual Report for 2021/22.

Commentary

- 3.1 This is the final progress report relating to the 2021/22 Financial Year so is considered the Interim Report preceding the Annual Report for the period ending 30 June 2022.
- 3.2 While considerable progress has been made across several activities during the final quarter of 2021/22, the previously reported impacts will continue to have a residual effect. The key issues are discussed below.
- 3.3 **EXTERNAL IMPACTS**
- 3.4 **COVID-19 PANDEMIC**
- 3.5 The effects of the Covid-19 pandemic on WDC's work programme are still evident in this end of year report.
- 3.6 The beginning of the financial year was impacted by COVID-19 restrictions with all of the country moving to Alert level 4 on 17 August 2021, disruption continued with moving in and out of Alert levels until December when the COVID-19 Protection Framework was put in place. Orange and Red alert levels still had some impacted on the delivery of some work programmes.

3.7 The most significant impact this quarter has been staff and contractor absence due to being unwell with COVID-19, other winter illnesses, or isolating. There continues to be high demand for contractors and extended delays in delivery of supplies, all of which is causing delays to completion dates and project delivery. Accessing services and contractors outside of the district is also proving challenging extreme demand across the country.

3.8 **THREE WATERS REFORM**

3.9 Council resolved at its meeting of 25 August 2020 to enter into a non-binding Memorandum of Understanding (MOU) with Central Government to engage in the first of three tranches of the 3-year, three-waters reform programme.

3.10 Alongside the signing of the funding agreement, a draft delivery plan was submitted to Central Government on 30 September 2020. Implementation of the related capital works had to be commenced before 31 March 2021 and completed by 31 March 2022.

3.11 Due to the impact of COVID-19 and supply chain issues there has been two extensions granted by Central Government. The first extension moved the completion date to 30 June 2022. A further extension was issued on 23 June 2022 pushing the completion date to 31 December 2022.

3.12 WDC has completed the expenditure programme as at 30 June 2022, an accelerated programme was put in place to complete the expenditure by this date. Staff are currently working through the final invoicing and reporting processes to release the last portion of funding (\$315,000) and the 1% retention (\$35,000).

3.13 To complete the expenditure programme priority was given to these renewals projects which did impact the start dates of other capital works. The unspent 2021/22 budgets will be carried over for the committed contracted works.

3.14 **SEVERE WEATHER EVENTS FEBRUARY AND JUNE 2022**

3.15 A severe weather event caused by Tropical Cyclone Dovi hit the Waitomo District on 12 and 13 February 2022. Significant damage to localised areas of the road network and three water services infrastructure was caused by the subsequent flooding and strong winds. Roading infrastructure was most affected council asset with over 300 sections of the road affected, repair costs are estimated at over \$15M.

3.16 Waka Kotahi has approved the joint funding of \$703,000.00 for the initial response, with further clean-up costs of \$322,000 also approved to investigate and design remedial options for the top six sites.

3.17 Good progress had been made on clearing and opening roads with investigations and remedial works started however a major rain event on 2 June 2022 caused further damage and contractors going back to closing and clearing roads.

3.18 Waka Kotahi will fund 75% of all works associated with the storm event to approximately \$1,100,000. The funding limit will then increase to cover 95% of the associated costs.

3.19 These works have taken priority over other planned capital work programmes and has had some impact on the delivery of these programmes.

3.20 **INCOME STATEMENT HIGHLIGHTS**

3.21 **NET OPERATING SURPLUS**

3.22 The net operating surplus of \$7.108 million was \$4.178 million more than budget for the period ended 30 June 2022.

3.23 **Expenditure**

3.24 Total Expenditure was \$3.881 million more than budget for the period ended 30 June 2022. This is more than forecast due to:

- Recreation and Property was \$4.3 million more than forecast due to the recognition of \$4.5 million of construction expenditure for King Country Indoor Sport and Recreation Centre (KCISRC). Other Recreation and Property expenditure was less than budgeted for repairs and maintenance, track maintenance and the walking and cycling strategy costs.
- Roads and Footpaths was \$0.8 million more than forecast. This was largely due to the first response emergency expenditure and losses on asset disposed for damage to the road network by ex-Cyclone Dovi.
- Water Supply was \$0.2 million more than forecast for consultant fees, costs for Smart Water programme, insurance, reticulation maintenance and losses on asset disposals.

3.25 The increase in Total Expenditure was partly offset by the following areas:

- Resource Management: \$0.9 million below budget, as legal and consultancy fees for the District Plan Review were not fully spent due to timing of this project.
- Leadership: \$0.4 million below budget for District Plan hearing costs, consultants fees and risk management programmes.
- Regulatory Services: \$0.2 million less than budget for animal control costs, environmental officer fees, noise control costs and legal expenses.

3.26 **Revenue**

3.27 Total Revenue was \$8.1 million more than budget for the period ended 30 June 2022.

- Rates revenue was more than budget for rates penalties revenue, this was partly offset by reduced metered water revenue.
- Subsidy revenue was more than budget for the construction of the KCISRC, grant funding for the Mayors Taskforce for Jobs community recovery programme and the Three Water Reform stimulus funding.
- Additional interest revenue was received on term deposits.
- Fees and charges revenue was more than budget due to the recognition of \$4.5 million of construction services revenue for the KCISRC. Other fees and charges were less than budget due to a reduction in refuse charges and trade waste revenue, as well as reduced revenue for Aquatic Centre, Les Munro Centre and the Aerodrome.
- Other revenue for the period was more than budgeted with higher than forecasted gain on disposal of Lawrence Street land, landfill forestry assets, insurance proceeds, and petroleum tax proceeds.

3.28 **CAPITAL EXPENDITURE**

3.29 Capital expenditure was **\$13.191 million** for the period ended 30 June 2022, of which \$4.283 million (32%) relates to Roads, \$4.074 million (31%) relates to Recreation and Property, \$2.879 million (22%) relates to Water Supply.

3.30 Outlined below are explanations for the key variances noting the impacts of COVID-19, Cyclone Dovi and the Three Waters Reform stimulus funding projects. Project progress across all activities is outlined in the attached quarterly report.

3.31 **Leadership**

3.32 The largest underspend is in the following projects:

- The seismic strengthening cost estimate has come in over the budgeted amount. This scope includes seismic strengthening and fire system upgrades to meet the current standards. The original scope is currently being reviewed to align it with the budget, this project budget will need to be carried over to the 2022/23 year.

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

3.33 **Recreation and Property**

3.34 The largest underspend is in the following projects:

- The underspend in public amenities is largely due to the delays in the Mokau public toilet project. Upgrading of the effluent field was required before any physical works could progress. Renewal and upgrade of effluent field has now been completed. Contracts have been awarded for toilet build and wastewater system with preparation works now able to begin.

3.35 The progress on the KCISS is provided in a separate monthly report to Council.

3.36 **Water Supply**

3.37 The largest underspend is in the following projects:

- Te Kuiti reticulation and pump station renewals. Due to the prioritisation of the Three Waters Reform programme expenditure and the availability of contractors the Te Kuiti renewals were delayed in starting. Works are underway however project budgets will need to be carried over for these committed works.
- The alternative water supply project was not progressed past Stage 2 due to unsuccessful exploratory drilling. While water quality was reasonable, the aquifer yield was very low and insufficient for a variable wellfield to be developed, even as a supplementary supply.

3.38 **Three Waters Reform Programme**

3.39 The expenditure programme of \$3.5 million was fully completed as at 30 June 2022. Final reporting and payment requests are currently in progress with Department of Internal Affairs.

3.40 **Roads and Footpaths**

- Minor road improvements and renewals projects have been delayed by weather with consistent high rainfall, as the works have involved work around streams, drainage, and flood prone areas.
- Pavement rehabilitation was identified as being required at three sites. Due to site complexities and a late start to testing and investigations, only one site was able to be completed this financial year.

3.41 **Capital Expenditure Carryovers**

3.42 As a number of projects within the revised capital expenditure programme were delayed, some of the unspent capital budgets will be carried over to the 2022/23 year. The total proposed capital expenditure carryovers are \$5.5 million.

3.43 The key projects to be carried over include Mokau public toilets \$0.5 million, seismic strengthening of the administration building \$0.6 million, fleet renewals and information services projects \$0.5 million, construction of NKISRC \$0.4 million, roads and footpaths \$1.9 million, water supply \$0.4 million for reticulation and plant renewals and resource consent renewals, and wastewater \$0.4 million for reticulation renewals in Te Kuiti and the renewal and extension of Te Waitere soakage field.

3.44 The carryovers will be finalised as part of the year end process after final adjustments are processed for the annual report. The final carryovers will be incorporated into the Q1 report for 2022/23 year.

3.45 **BORROWINGS**

3.46 At 30 June 2022, public debt was \$28.2 million and net debt was \$27.3 million. At 30 June 2021 it was \$34.2 million and net debt was \$29.1 million.

3.47 **STATEMENT OF SERVICE PERFORMANCE**

3.48 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.

3.49 Of the 59 key performance indicators measured, 46 (78%) have been achieved, 11 (19%) not achieved, and 3 (5%) with no data available. The unavailable data is due to a new measure that is currently collecting baseline data, Maniaiti/Benneydale water loss is inaccurate due to a faulty flowmeter during the measurement window. The other measure has data collected in June 2022 however the results are yet to be issued on footpath condition ratings. These results will be reported through the 2021/22 Annual Report.

Suggested Resolution

The business paper on Progress Report for the year ended 30 June 2022 be received.

ALISTER DUNCAN

GENERAL MANAGER – BUSINESS SUPPORT

ALEX BELL

GENERAL MANAGER – STRATEGY AND ENVIRONMENT

| | |
|--------------|--|
| Attachment 1 | Progress Report [Interim Report] for the year ended 30 June 2022 (A621936) |
| Attachment 2 | Bancorp Treasury Report for the Quarter ended 30 June 2022 (A625857) |

PROGRESS REPORT [INTERIM REPORT]

FOR THE PERIOD 1 JULY 2021 TO 30 JUNE 2022



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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 Annual Plans 2022/23 and 2023/24.






Progress on the 10YP and 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 July 2021 to June 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. |

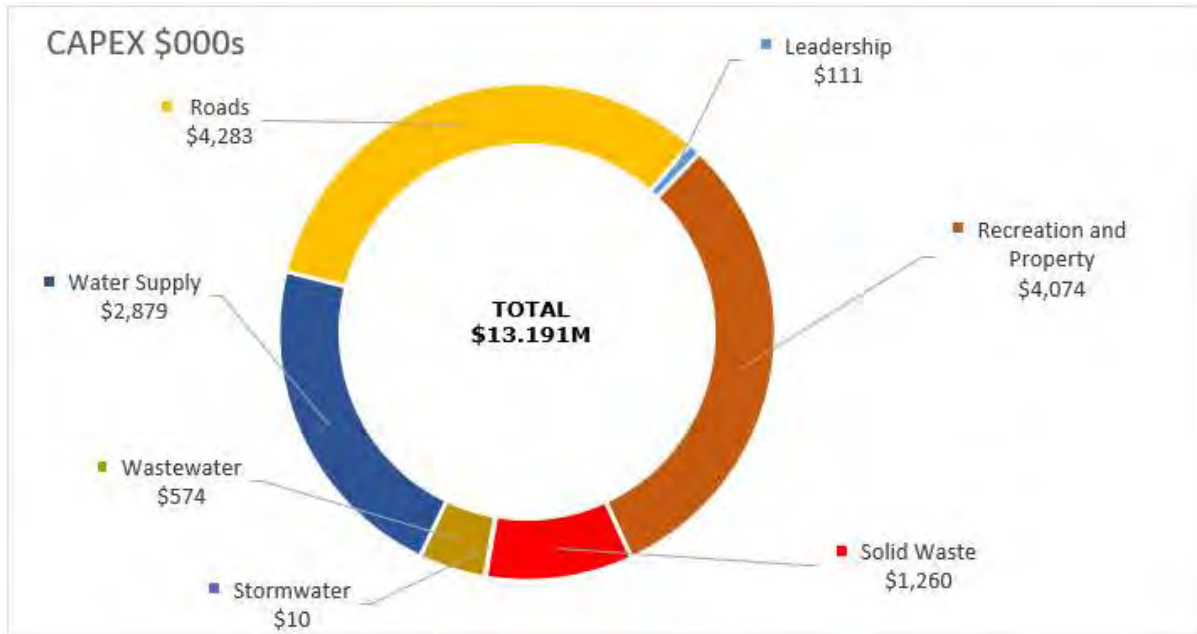
Performance Measure Status

| | | | | |
|--|---|--|--|--|
|  Not Achieved |  Off track |  Achieved |  On track |  Data not available |
|--|---|--|--|--|

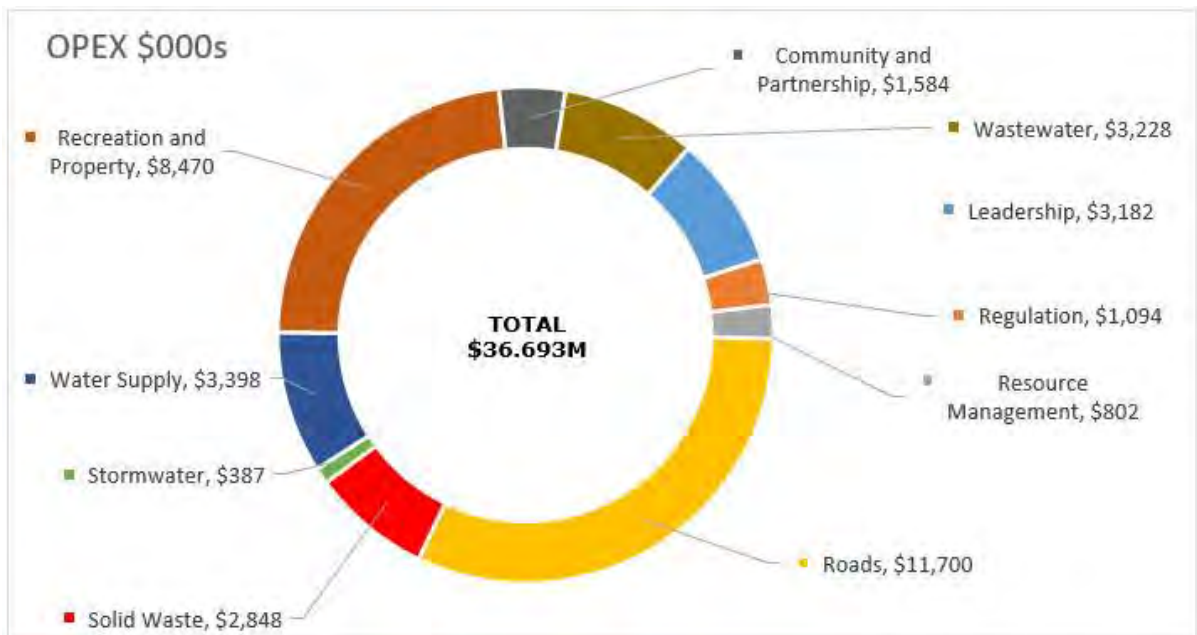
| Financials | |
|----------------|--|
| Revised Budget | Includes 21/22 10YP Budget plus Three Water Reform Stimulus Programme, carryovers and any additional budgets approved. |

SUMMARY

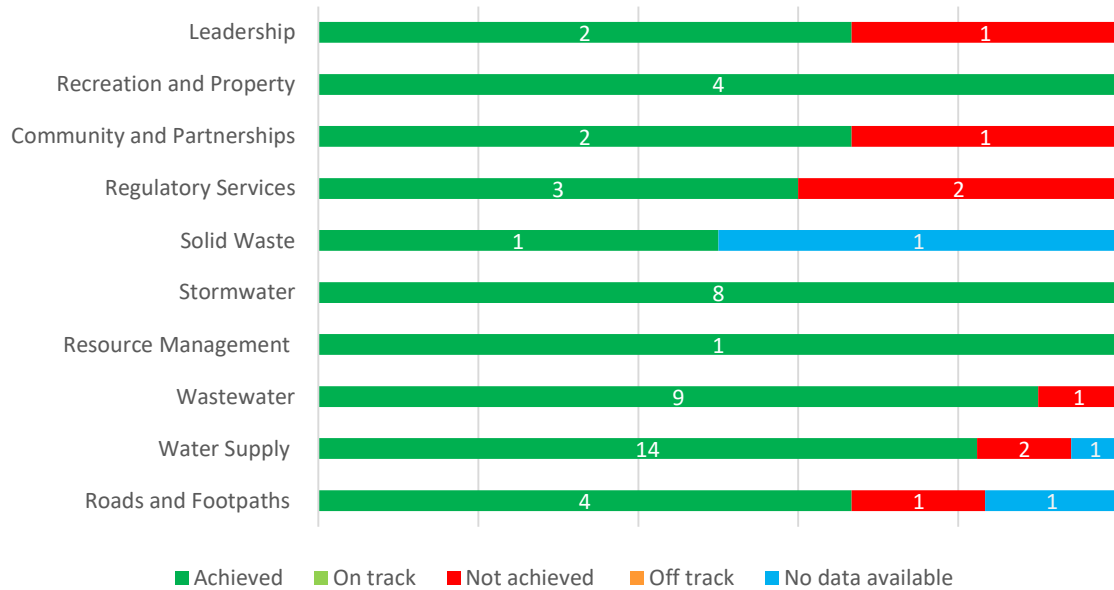
CAPITAL EXPENDITURE SUMMARY AS AT 30 JUNE 2022



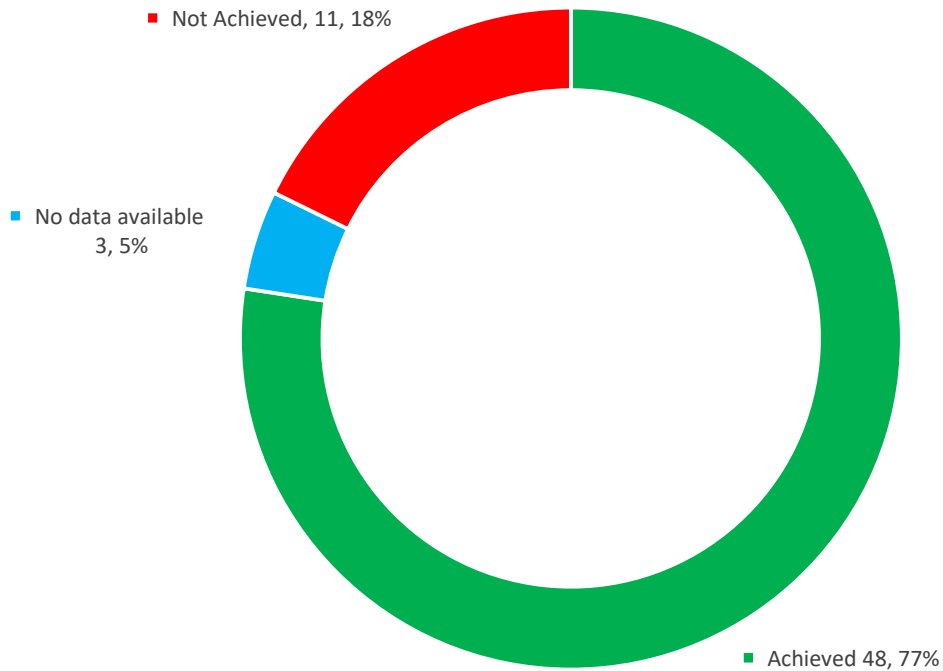
OPERATIONAL EXPENDITURE SUMMARY AS AT 30 JUNE 2022


























SERVICE PERFORMANCE SUMMARY AS AT 30 JUNE 2022



Of the 59 key performance indicators measured, 46 (78%) have been achieved, 11 (19%) not achieved, and 3 (5%) with no data available. Data has not been collected yet on a new measure, another measurement is inaccurate due to a faulty reading. One measure has data recorded but the report is not issued, these results will be reported through the 2021/22 Annual Report.



PROGRAMME/PROJECT PERFORMANCE SUMMARY 30 JUNE 2022

| LEADERSHIP | | |
|---|------------|---|
| Programme / Project | Status | |
| Annual Plan | Completed |  |
| 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 | 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 | 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 | On Hold |  |

| WATER SUPPLY | | |
|---|------------|---|
| Programme / Project | Status | |
| Installation of backflow preventers – Te Kuiti, Mokau, and Piopio | Completed | ● |
| Te Kuiti Supervisory control and data acquisition (SCADA) | Ongoing | ● |
| Mokau water-main renewals | Completed | ● |
| Additional monitoring and control Maniaiti/Benneydale | Completed | ● |
| Mechanical renewals – Te Kuiti | Completed | ● |
| Treatment Plant Upgrade – Mokau | Delivering | ● |
| Reticulation Renewals – Piopio and Te Kuiti | Completed | ● |
| 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 | Completed | ● |
| Footpath Renewals | Delivering | ● |
| Minor Improvements Local Roads | Planning/delivering | ● |
| Unsealed Road Metaling | Ongoing | ● |
| Te Ara Tika | Completed | ● |

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 30 June 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 | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|--|-------------------|-----------------|-------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (20,906) | (20,601) | (20,601) | (20,669) | (69) | A |
| Subsidies and Grants | (11,151) | (11,154) | (17,405) | (14,574) | (3,421) | B |
| Interest Revenue | (12) | (9) | (9) | (33) | (24) | C |
| Fees and Charges | (4,065) | (3,826) | (3,827) | (8,250) | (4,423) | D |
| Other Revenue incl Gains/Losses | (1,714) | (153) | (153) | (275) | (122) | E |
| Total Revenue | (37,848) | (35,743) | (41,995) | (43,801) | (8,059) | 23% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 22,008 | 24,816 | 25,608 | 28,641 | 3,827 | F |
| Depreciation | 6,513 | 6,878 | 6,880 | 7,073 | 193 | G |
| Finance Costs | 1,198 | 1,118 | 1,118 | 979 | (139) | H |
| Total Operating Expenditure | 29,719 | 32,812 | 33,606 | 36,693 | 3,881 | 12% |
| Net (Surplus)/Deficit | (8,129) | (2,931) | (8,389) | (7,108) | (4,178) | 143% |

Net Operating Surplus: The net operating surplus of \$7.1 million was \$4.2 million more than budget for the period ended 30 June 2022.

Total Revenue was \$8.1 million more than budget for the period ended 30 June 2022.

- A Rates revenue was more than budget for rates penalties revenue, this was partly offset by reduced metered water revenue.
- B Subsidy revenue was more than budget for the construction of the King Country Indoor Sport and Recreation Centre (KCISRC), grant funding for the Mayors Taskforce for Jobs community recovery programme and the Three Water Reform stimulus funding.
- C Additional interest revenue was received on term deposits.
- D Fees and charges revenue was more than budget due to the recognition of \$4.5 million of construction services revenue for the KCISRC. Other fees and charges were less than budget due to a reduction in 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 the gain on disposal of Lawrence Street land and the landfill forestry assets, insurance proceeds and petroleum tax proceeds.

Total Operating Expenditure was \$3.9 million more than budget for the period ended 30 June 2022.

- F Other expenditure was \$3.8 million more than budget due to the following:
- Recreation and Property: \$4.3 million more than forecast due to the recognition of \$4.5 million of construction expenditure for KCISRC. Other Recreation and Property expenditure was less than budget due for repairs and maintenance, track maintenance, track strategy and organisational capacity costs.

- Roads and Footpaths: \$0.8 million more than forecast due mostly to the first response emergency expenditure and losses on asset disposals for damage to the road network by ex-Cyclone Dovi.
- Water Supply: \$0.2 million more than forecast for consultant fees, costs for Smart Water programme, insurance, reticulation maintenance and losses on asset disposals.

The increase in expenditure was partly offset by below areas:

- Resource Management: \$0.9 million below budget, as legal and consultancy fees for the District Plan Review were not fully spent due to timing of this project.
- Leadership: \$0.4 million below budget for District Plan hearing costs, consultants fees and risk management programmes.
- Regulatory Services: \$0.2 million less than budget for animal control costs, environmental officer fees, noise control costs and legal expenses.

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 in the 10YP.

Carryovers for Operational Expenditure

The operational expenditure programme will be reviewed to determine the projects that will need to be carried over to the next financial year as committed contracts. A number of projects may need to be reassessed and scopes redefined to deliver all projects in the 2022/23 year.

The carryovers will be finalised as part of the year end process after final adjustments are processed for the annual report. The final carryovers will be incorporated into Q1 report for 2022/23 year.

BALANCE SHEET HIGHLIGHTS

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

| BALANCE SHEET HIGHLIGHTS (Amounts in \$000's) | Actual Position 30 Jun 2021 | Interim Unaudited Actual Position 30 Jun 2022 | Movement from 30 Jun 2021 |
|--|--|--|--|
| Assets | | | |
| - Cash and cash equivalents | 6,379 | 2,352 | (4,027) |
| - Receivables | 4,748 | 5,540 | 792 |
| - Other current assets | 111 | 181 | 70 |
| - Other financial assets | 9,396 | 9,535 | 139 |
| - Non-current assets | 381,747 | 385,793 | 4,046 |
| TOTAL ASSETS | 402,381 | 403,401 | 1,020 |
| Liabilities | | | |
| - Other Liabilities | 7,095 | 6,826 | (269) |
| - Total Borrowings | 34,191 | 28,194 | (5,997) |
| - Derivative financial instruments | 1,539 | 31 | (1,508) |
| Total Liabilities | 42,825 | 35,052 | (7,773) |
| Equity | | | |
| - Equity | 359,556 | 368,350 | 8,794 |
| TOTAL LIABILITIES AND EQUITY | 402,381 | 403,401 | 1,020 |

Total Assets have increased from \$402.38 million to \$403.40 million.

- Cash and cash equivalents have decreased by \$4.0 million from \$6.4 million to \$2.4 million due to cash being used for debt repayment.
- Receivables increased by \$0.8 million since 30 June 2021 from \$4.7 million to \$5.5 million mostly due to accrued contributions receivable for the stadium project. This was partly offset by 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 \$4.0 million. The increase is due to the net effect of asset additions of \$13.2 million, less depreciation of \$7.1 million and disposals total of \$2.1 million.

Total Liabilities decreased from \$42.8 million to \$35.1 million.

- Other Liabilities decreased by \$0.3 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.

- Derivative financial instruments decreased by \$1.5m due to interest rates increasing, resulting in a valuation gain of \$1.7m and shown as a liability of \$31,000 and an asset of \$198,000, which is included in Other Financial Assets.

Total equity increased by \$8.8 million to \$368.4 million, which was the net surplus for the period of \$7.1 million and \$1.7 million for increase in the Cash Flow Hedging reserve.

CAPITAL EXPENDITURE

Set out below is the full year Capital Expenditure budget for the year compared to actual expenditure for the period ended 30 June 2022.

| (Amounts in \$000's) | EAP Budget | Plus Carry-overs | Plus Three Waters Reforms | Plus KCISRC (stadium) | Plus Additional budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Var - Actuals vs Revised Budget |
|-------------------------|---------------|------------------|---------------------------|-----------------------|------------------------|----------------|-----------------------------------|---------------------------------|
| Leadership | 616 | 609 | 0 | 0 | 0 | 1,225 | 111 | 1,113 |
| Recreation and Property | 742 | 1,081 | 0 | 4,955 | 293 | 7,071 | 4,074 | 2,997 |
| Regulation | 10 | 0 | 0 | 0 | 0 | 10 | 0 | 10 |
| Solid Waste | 704 | 56 | 0 | 0 | 656 | 1,416 | 1,260 | 156 |
| Stormwater | 125 | 0 | 0 | 0 | 0 | 125 | 10 | 115 |
| Wastewater | 883 | 100 | 16 | 0 | 0 | 999 | 574 | 425 |
| Water Supply | 1,609 | 266 | 1,177 | 0 | 96 | 3,148 | 2,879 | 269 |
| Roads | 5,661 | 1,298 | 0 | 0 | 0 | 6,959 | 4,283 | 2,676 |
| Total | 10,350 | 3,411 | 1,193 | 4,955 | 1,045 | 20,953 | 13,191 | 7,761 |

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 \$13.2 million for the period ended 30 June 2022, of which \$4.3 million (32%) relates to Roads, \$4.1 million (31%) relates to Recreation and Property, and \$2.9 million (22%) 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 was on completion of the TWR stimulus programme to ensure that this was completed by 30 June 2022 to meet the funding conditions which was achieved. This did however impact annual plan projects due to limited contractor availability resulting in a delayed start on the physical works and therefore some projects were not fully delivered this financial year.

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

Significant work has been completed to determine a realistic capital works programme for 2022/23 and it is anticipated that \$5.5 million of unspent capital budget can be incorporated into the 2022/23 programme.

Set out below is the proposed list of carryover capital projects for:

| Proposed Carryover Expenditure (\$000's) | Estimated Carryover |
|--|---------------------|
| Leadership | 1,113 |
| Recreation and Property | 1,410 |
| Regulatory Services | 10 |
| Solid Waste | 165 |
| Stormwater | 116 |
| Wastewater | 373 |
| Water Supply | 377 |
| Roads and Footpaths | 1,941 |
| Total | 5,505 |

Of the \$5.5 million proposed to be carried over, the significant projects are:

- \$568K seismic strengthening and renovation of the Administration Building. This project has been carried over due to changes in the scope of works to incorporate the change in delivery of customer services and final approval of concept plans.
- Fleet renewals, information services projects and business support capital \$545K
- Mokau Public Toilets \$474K. This project was initially delayed in the acquisition of land and further investigation of the requirements of the effluent field.
- Completion of the KCISRC construction \$ 368K – the carryover and the 2022/23 capital budget of \$3.7 million will be reclassified to operational expenditure to align to the accounting treatment for construction services expenditure.
- Amenity areas adjacent to Te Ara Tika Stage 2 \$162K
- Les Munro Centre air conditioning renewals \$180K
- Cell development and installation of gas flaring equipment at the landfill \$156K
- Stormwater renewals \$116K
- Te Kuiti Sewerage reticulation renewal \$306K and \$67K for renewal and extension of Te Waitere soakage field.
- Water supply \$215K includes \$148K for Te Kuiti reticulation and plant renewals, \$16K for the Mokau water backwash resource consent application; \$41K for Piopio water resource consent renewal and reticulation and plant renewals.
- Alternative water supply investigation \$162K. Project put on hold due to drilling being unsuccessful. Further investigation and scoping to determine next steps.
- Roads and footpaths \$1.9 million – including \$0.5 million for minor improvements, \$0.3 million footpath renewals including footpath works at Mokau; \$0.4 million pavement rehabilitation; \$0.2 million for sealed road surfacing renewals; structure components renewals \$0.3 million.

The carryovers will be finalised as part of the year end process after final adjustments are processed for the annual report. The final carryovers will be incorporated into Q1 report for 2022/23 year.

ADJUSTMENTS AND OTHER CONSIDERATIONS FOR THE ANNUAL REPORT

The following adjustments have yet to be made to the accounts and will be completed as part of development of the annual report.

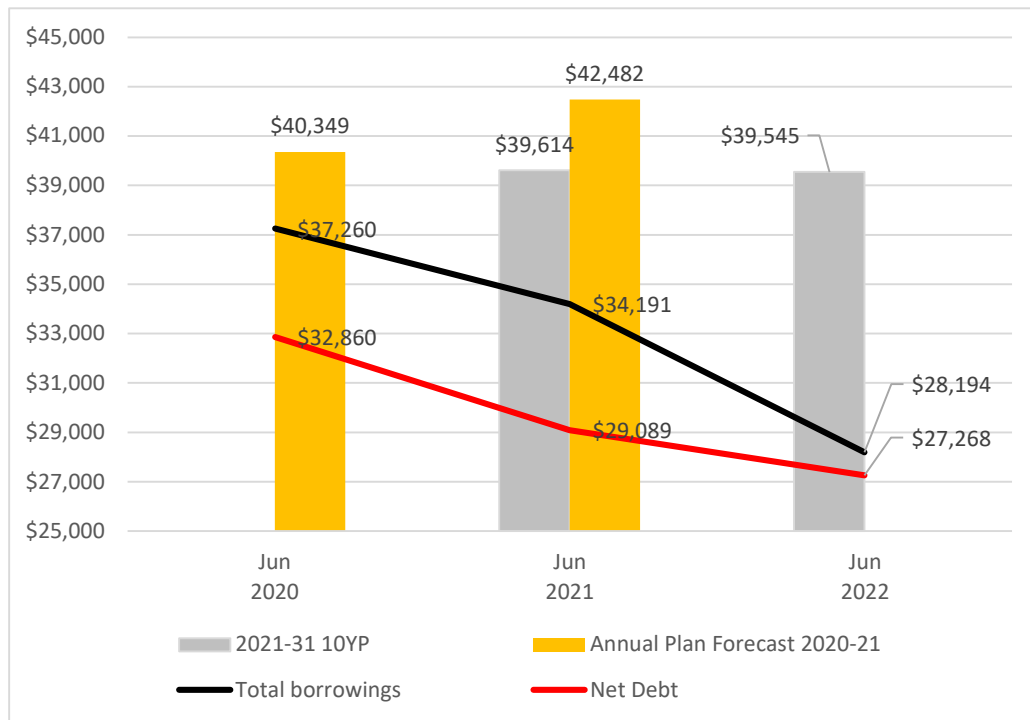
- Roads, Stormwater, Wastewater and Water Supply, Land and Building, Investment Properties and Assets held for sale asset revaluation: These valuations are underway, but draft results have not been received for review and inclusion into the accounts.
- Valuation of Council's Investment in Inframax Construction Limited: The annual valuation of the company is underway, however the revaluation results have not been received for inclusion in this report.
- Other minor adjustments: Throughout finalising the annual report minor adjustments may be required. These changes are not expected to materially alter the financial result reported in this report.

TREASURY MANAGEMENT HIGHLIGHTS

At 30 June 2022 public debt was \$28.2 million and net debt¹ was **\$27.3** 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 3.81% at 30 June 2022. Including the credit facility fee the weighted average interest rate was 3.95%.

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 year was due to the repayment 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 Jun 2022 |
|------------------------------|-------|-----------------|-----------------|
| Net debt to total revenue | <165% | 80% | 62% |
| 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.

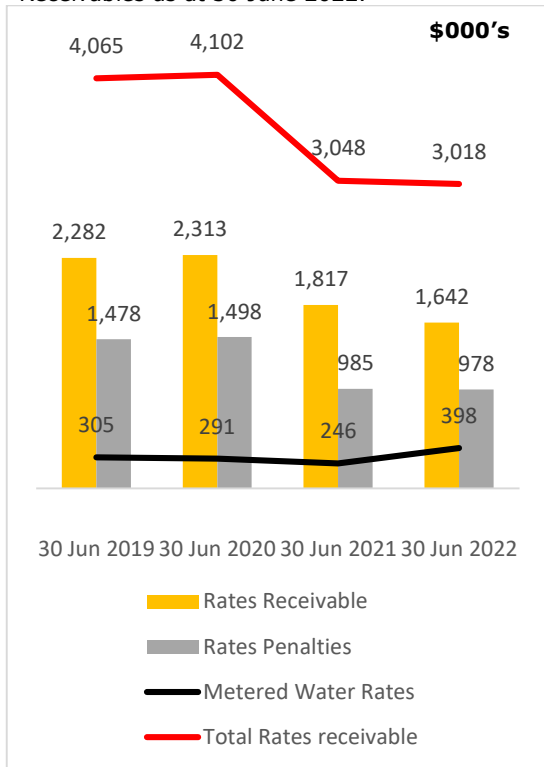
For more details of Council's public debt and the position of Council's financial risk minimisation strategies in relation to debt please refer to the Bancorp Treasury Report for the year ended 30 June 2022, as attached.

¹ Net debt is total public debt less LGA Borrower notes and unrestricted cash.

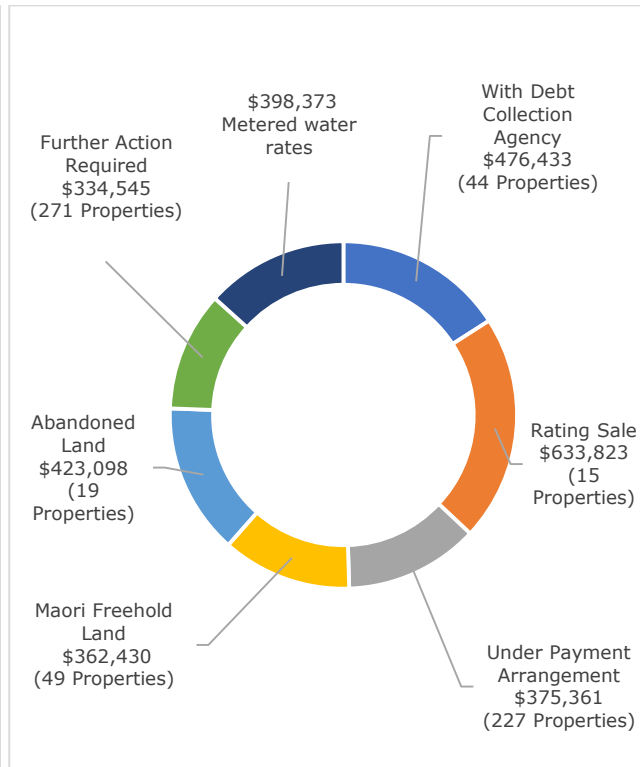
RATES RECEIVABLES

TOTAL RATES RECEIVABLES

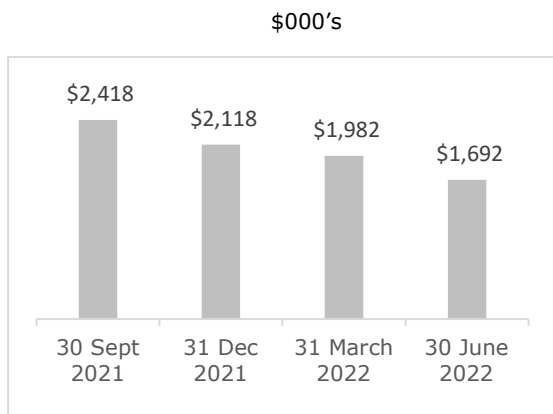
Set out below is the summary of Rates Receivables as at 30 June 2022.



RATES ARREARS AS AT 30 JUNE 2022



PREVIOUS YEARS RATES ARREARS SUMMARY*



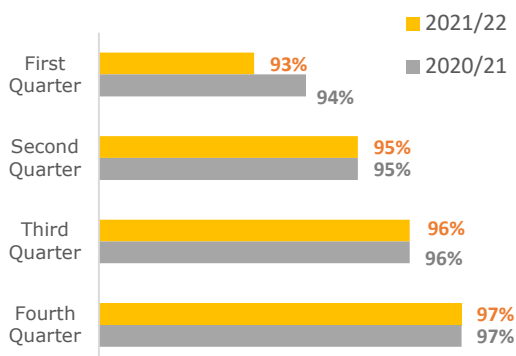
*excludes metered water rates

Progress:

The fourth quarter of the rating year saw rates staff processing rates remission applications for the coming rating year, processing new valuations for building consents and subdivisions that have been processed during the rating year, supporting the finalisation of the Annual Plan for 2022/23 and processing end of year write offs. Accordingly, time spent on debt collection processes was limited.

A write off of \$277,883 (incl GST) was processed in June for rates arrears which cannot be reasonably recovered under Section 90A of the Local Government Rating Act 2002 (LGRA) as well as a write off of \$136,250 for arrears that are statute barred. A further \$44,425 was written off under Schedule 1AA of the (LGRA) for Maori Freehold Land properties that are now non-rateable due to the rating units being unused under Schedule 1 Section 14A of the LGRA.

RATES INSTALMENT COLLECTION TRACKER



During July 98 property owners will receive final notice to pay their outstanding rates (total arrears \$501,594). Any accounts still outstanding after 12 August 2022 will be sent to Council's debt collection agency for collection.

Rates Rebate update:

300 applications have been received and approved for the year ended 30 June 2022 (totalling \$193,176). 286 rates rebate applications were approved during the 2020/21 rating year (totalling \$180,613).

Rates Remissions

A total of \$183,659 in rates and penalty remissions were granted against a full year budget of \$262,000. The breakdown per remission category is detailed in the following table:

| Remission Category | 21/22 | 21/22 | 20/21 | 20/21 |
|--|----------------|------------|----------------|------------|
| | Actual | No | Actual | No. |
| Clubs, Societies and Community Organisations | 64,108 | 26 | 64,254 | 27 |
| Maori Freehold Land | 7,507 | 7 | 139,269 | 115 |
| Organisations providing care for the Elderly | 25,303 | 2 | 25,083 | 2 |
| Penalties | 28,947 | 109 | 37,943 | 94 |
| Properties used joint as a single unit | 55,531 | 57 | 47,995 | 51 |
| New residential subdivisions | 0 | 0 | 0 | 0 |
| Cases of genuine financial hardship | 850 | 1 | 693 | 1 |
| New Businesses | 0 | 0 | 389 | 1 |
| Natural Calamity | 936 | 1 | 899 | 1 |
| Abandoned Land Sale | 0 | 0 | 4,652 | 1 |
| Total remissions under policy | 183,182 | 203 | 321,177 | 293 |
| Remissions granted by Council resolution | 477 | 1 | 483 | 1 |
| Total remissions granted | 183,659 | 204 | 321,660 | 294 |

The following clubs, societies and community organisations were granted rates remission during the 2021/22 year:

- Te Waitere Boating Club Incorporated
- Hamilton Tomo Group Incorporated
- Waitomo Caves Museum Soc Incorporated
- Te Kuiti Trapshooters Club
- Otorohanga Club (Incorporated)
- Te Kuiti Pig Hunting Club Incorporated
- Piopio-Aria Golf Club Incorporated
- Mahoenui Hall Committee
- The Order of St John Central Region Trust Board
- Tainui District Fire Party
- Tainui Historical Society Incorporated
- Awakino Bowling Club Incorporated
- The Scout Association of New Zealand
- Piopio Lawn Tennis Club Incorporated
- Piopio Bowling Club Incorporated
- The Piopio Senior Citizens Club Inc
- Aria Toy Library
- Te Kuiti Bowling Club Incorporated
- Te Kuiti Lyceum Club Incorporated
- Te Kuiti & District Historical Charitable Trust
- Maniapoto Rugby Sub-Union Incorporated
- Waitete Rugby Football Club Incorporated
- The Te Kuiti Indoor Bowling Club Incorporated
- Te Kuiti Motorcycle Club Incorporated
- Waitomo Christian Fellowship Trust Board
- Waikato Diocesan Trust Board

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

Annual Plan 2022/23

Project Summary: The purpose of the Annual Plan (AP) 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 AP to contain the proposed annual budget and funding impact statement for the year to which the AP relates. Workshops in February and March 2022 assessed and considered the budgets and rates revenue requirements. An information document was provided to the community detailing information on the impact of the revaluations and capping the Uniform Annual General Charge (UAGC). The AP was adopted at the May Council meeting including setting the rates, charges, and instalment due dates for the 2022/23 financial year commencing 1 July 2022.

End date: Completed



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 2021. The new framework was adopted by Council in October as well as the Strategic Risk Register. The Strategic Risk Workplan 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 is continuing with 8 Strategic Risks assessed over three workshops, two new risks were identified in the April workshop, Stakeholder Relationships and District Vibrancy/Growth which have been added to the Workplan.

| | Q1 | Q2 | Q3 | Q4 |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Project Stage | Delivering | 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 continue to be actively involved with 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 send their details to the appropriate provider nearest to the individual concerned. The system is now seeing an upward surge in the use of their services with the second round of Omicron upon us. In Waitomo, HereToHelpU is facilitated through the Maniapoto Māori Trust Board.

Readiness

Annual Exercise

As part of an Annual Report KPI initiated by the Chief Executives Group (CEG), every Council was to hold an annual exercise to help assess where the Emergency Operating Centre capability is at. This is the first year of this KPI and an exercise has been held in order to provide a baseline assessment for the Western Waikato District Councils.

The exercise was held on Friday 27 May 2022 at the Waipā District Council Chambers. 35 staff from all three Councils were involved with the exercise which was centred around a storm event and modelled off the flooding and wind issues caused by Cyclone Dovi in February this year.

In accordance with the Group Training and Exercise Framework, the exercise was assessed by independent assessors. The baseline scores available are: Unsatisfactory (0 – 20%), Early developing (21 – 40%), Late developing (41 – 60%), Advancing (61 – 80%) and Mature (81 – 100%). The Western Waikato Assessment was given **74%** which puts it in the higher level of Advancing.

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.

Staff have been engaged in producing the required information of the Emergency Operating Centre staff for distributions lists required for Whispir and also testing of the messaging templates that will be used to create consistent and accurate messaging to be used throughout the Region. It is important that the work is completed before the GoLive training is carried out and distribution lists are active. A GoLive activation is planned for August 2022.

Community Engagement

Considerable community engagement continues to be held with the Marokopa area with assistance after Cyclone Dovi and other recent flood events. Staff have assisted in community meetings with affected farmers and also with clean up days in conjunction with the Rural Support Trust. A community evening was held at the Marokopa Community Sports Hall with Tawera Nikau speaking. Approximately 75 locals enjoyed the dinner and entertainment. A similar eventing was held at the Aria Workingman's Club on 15 June 2022 and was also very well attended.

2022/23 Communications Plan

A draft Communications Plan has been prepared and will be finalised over the coming months with all three Western Waikato Districts. The Plan is designed to showcase one element of emergency management and be replicated throughout all three Councils for maximum impact and ensuring that each Council is sharing the correct messages. A range of interaction with the community is included and rewards for providing evidence of completing an action. This Plan ensures alignment across the three Councils and the Region with emergency management messaging. This Communication Plan is in alignment with the already reported National Emergency Management Agency Public Education initiatives.

Response

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

| Date | Event |
|--------------------|---|
| 12 - 13 April 2022 | Ex-Tropical Cyclone Fili: Severe Weather Watch |
| 12 April 2022 | Mt Ruapehu - Volcanic Alert Level 2: Volcanic Alert Level 2 indicates the primary hazards are: steam discharge, volcanic gas, earthquakes, landslides and hydrothermal activity. While Volcano Alert Level 2 is mostly associated with volcanic unrest hazards, eruptions, ash fallout can still occur with little or no warning. |
| 16-17 May 2022 | Heavy Rain Warning: Waitomo/Waipā/Otorohanga Districts |
| 2 June 2022 | Severe Thunderstorm Watch: Whole of Waikato |
| 10 -12 June 2022 | Severe Weather: Thunderstorm and Heavy Rain Watch Waitomo/Waipā//Otorohanga Districts |

COVID-19 –OMICRON

Western Waikato Civil Defence Emergency Management and local Council staff continued to support the Waikato DHB with logistical support at permanently set up RAT pick-up stations and vaccination centres across the area.

Members of the local Welfare Committee's in Waitomo, Ōtorohanga and Waipā were very active and supportive in the COVID-19 lockdowns mainly with the provision of food parcels and kai distribution. The levels of people requiring support during isolation has been unprecedented and with the introduction of HereToHelpU in the Districts, the level of service is able to be spread amongst the providers to ensure everyone has enough food and staff to service the Communities.

Staff have helped to provide support to areas where there were gaps and facilitate introductions with Here2HelpU to ensure that there is a full service of consistent coverage throughout the Districts.

BAU | Ongoing 

SERVICE PERFORMANCE MEASURES

| | | Overall result for GOA (as at 30 June 2022) | | | | | | |
|--|---|--|----|----|----|---|---|--|
| You can expect | Measure | | | | | Target/Result | Commentary | |
| | | Q1 | Q2 | Q3 | Q4 | | | |
| 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. | ○ | ○ | ○ | ● | Target: 100% Result: 91% | One agenda was not made publicly available two working days or more for the financial year. | |
| Effective communication with the community. | Percentage of residents satisfied with the effectiveness and usefulness of Council Communications | ● | ● | ● | ● | Target: 90% Result: 90% | The result from the June 2021 Residents Satisfaction Survey was 90%. The next survey is due in 2023. | |
| The evaluation of annual exercise as a measure of effectiveness of training | Baseline assessment – new measure | ● | ● | ● | ● | Target: 1 Result: N/A | The evaluation exercise was held on 27 May 2022 involving 35 individuals from the three Councils involved. An assessment of the exercise was undertaken by three CDEM professionals from the Group. | |

FINANCIAL UPDATE

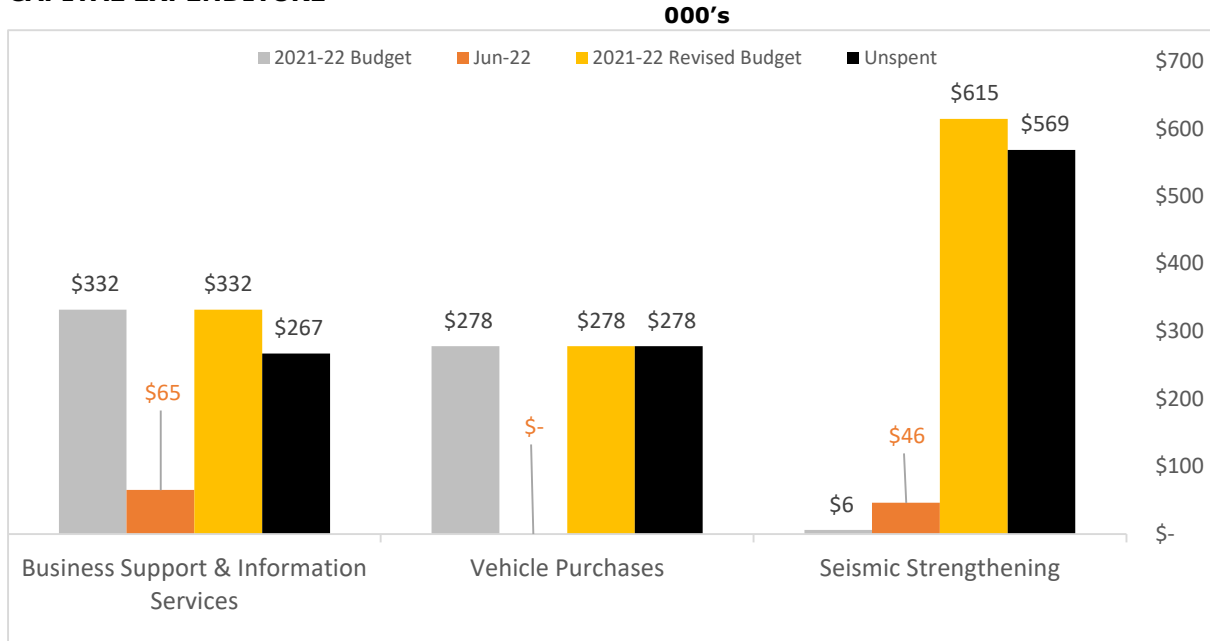
| LEADERSHIP \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|--|-------------------|----------------|--------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (2,856) | (3,365) | (3,365) | (3,473) | (109) | A |
| Subsidies and Grants | 0 | 0 | 0 | (1) | (1) | |
| Interest Revenue | (11) | (9) | (9) | (33) | (24) | B |
| Fees and Charges | (150) | (76) | (76) | (104) | (28) | C |
| Other Revenue incl Gains/Losses | (10) | 0 | 0 | 0 | 0 | |
| Total Revenue | (3,027) | (3,450) | (3,450) | (3,611) | (162) | 5% |
| | | | | | | |
| Operating Expenditure | | | | | | |
| Other Expenditure | 2,007 | 2,820 | 2,917 ² | 2,624 | (196) | D |
| Depreciation | 477 | 626 | 626 | 534 | (92) | E |
| Finance Costs | 14 | 102 | 102 | 24 | (78) | F |
| Total Operating Expenditure | 2,498 | 3,548 | 3,645 | 3,182 | (366) | -10% |
| Net (Surplus)/Deficit | (529) | 98 | 195 | (429) | (528) | 533% |

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 less than forecast for the members remuneration for District Plan hearings which are now expected to take place in the 2022/23 year, consultants fees for the Long Term Plan were not required as a Long Term Plan amendment was not undertaken and forecast expenditure on risk management programmes was not fully spent. In addition to this, the provision for doubtful debt and debt collection costs were also less than forecast. These reductions were partly offset by increased expenditure for regional initiatives including Water Collaboration expenditure.
- E Depreciation costs for Information Services and Motor Vehicles were less than forecast. Delays in completing capital renewal projects for both functions were experienced due to supply chain issues for motor vehicles and delays in completing information services capital projects last year.
- 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 1.055% and 1.855% during the first three quarters of the year, however this tranche of debt is now attracting an interest rate of 3.04% for the final quarter.

² Revised budget includes carryover for consultants' fees and planning costs for Strategy and Engagement.

CAPITAL EXPENDITURE



Total expenditure at 30 June 2022 was \$111,000 against the revised budget (including carryovers) of \$1,225,000.

Business Support and Information Services projects were not fully spent due to the impact of the pandemic on work programmes and the availability of internal resourcing to complete the planned projects. These budgets will be carried over to the next financial year.

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.

The cost estimate for the seismic strengthening project has come in higher than budgeted. The primary scope includes seismic strengthening and fire system upgrades to meet the current standards. The original scope is currently being reviewed to align it with the budget.

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



A district for people



A district that cares for its environment

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. Prefabrication is under way with physical construction on site estimated to start toward end of Q1 in the next reporting period.

| | Q1 | Q2 | Q3 | Q4 |
|----------------------|----|-----------------|--------------------------|-------------------|
| Project Stage | | Planning | Planning/delivery | Delivering |

End date: November 2022

SERVICE PERFORMANCE MEASURES

| Recreation and Property | | Overall result for GOA (as at 30 June 2022) | | | | | |
|--|--|--|----|----|----|--|--|
| | | Q1 | Q2 | Q3 | YE | Achieved | No data available |
| | | 1 | 3 | 4 | 4 | 4 | |
| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
| We provide parks and open spaces across our district. | Percentage of residents satisfied with or parks and open spaces. | ● | ● | ● | ● | Target: New measure Result: N/A | The result from the June 2021 Residents Satisfaction Survey was 89%. The next survey is due in 2023. |
| We provide pools and community facilities that are compliant with legislative standards. | Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules. | ● | ● | ● | ● | Target: Achieve Result: 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 | ● | ● | ● | ● | Target: > 85% Result: N/A | The result from the June 2021 Residents Satisfaction Survey was 97%. The next survey is due in 2023. |
| We provide public toilets for our community and visitors to the district. | Percentage of residents satisfied with the quality of public toilets | ● | ● | ● | ● | Target: ≥ 85% Result: N/A | The result from the June 2021 Residents Satisfaction Survey was 89%. The next survey is due in 2023. |

FINANCIAL UPDATE

| RECREATION AND PROPERTY \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance To EAP | %Var and Note Ref |
|------------------------------------|----------------|----------------|----------------------|-----------------------------------|-----------------|--------------------------|
| Revenue | | | | | | |
| Rates | (3,715) | (3,464) | (3,464) | (3,467) | (3) | |
| Subsidies and Grants | (240) | (1) | (3,774) ³ | (2,264) | (2,263) | A |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (444) | (504) | (504) | (4,963) | (4,459) | B |
| Other Revenue incl Gains/Losses | (1,509) | (3) | (3) | (56) | (53) | C |
| Total Revenue | (5,908) | (3,972) | (7,745) | (10,750) | (6,778) | 171% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 3,284 | 3,007 | 3,007 | 7,329 | 4,322 | D |
| Depreciation | 952 | 987 | 987 | 1,065 | 78 | E |
| Finance Costs | 93 | 88 | 88 | 76 | (12) | F |
| Total Operating Expenditure | 4,329 | 4,082 | 4,082 | 8,470 | 4,388 | 107% |
| Net (Surplus)/Deficit | (1,579) | 110 | (3,663) | (2,280) | (2,390) | - 2173% |

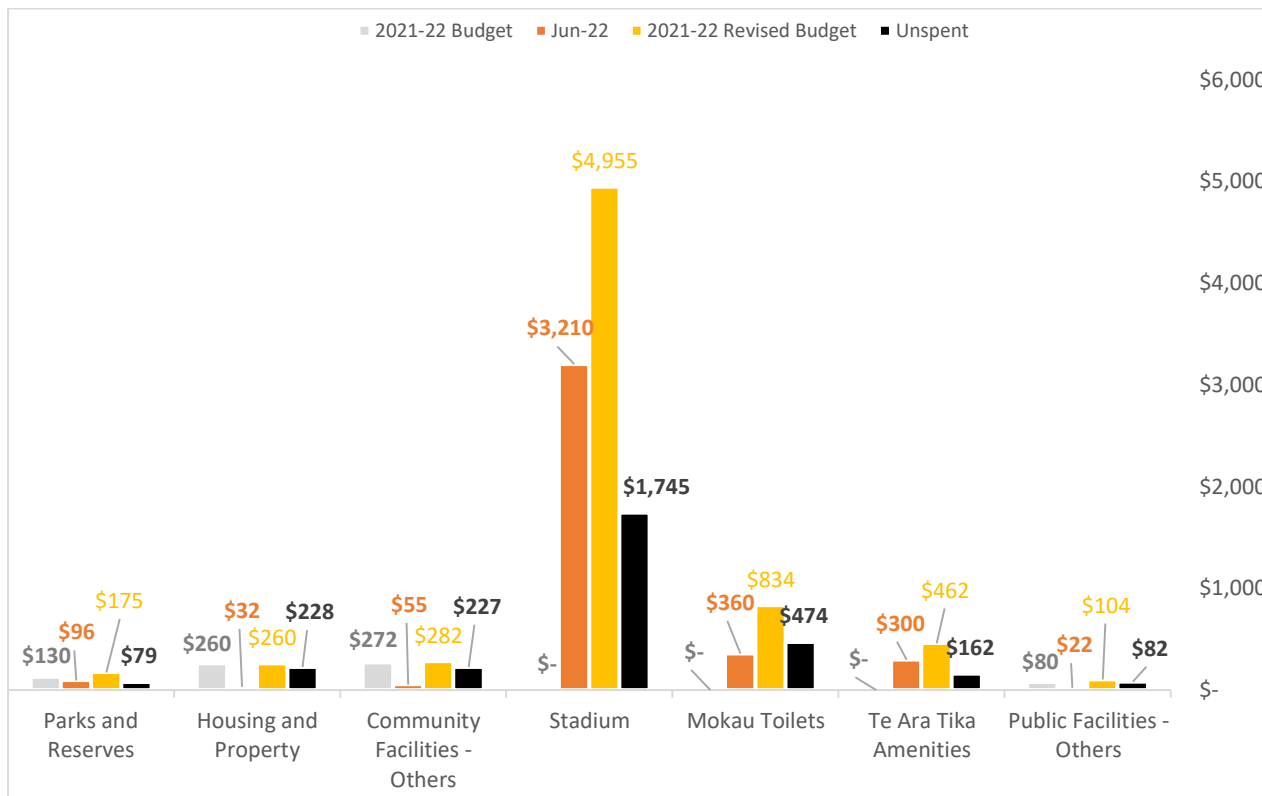
Variance comments:

- A Grant revenue of \$2.2 million was received from Lotteries Grant Board, Trust Waikato, Crown Infrastructure (MBIE) for the construction of King Country Indoor Recreation and Sports Centre (KCISRC). Grant revenue is recognised with reference to the stage of completion of the stadium, with any additional grant funding held as Deferred Revenue.
- Subsidy revenue was also received for library partnership programme and for the construction of Mokau toilets.
- B Council is providing construction services to the Ministry of Education (MoE) and Te Kuiti High School Board of Trustees (BoT) for facilitating the construction of the KCISRC under a Service Concession Arrangement to those two parties. Construction services revenue of \$4.5 million is recognised as revenue and is the same amount as the Construction Services expenditure which is included in Other Expenditure and commented on in Note D, below.
- The construction services revenue for the KCISRC, was partially offset by less revenue recognised 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 revenue was recognised for the gain on disposal of the Lawrence Street section and the landfill forestry assets.
- D Construction services expenditure of \$4.5 million for the KCISRC is included in Other Expenditure. This is expenditure Council has incurred under the Service Concession Arrangement with MoE and BoT.
- Partly offsetting the construction expenditure, was a reduction in expenditures for repairs and maintenance, track maintenance, and track strategy costs, due to a revision of work programming and reduced organisational capacity costs due to staff vacancies.
- E 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.
- F Finance costs were less than forecast as public debt was less than forecast.

³ 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 30 June 2022 was \$4,074,000 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 was not required due to the collaboration with Kainga Ora – Homes and Communities. Kainga Ora purchased the vacant site at Lawrence Street, 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.

The funding for some of the projects that were not completed during the year will be carried over to the 2022-23 year.

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



A district for people



A prosperous district



A district that works with
you

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 reported on with the Regional Coalition Group and stakeholders continue to work together to deliver strong outcomes for the Waitomo District. Some highlights for the year include development of a Transitional Housing Service in Te Kuiti to support whanau looking for sustainable housing and funding to support a bus service from the Waitomo District to transport students involved in Vocational Education and Training to and from Hamilton daily to undertake Tertiary programmes at Wintec.

The Regional Coalition met on 16 June 2022. Forming part of the agenda was a presentation on the local delivery of the Novice Driver Training 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.

Discussion and planning on resuming the Youth Council has begun with all High School Principals enthusiastic to have the Youth Council up and running again.

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 30 June 2022, 87 Sustainable Employment Outcomes have been achieved for the year and 72 of these remain in sustainable employment. Placements have been made in various sectors including retail, building and construction, administration, education, and the meat industry. 11 apprenticeships have been secured.

| 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 30 June 2022, 46 people had gained their learner licence, 31 had gained their restricted licence and 23 had gained their full driver licence making a total of 100 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

| Community and Partnerships | | Overall result for GOA (as at 30 June 2022) | | | | | |
|--|---|---|--------------------------------------|--------------------------------------|--------------------------------------|---|---|
| | | | | | | <p> □ On track ■ Achieved ■ No data available ■ Not Achieved </p> | |
| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
| 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. A Total of 23 Grants and 1 Event Fund were approved by Council. |
| 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: Not Achieved | Due to ongoing COVID restrictions and on-going disruption to schooling, the Youth Council was unable to support the delivery of youth related projects. Planning has begun on resuming the Youth Council. |
| Involvement in economic development initiatives and promotional opportunities. | New measure: ≥5 initiatives or promotional opportunities | ○ | ● | ● | ● | Target: ≥5 per annum Result: 10 | Council has entered a partnership arrangement for the construction of the King Country Indoor Sports and Recreation Centre. A 'Waitomo Wellbeing Package' was developed by Hamilton & Waikato Tourism 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 | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|----------------|----------------|--------------------|-----------------------------------|-----------------|-------------------|
| Revenue | | | | | | |
| Rates | (1,856) | (1,717) | (1,717) | (1,720) | (3) | |
| Subsidies and Grants | (510) | 0 | (500) ⁴ | (505) | (505) | A |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (14) | (4) | (4) | (3) | 1 | |
| Other Revenue incl Gains/Losses | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | (2,380) | (1,721) | (2,221) | (2,228) | (507) | 29% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 2,016 | 1,642 | 2,120 ⁴ | 1,582 | (61) | B |
| Depreciation | 13 | 2 | 2 | 2 | 0 | |
| Finance Costs | 0 | 25 | 25 | 0 | (25) | C |
| Total Operating Expenditure | 2,029 | 1,669 | 2,147 | 1,584 | (86) | -5% |
| Net (Surplus)/Deficit | (351) | (52) | (74) | (644) | (593) | 1163% |

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.
- B Other expenditure for the Community and Partnerships activity is less than forecast for the fourth quarter reporting period. Expenditure for the MTFJ of \$450,000 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 internal loan for Council's contribution towards construction of the King Country Indoor Sports and Recreation Centre. (The 10YP assumed Council would contribute a grant, funded by an internal loan, to Game on Charitable Trust for this project. Subsequently Council assumed responsibility for the construction and future operation of the facility under a Service Concession Arrangement with the MoE and BoT).

⁴ 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 2004. 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



A prosperous district



A district for people

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 2022, continued accreditation is assured on clearance of general non-compliance identified during the audit.

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 2022/23 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 provided engineering assessments which are currently being reviewed.

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 (as at 30 June 2022) | | | | | |
|---|---|--|----|----|----|--|--|
| Regulatory Services | | | | | | | |
| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
| We ensure the public sale and supply of alcohol is undertaken safely and responsibly. | All premises that sell alcohol are licensed. | | | | | Target: 100% Compliance Result: 100% | |
| Building consents are processed in a timely fashion. | Building consents are processed within 20 working days. | | | | | Target: 100% Result: 97% | 3% of the building consents processed during this financial year were over statutory processing day timeframes. This was due to a staff member being on a prolonged period of sick leave, and COVID-19 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 | | | | | Target: BCA Accreditation achieved Result: Achieved | Accreditation achieved. The IANZ Audit has just been undertaken results of the audit are due in next Quarter. |
| We provide land information Services (LIMs) efficiently. | LIMs are processed within statutory timeframe. | | | | | Target: 100% Result: 98% | LIM timeframes were met for the 98% of applications for the financial year. Only two applications were over the statutory timeframe in both in Q1. |
| We provide an effective Animal Control Service. | Percentage of residents satisfied with the provision of the Animal Control Service. | | | | | Target: ≥ 75% Result: 81% | 81% of respondents were satisfied with animal control services in the 2021 Residents Survey. The next survey is due in 2023. |

FINANCIAL UPDATE

| REGULATORY SERVICES \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|-------------------|----------------|-------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (781) | (825) | (825) | (826) | (1) | |
| Subsidies and Grants | 0 | 0 | 0 | 0 | 0 | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (553) | (439) | (439) | (508) | (69) | A |
| Other Revenue incl Gains/Losses | (13) | (15) | (15) | (20) | (5) | |
| Total Revenue | (1,347) | (1,279) | (1,279) | (1,354) | (75) | 6% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 1,046 | 1,272 | 1,272 | 1,087 | (185) | B |
| Depreciation | 7 | 7 | 7 | 7 | 0 | |
| Finance Costs | 0 | 0 | 0 | 0 | 0 | |
| Total Operating Expenditure | 1,053 | 1,279 | 1,279 | 1,094 | (185) | -14% |
| Net (Surplus)/Deficit | (294) | 0 | 0 | (260) | (260) | |

Variance comments:

- A Building control revenue, health licence fees 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 legal costs.

CAPITAL EXPENDITURE

There was no expenditure at 30 June 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 173,000m³ (equivalent to 155,000 tonnes). At the then fill rate, the remaining physical life of the landfill would have exceeded 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.

Modelling of an appropriate gas collection system has commenced with design due to be completed by end of September 2022.

BAU Ongoing 

| Description | Quarter 1 | | | Quarter 2 | | |
|--------------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| | Tonnes Deposited July 2021 | Tonnes Deposited Aug 2021 | Tonnes Deposited Sep 2021 | Tonnes Deposited Oct 2021 | Tonnes Deposited Nov 2021 | Tonnes Deposited Dec 2021 |
| Total To Landfill | 764.18 | 462.21 | 625.03 | 867.42 | 579.60 | 789.19 |
| Description | Quarter 3 | | | Quarter 4 | | |
| | Tonnes Deposited Jan 2022 | Tonnes Deposited Feb 2022 | Tonnes Deposited Mar 2022 | Tonnes Deposited Apr 2022 | Tonnes Deposited May 2022 | Tonnes Deposited June 2022 |
| Total To Landfill | 516.46 | 556.73 | 550.02 | 595.35 | 707.78 | 533.16 |

Diverted Material

- A total of 393.33 tonnes of recyclables has been diverted from the landfill for the financial year.
- A total of 1868.61 tonnes of recyclables have been collected from kerbside collections and transfer stations the financial year

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 calendar year.

BAU | Ongoing 

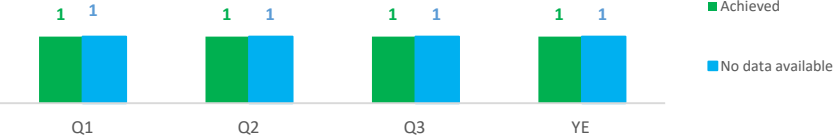




Infrastructure Maintenance and Transfer Station Safety Improvements

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 2022/23 .

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|---|---|---|---|
| | Delivering  | Planning  | Planning  | Planning  |

SERVICE PERFORMANCE MEASURES

| Overall result for GOA (as at 30 June 2022) | | | | | | | |
|---|--|--|---|---|---|--|--|
| You can expect | How we measure performance |  | | | | Target/Result | Commentary |
| | | Q1 | Q2 | Q3 | Q4 | | |
| We provide safe solid waste facilities within District. | Percentage of users that are satisfied with the rural transfer service stations. |  |  |  |  | Target: New measure <10 per week Result: 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.



Target: New measure < 10 per week
Result: 1.01

53 complaints received for the financial year.

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

FINANCIAL UPDATE

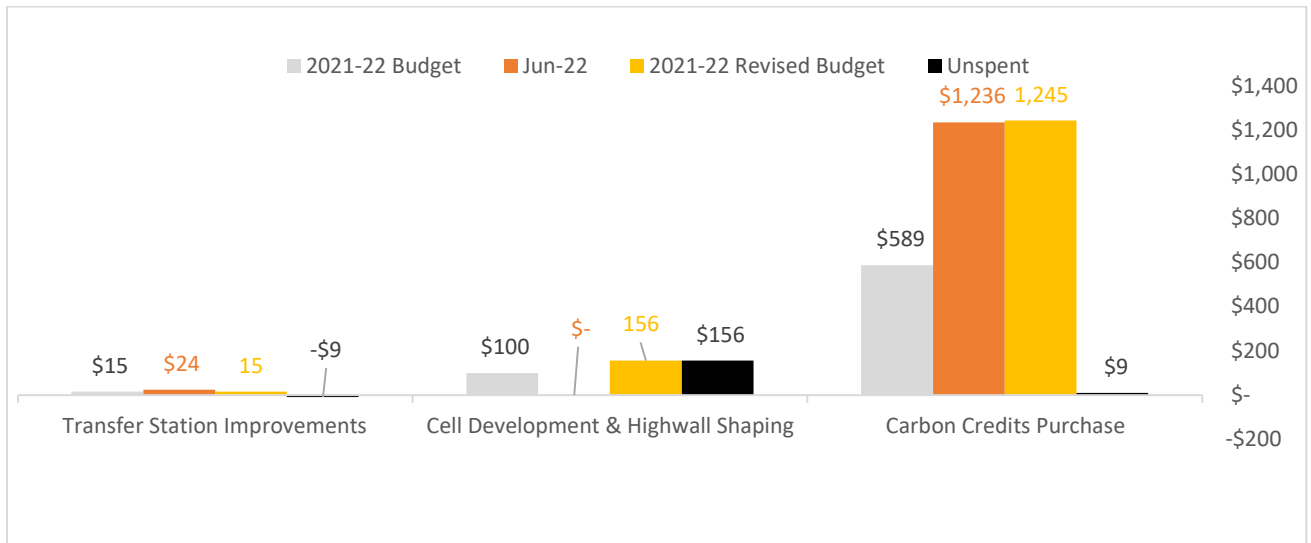
| SOLID WASTE \$'000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|----------------|----------------|----------------|-----------------------------------|-----------------|-------------------|
| Revenue | | | | | | |
| Rates | (883) | (1,144) | (1,144) | (1,150) | (6) | |
| Subsidies and Grants | (13) | 0 | 0 | 0 | 0 | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (1,537) | (1,677) | (1,678) | (1,496) | 182 | A |
| Other Revenue incl Gains/Losses | (35) | (35) | (35) | (43) | (8) | |
| Total Revenue | (2,468) | (2,856) | (2,857) | (2,689) | 168 | -6% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 2,182 | 2,661 | 2,661 | 2,643 | (18) | B |
| Depreciation | 94 | 68 | 68 | 95 | 27 | C |
| Finance Costs | 136 | 113 | 113 | 110 | (3) | |
| Total Operating Expenditure | 2,412 | 2,842 | 2,842 | 2,848 | 6 | 0% |
| Net (Surplus)/Deficit | (56) | (14) | (15) | 159 | 174 | -1160% |

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, consultants costs and increased contract costs for removal of recycling and landfill bin movement.
- C Depreciation expense was more than forecast for landfill and transfer station assets.

CAPITAL EXPENDITURE

000's



Total expenditure at 30 June 2022 was \$1,260,000 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 17,800 units have been purchased in the current year at a cost of between \$68 and \$76 per unit. 11,594 units were surrendered in March for calendar year 2021, leaving 10,674 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 | 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 | 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

| | | Overall result for GOA <i>(as at 30 June 2022)</i> | | | | | |
|--|---|--|-----------|-----------|-----------|--|---|
| Stormwater | | | | | | | |
| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | 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. | | | | | Target: 0 Result: 0 | There have been no flooding events this financial year. |
| | For each flooding event* the number of habitable floors affected in a financial year. | | | | | Target: ≤ 1 per 1000 connections Result: 0 | There have been no flooding events this financial year. |
| We comply with our resource consent conditions and minimise the impact of stormwater on the environment | abatement notices | | | | | Target: 0 Result: 0 | There have been no notices received. |
| | infringement notices | | | | | Target: ≤ 2 Result: 0 | There have been no notices received. |
| | enforcement orders | | | | | Target: 0 Result: 0 | There have been no enforcement orders. |
| | successful prosecutions | | | | | Target: 0 Result: 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). | | | | | Target: ≤ 180 minutes (3hrs) Result: 0.0 hours | There have been no flooding events this financial year. |
| 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. | | | | | Target: ≤ 4 complaints per 1,000 properties (2,056 connections) Result: 0 | There have been no complaints relating to urban stormwater this financial year. |
| * 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. | | | | | | | |

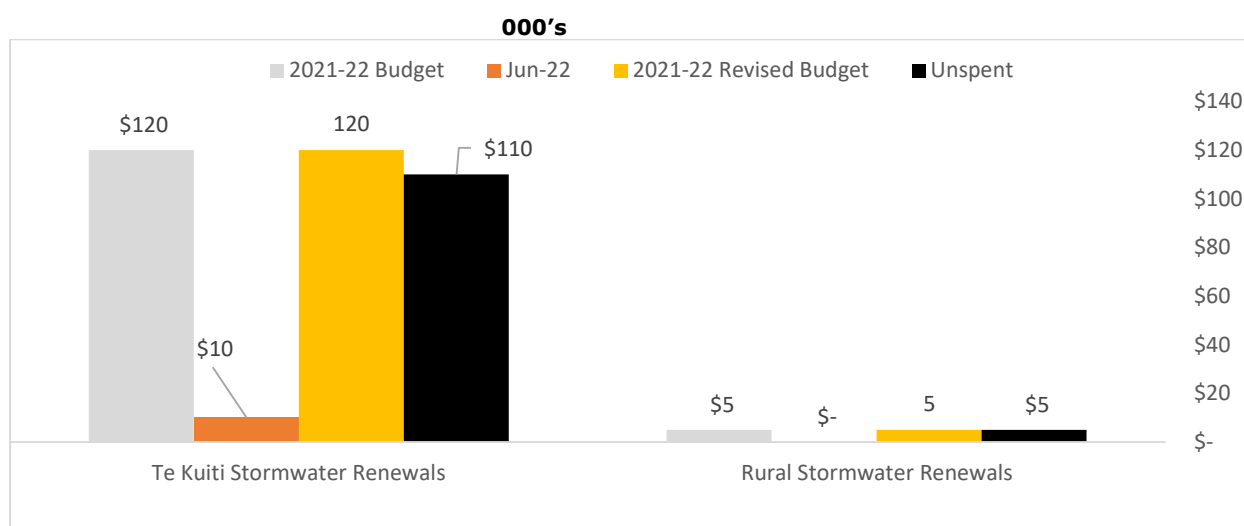
FINANCIAL UPDATE

| STORMWATER \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|-------------------|---------------|-------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (405) | (456) | (456) | (458) | (2) | |
| Subsidies and Grants | 0 | 0 | 0 | 0 | 0 | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (17) | 0 | 0 | (7) | (7) | A |
| Other Revenue incl Gains/Losses | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | (422) | (456) | (456) | (465) | (9) | 2% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 196 | 255 | 255 | 161 | (94) | B |
| Depreciation | 194 | 195 | 195 | 219 | 24 | C |
| Finance Costs | 9 | 7 | 7 | 7 | 0 | |
| Total Operating Expenditure | 399 | 457 | 457 | 387 | (70) | -15% |
| Net (Surplus)/Deficit | (23) | 1 | 1 | (78) | (79) | -79% |

Variance comments:

- A Revenue was received for connection fees.
- B Other expenditure was less than budget for catchment studies, sampling and inspection programme.
- C 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



Total expenditure at 30 June 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 exception’s basis.

A review of the resource consent raw data was undertaken to identify consents that require monitoring. The work was completed, and all land use consents that require monitoring have been identified and are being monitored. Not all resource consents are active, which limits the number that require on going monitoring.

BAU| Ongoing

District Plan Review

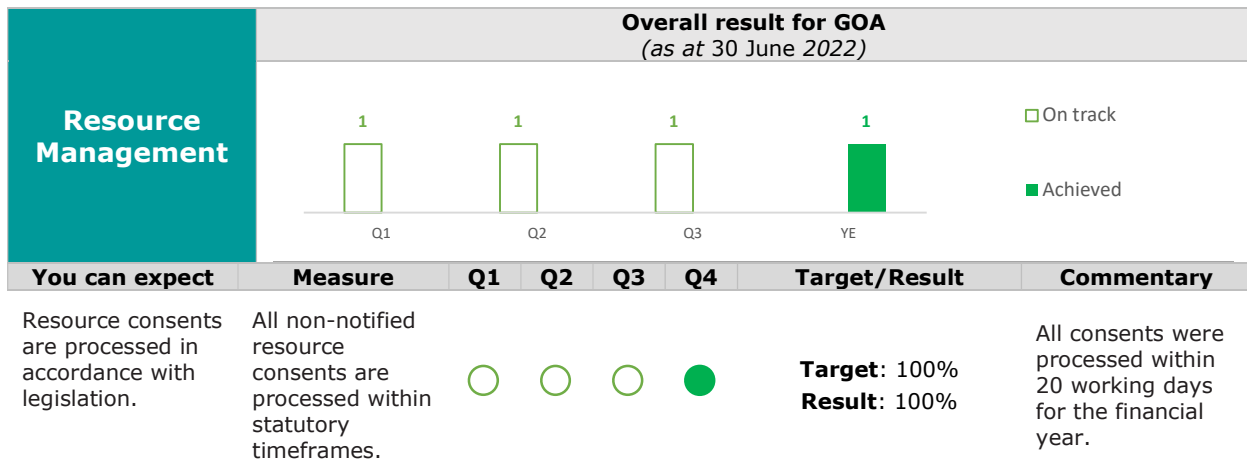
Programme Summary: A review of the Operative Waitomo District Plan in accordance with statutory requirements.

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) are 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. The WDC is now reviewing the submissions received and making the appropriate amendments to the PDP. The WDC is looking to notify the PDP in the 3rd quarter of this calendar year.

| | Q1 | Q2 | Q3 | Q4 |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Project Stage | Delivering | Delivering | Delivering | Delivering |

SERVICE PERFORMANCE MEASURES

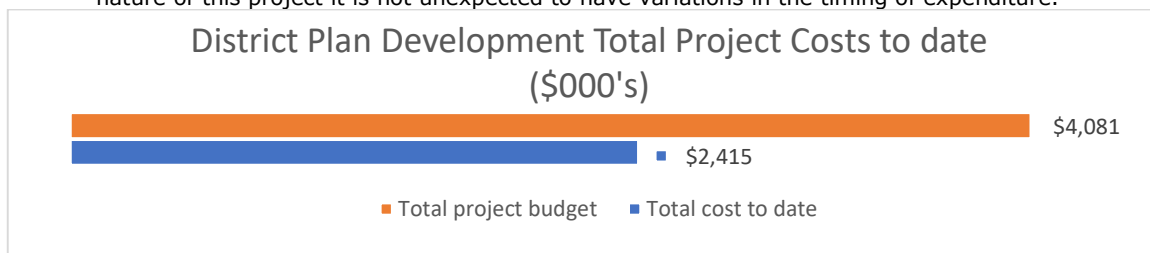


FINANCIAL UPDATE

| RESOURCE MANAGEMENT \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|----------------|--------------|--------------------|-----------------------------------|-----------------|-------------------|
| Revenue | | | | | | |
| Rates | (377) | (397) | (397) | (398) | (1) | |
| Subsidies and Grants | 0 | 0 | 0 | 0 | 0 | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (188) | (180) | (180) | (197) | (17) | A |
| Other Revenue incl Gains/Losses | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | (565) | (577) | (577) | (595) | (18) | 3% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 827 | 1,681 | 1,864 ⁵ | 771 | (910) | B |
| Depreciation | 0 | 0 | 0 | 0 | 0 | |
| Finance Costs | 31 | 35 | 35 | 31 | (4) | |
| Total Operating Expenditure | 858 | 1,716 | 1,899 | 802 | (914) | -53% |
| Net (Surplus)/Deficit | 293 | 1,139 | 1,322 | 207 | (932) | -82% |

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.



⁵ 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: Ongoing discussions with land owner who is requiring further details regarding impact of proposed improvements, need to engage consultants to prepare assess of impact on environment.

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|-------------------|-----------|----------|----------|
| | Rescoping/Pricing | Rescoping | Planning | 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. Changes in staff at regional council has added delays in planting programme awaiting update from WRC.

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|------------|------------|------------|---------|
| | Delivering | Delivering | Delivering | On Hold |

SERVICE PERFORMANCE MEASURES

| | | Overall result for GOA <i>(as at 30 June 2022)</i> | | | | | | |
|---|--|---|----|----|----|--|---|---|
| Wastewater | | 3 | 7 | 3 | 7 | 1 | 9 | 1 |
| | | Q1 | Q2 | Q3 | Q4 | YE | | |
| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | 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. | | | | | Target: ≤180 minutes (3hrs) Result: 1hr | | |
| | 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. | | | | | Target: Piopio ≤660 minutes (11hrs) Result: 1hr 30mins. | | |
| | | | | | | Target: Rest of District ≤540 minutes (9hrs) Result: 5hrs 51mins. | | |
| 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) | 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. | | | | | | | |
| | abatement notices | | | | | Target: 0 Result: 0 | Achieved. | |
| | infringement notices | | | | | Target: 0 Result: 0 | Achieved. | |
| | enforcement orders | | | | | Target: 0 Result: 0 | Achieved. | |
| Our wastewater system is operated and maintained to minimise odour and blockages. | convictions received | | | | | Target: 0 Result: 0 | Achieved. | |
| | The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system. | | | | | Target: Piopio Total complaints per 1,000 connections ≤35 (Total number of connections 210) Result: 261.9 | A total of 55 complaints were received for the financial year in Piopio majority relating to household septic tank alarms. | |
| | | | | | | Target: Rest of District complaints per 1,000 connections ≤35 (Total number of connections 1774) Result: 17.5 | For Te Kuiti, Maniaiti/Benneydale and Mokau a total of 31 complaints were received for the financial year mostly relating to blockages. | |

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



Target:

Total complaints per 1,000 connections ≤ 10
(Total number of connections 1,984)

No dry weather overflow complaints were received this quarter

Result: 0.0

FINANCIAL UPDATE

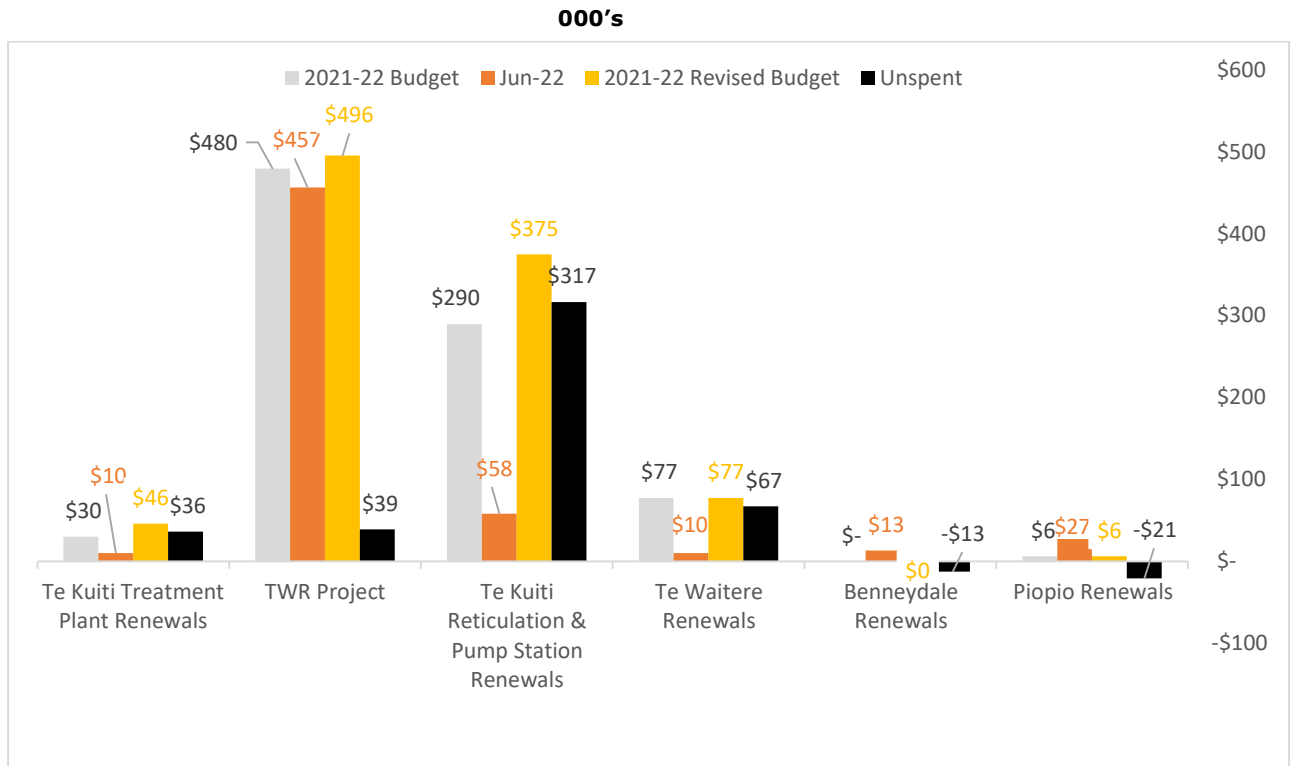
| WASTEWATER \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|----------------|----------------|--------------------|-----------------------------------|-----------------|-------------------|
| Revenue | | | | | | |
| Rates | (2,107) | (2,176) | (2,176) | (2,183) | (7) | |
| Subsidies and Grants | (12) | (584) | (559) ⁶ | (570) | 14 | A |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (931) | (821) | (821) | (796) | 25 | B |
| Other Revenue incl Gains/Losses | 0 | 0 | 0 | (23) | (23) | C |
| Total Revenue | (3,050) | (3,581) | (3,556) | (3,572) | 9 | 0% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 1,668 | 2,103 | 2,061 ⁶ | 2,124 | 21 | D |
| Depreciation | 818 | 855 | 855 | 913 | 58 | E |
| Finance Costs | 244 | 194 | 194 | 191 | (3) | |
| Total Operating Expenditure | 2,730 | 3,152 | 3,110 | 3,228 | 76 | 2% |
| Net (Surplus)/Deficit | (320) | (429) | (446) | (344) | 85 | -20% |

Variance comments:

- A Subsidy revenue was less than forecast for TWR stimulus funding due to the revision of the projects which resulted in transfers between the water and wastewater activities. Of the total \$570,000 recognised, \$457,000 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 more due to a loss in asset disposals, increase in electricity costs and trade waste sampling.
- 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.

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

CAPITAL EXPENDITURE



Total expenditure at 30 June 2022 was \$574,000 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 project has been completed with 920 installations completed. This work will continue as is where is basis when maintenance contractors find old toby valves will be replaced with Backflow preventor and manifolds.

| Project Stage | Q1 | Q2 | Q3 | Q4 | | | |
|---------------|----|------------|----|------------|---|-----------|---|
| Delivering | 🟢 | Delivering | 🟢 | Delivering | 🟢 | Completed | ⬛ |

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. This project has been complete, ongoing renewals will continue to be made as and when required.

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, Aria Terrace, Beach Road, Point Road and Tokapapa Road. The only remaining AC pipe is a small section along SH3 and Takaree terrace.





| Project Stage | Q1 | Q2 | Q3 | Q4 | | | |
|---------------|----|------------|----|------------|---|-----------|---|
| Delivering | 🟢 | Delivering | 🟢 | Delivering | 🟢 | Completed | ⬛ |

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 has been successfully delivered.


| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|--|--|--|---|
| | Planning  | Planning  | Delivering  | Completed  |

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: Mechanical servicing complete





| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|--|--|--|---|
| | Planning  | Delivering  | Delivering  | Completed  |

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: Commissioning has experienced some challenges although good progress has been made automation of controls for new treatment system should be complete in late August.

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|--|--|--|--|
| | Delivering  | Delivering  | Delivering  | Delivering  |





End Date: 31 August 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: Project has been successfully completed.





| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|--|--|--|---|
| | Planning  | Delivering  | Delivering  | Completed  |

End Date: 30 June 2022

Improvements to WDC Reservoirs

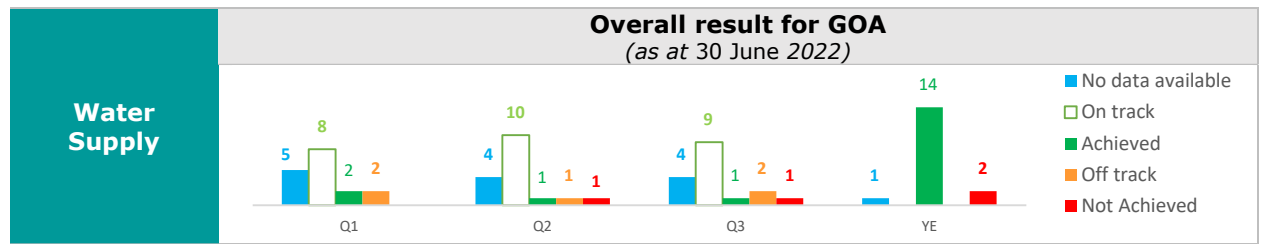
Project Summary: This project involves destructive testing when the reservoir is empty. This is not currently an option without significant project planning.

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) Reservoirs have been inspected by underwater drone and review of findings currently underway.

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|---|---|---|---|
| Scoping | Scoping  | Scoping  | Scoping  | Scoping  |

End Date: 30 June 2022

SERVICE PERFORMANCE MEASURES



| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
|----------------|---------|----|----|----|----|---------------|------------|
|----------------|---------|----|----|----|----|---------------|------------|

The New Zealand Drinking Water Standards are monitored by Taumata Arowai as a national standard for public safety.

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



Target: Achieve Compliance
Result: Achieved

WDC Water Treatment Plants and Zones (reticulation) have had no bacterial transgressions during Q4.

Water quality complies with the drinking water standards for (b) protozoa



Target: 100%
Result: Not Achieved

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:

(*'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).

Te Kuiti



Target: ≤ 20%
Result: 15.3%

Mokau



Target: ≤ 5%
Result: 20.7%

Piopio



Target: ≤ 5%
Result: 0.3%

Maniaiti / Benneydale



Target: ≤ 10%
Result: 17.3%

Mokau has several significant and prolonged leaks due to aging AC pipe, a renewals programme is in progress to replace these.

Faulty flowmeter readings in resulted inaccurate result for Maniaiti/Benneydale.

| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
|---|---|----|----|----|----|--|------------|
| <p><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></p> | | | | | | | |
| | <p>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. *</p> | ● | ○ | ○ | ● | <p>Target: ≤ 180 minutes (3hrs.) Result: 1hr</p> | |
| <p>We will respond within a reasonable timeframe to issues with the water supply.</p> | <p>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. **</p> | ● | ○ | ○ | ● | <p>Target: ≤ 540 minutes (9hrs.) Result: 8hrs 45mins.</p> | |
| | <p>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. *</p> | ○ | ○ | ○ | ● | <p>Target ≤ 660 minutes (11 hrs.) Result: 5hrs 9mins</p> | |
| | <p>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**.</p> | ○ | ○ | ○ | ● | <p>Target: ≤ 96 hours (4 days) Result: 26hrs 24mins.</p> | |

| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | 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 | | | | | Target: ≤ 20 per 1000 connections Result: 3.79 | |
| | Drinking water taste | | | | | Target: ≤ 5 per 1000 connections Result: 0.38 | |
| | Drinking water odour | | | | | Target: ≤ 5 per 1000 connections Result: 0.38 | |
| | Drinking water pressure flow | | | | | Target: ≤ 20 per 1000 connections Result: 0.38 | |
| | Continuity of supply | | | | | Target: ≤20 per 1000 connections Result: 19.32 | |
| | Council's response to any of these issues. | | | | | Target: New measure ≤20 per 1000 connections Result: 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. | | | | | Target: ≤ 400 liters per person per day Result: 380 liters /day |
| <p>* measured from the time that the local authority received notification to the time that service personnel reach the site.</p> <p>** measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.</p> | | | | | | | |

FINANCIAL UPDATE

| WATER SUPPLY \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|-------------------|----------------|----------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (2,711) | (2,711) | (2,711) | (2,645) | 66 | A |
| Subsidies and Grants | (338) | (1,335) | (2,591) ⁷ | (2,579) | (1,244) | B |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (52) | 0 | 0 | (24) | (24) | C |
| Other Revenue incl Gains/Losses | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | (3,101) | (4,046) | (5,302) | (5,248) | (1,202) | 30% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 2,230 | 2,207 | 2,286 ⁷ | 2,401 | 194 | D |
| Depreciation | 631 | 693 | 693 | 759 | 66 | E |
| Finance Costs | 287 | 243 | 243 | 238 | (5) | |
| Total Operating Expenditure | 3,148 | 3,143 | 3,222 | 3,398 | 255 | 8% |
| Net (Surplus)/Deficit | 47 | (903) | (2,080) | (1,850) | (947) | 105% |

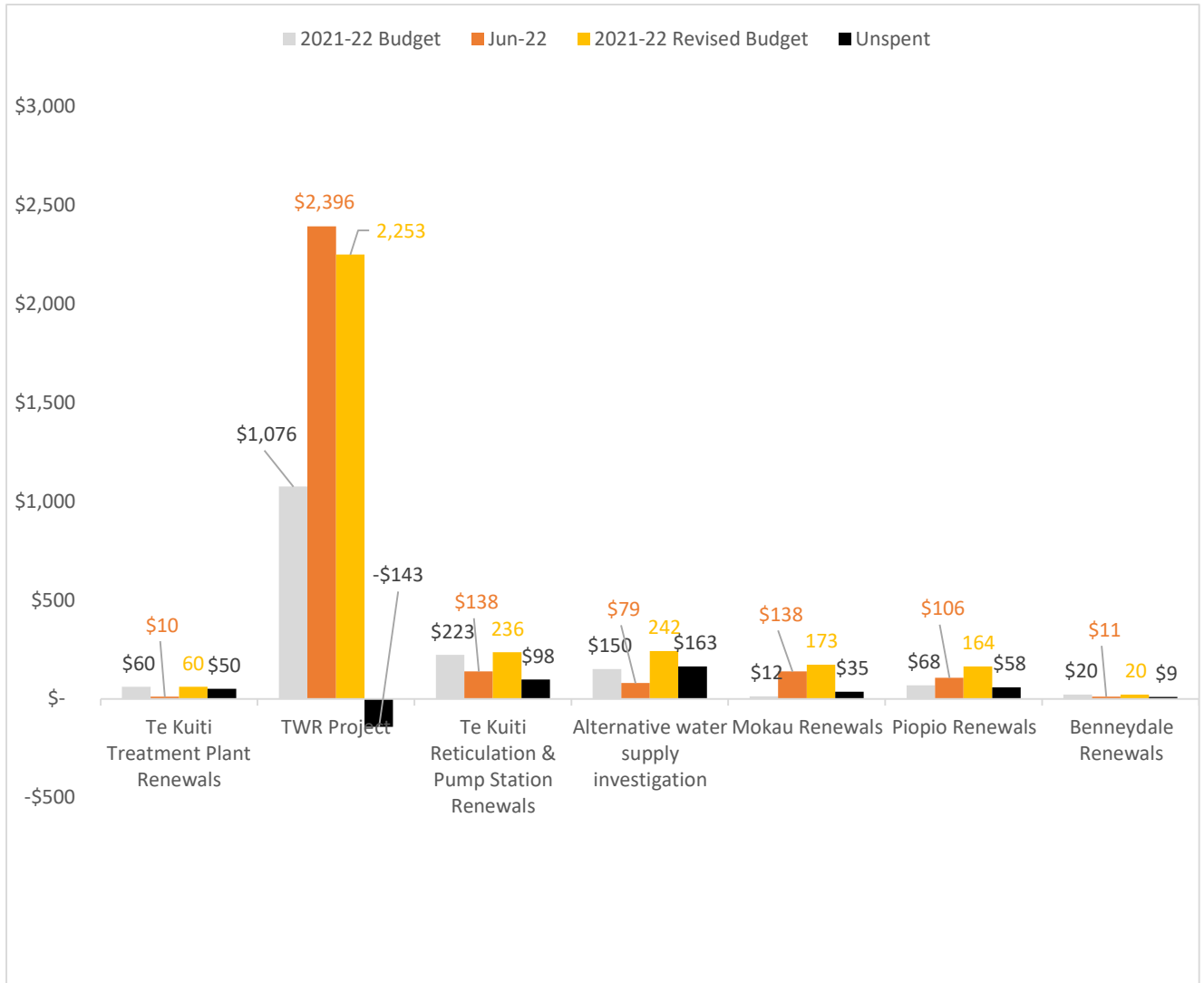
Variance comments:

- 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 \$2.4 million of subsidy for capital expenditure. Subsidy revenue was more than budget due to the timing of expenditure compared to forecast and the revision of the projects which resulted in transfers between the water and wastewater activities.
- 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, insurance and reticulation maintenance expenditure in Te Kuiti and Mokau, and losses on asset disposals.
- 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.

⁷ Revised budget includes subsidy revenue and operational expenditure for Three Water Reforms programme.

CAPITAL EXPENDITURE

000's



Total expenditure at 30 June 2022 was \$2,879,000 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 aims to provide 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 459km of sealed roads and 547km 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 1007km of local roads of various classification. Within the 1007km, 459km is sealed and the remaining 547km 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 in terms of a list of specific maintenance requirements.

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. Our road maintenance contractors have been working tirelessly to bring the network back into an acceptable level of service.

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 Q4, most programmes are 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, with procurement due to commence in mid-late July 2022.

| Road Rehab Site | Notes | % Complete |
|-----------------|---|------------|
| Waimiha Road | Pavement overlay and chip sealing. | 100% |
| Seddon Street | Pavement Dig-out, draining improvement and Asphalt. | 20% |
| Lawrence Street | Pavement Dig-out, draining improvement and Asphalt. | 20% |

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|----------|----|------------|------------|
| | Planning | | Delivering | 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 | Completed |

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. Due to several contributing factors, we have ceased proceeding with this contract and the works will form a part of the structural renewals and maintenance programmes of 2022/23.

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|------------|----|----------|------------|
| | Delivering | | Planning | Delivering |

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 is under construction and planned to be completed by August 2022. Generally, the programme of works is based around Te Kuiti and stake holders have been consulted and informed once the contract works are planned to be undertaken within their area.

| Footpath Site | Notes | Q1 % Complete | Q2 % Complete | Q3 % Complete | YE % Complete |
|-------------------------------------|-----------------------|---------------|---------------|---------------|---------------|
| Waitomo Village and Mokau footpaths | Completed (\$177,000) | 100% | | | |
| Te Kuiti | Under construction | | | | 90% |
| Piopio | Completed | | | | 100% |

| Project Stage | Q1 | Q2 | Q3 | Q4 |
|---------------|------------|---|--|--|
| | Delivering |  | Delivering  | Delivering  |

Start date: July 2021 | **End date:** August 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 once favourable weather conditions permit.

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  | Planning/ Delivering  |

Start date: July 2021 | **End date:** September 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, 23.5% 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 | 101 |
| Maintenance metalling | 37 | 34 | 0.5 | 23 |
| Structural maintenance | 0.4 | 0.2 | 0.5 | 35 |

BAU | Ongoing 

Te Ara Tika

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

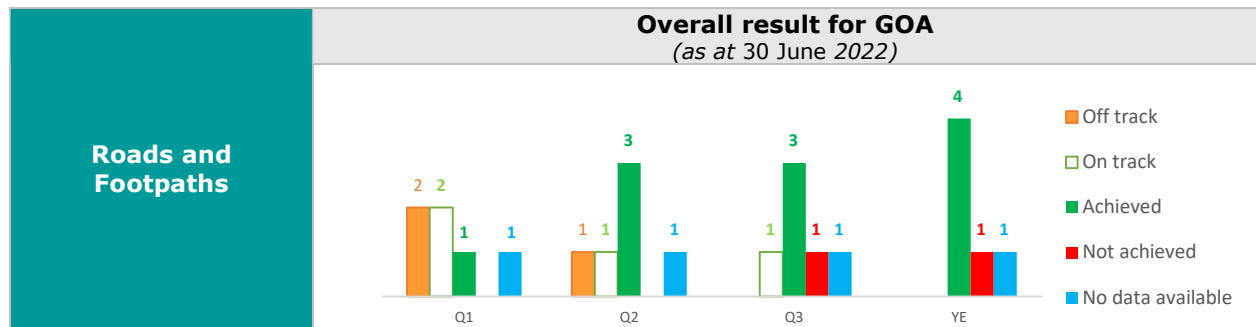
Progress: Completion of the new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti was practically completed in November 2021. The bridge and associated landings are now in the contract maintenance period, due to expire in November 2022.

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 was 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  | Completed  |

SERVICE PERFORMANCE MEASURES



| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
|---|---|----|----|----|----|---|---|
| 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 | The change from the previous financial year in the number of fatalities and serious injury crashes on Waitomo District's local road network. | ○ | ○ | ○ | ● | Target: 1 (or maintain at 0) Result: Serious Injury crashes YTD: 1 Fatal crashes YTD: 1 Change in serious injury: 0 Change in fatality: 1 | During Q4 there has been 1 fatality and 4 minor injuries. Crash investigation and reporting was undertaken for the fatal. Comparing 2021/22 to the prior 2020/21 there has been an improvement in the number of crashes. There are several contributing factors therefore no trends can be drawn from the accidents as causes are very different. |
| We aim for a smooth road that provides comfort for road users and improves the safety of the roads. * NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort. | The average smooth travel exposure rating across the sealed road network. (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.) | ● | ● | ● | ● | Target: 90% (of total network) Result: 90.0% | Achieved at 90% below 150 NAASRA count. |
| We will maintain the overall condition of the unsealed roads to a specified adequate standard. | Percentage of unsealed road metaled each year. | ○ | ● | ● | ● | Target: 10% (of total network) Result: 23.5% | As of the end of Q4 2021/22, 23.5% of the network has received maintenance aggregates for structural improvements. |
| 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. | The percentage of Waitomo District's sealed local road network that is resurfaced each year. | ○ | ○ | ● | ● | Target: 7% (of total network) Result: 6% | The length of resurfacing this year was 27.1km which equates to 6% of the network. This meets network need and budget for the financial year. Due to the above average road |

| You can expect | Measure | Q1 | Q2 | Q3 | Q4 | Target/Result | Commentary |
|--|---|----|----|----|----|---|---|
| width this is slightly below the 7% target. | | | | | | | |
| 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. | ● | ● | ● | ● | Target: 90% Result: 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 and was completed in June 2022, these results are not yet available. 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. | ● | ● | ● | ● | Target: 80% Result: 89% | 533 service requests were received during the financial year. 486 were responded to within the 10-day period. 47 were not responded to within the 10-day period. Resulting in a compliance rate of 89% for the financial year. |

FINANCIAL UPDATE

| ROADS AND FOOTPATHS \$000's | Actual 2020/21 | EAP Budget | Revised Budget | Interim Unaudited Actual Jun 2022 | Variance to EAP | %Var and Note Ref |
|------------------------------------|-------------------|-----------------|----------------------|--|--------------------|----------------------------|
| Revenue | | | | | | |
| Rates | (5,215) | (4,346) | (4,346) | (4,349) | (3) | |
| Subsidies and Grants | (10,036) | (9,233) | (9,981) ⁸ | (8,655) | 578 | A |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | |
| Fees and Charges | (180) | (125) | (125) | (152) | (27) | B |
| Other Revenue incl Gains/Losses | (149) | (100) | (100) | (133) | (33) | C |
| Total Revenue | (15,580) | (13,804) | (14,552) | (13,289) | 515 | -4% |
| Operating Expenditure | | | | | | |
| Other Expenditure | 6,552 | 7,165 | 7,165 | 7,919 | 754 | D |
| Depreciation | 3,327 | 3,447 | 3,447 | 3,479 | 32 | E |
| Finance Costs | 384 | 311 | 311 | 302 | (9) | |
| Total Operating Expenditure | 10,263 | 10,923 | 10,923 | 11,700 | 777 | 7% |
| Net (Surplus)/Deficit | (5,317) | (2,881) | (3,629) | (1,589) | 1,292 | -45% |

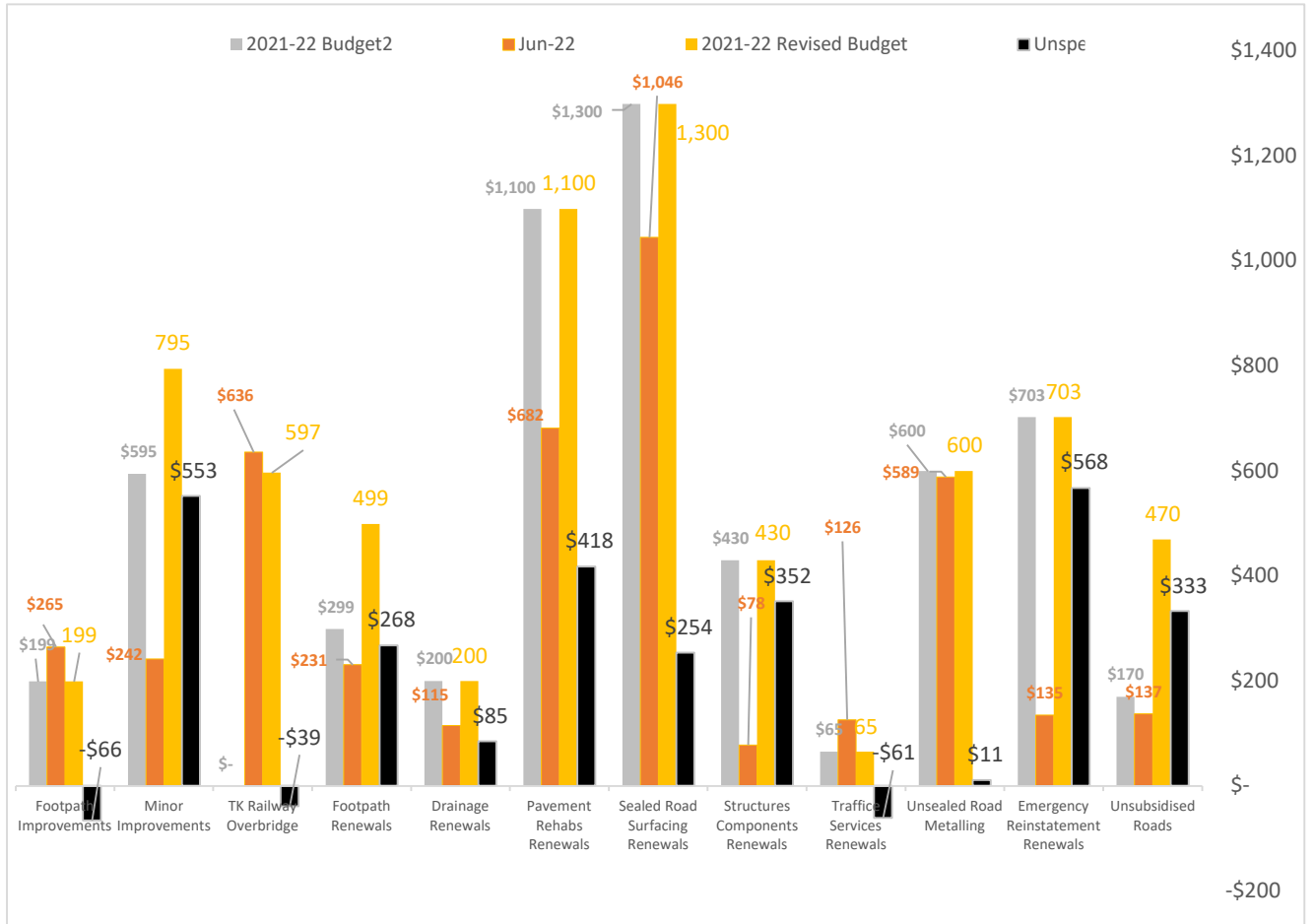
Variance comments:

- 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. A loss on asset disposals was also recognised for road assets that were impacted by the storm event. These expenditures were partly offset by reduced expenditure for RBU costs, structure maintenance, 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.

⁸ 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 30 June 2022 was \$4.283 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 30 JUNE 2022



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE JUNE 2022 QUARTER)

Financial market sentiment is increasingly fixated on the trade-off between central banks getting global inflation under control and what higher interest rates could mean for the global growth outlook. Signs of inflationary pressures have seen 'risk-off' flows drive bond yields higher, support a stronger US dollar, and lower equity indices. In contrast, data projecting weaker growth has seen interest rates pare back their gains with 'risk-on' flows capping the US dollar and supporting equity prices, which would be a strange reaction to a weak growth outlook in 'normal' times.

As has been the case over recent months, June was characterised by high levels of volatility across markets and large intra-month swings in pricing. The US 10-year bond yield traded between 2.87% and 3.51% and had an intra-day trading range in excess of 0.25bps on more than one day. It closed the month just above 3.00% as growth concerns increased on weakening data, 0.50% below the intra-month high. Equity markets saw similar levels of volatility, with the S&P500 trading in a 525-point (13.5%) range between 3,640 and 4,165 before closing just under 3,800 to record its lowest monthly close since January 2021.

Financial markets have again aggressively increased pricing expectations around the quantum, and speed, of central bank rate hikes over the rest of this year. In mid-June, the Federal Reserve ("Fed") increased its cash rate mid-point by 0.75% to 1.625%, with comments from Fed Chairman Jerome Powell implying that another 0.75% hike in July was possible. The 0.75% hike was in response to a larger than expected increase in the US CPI over the 12-months to 31 May, up by 8.6% (a 41-year high) against consensus forecasts of an 8.3% increase.

Current pricing is now implying that the Fed will increase its cash rate to 3.45% by Christmas, with a 3.75% peak this cycle in Q1 of 2023. Recessionary fears are having an impact, though, with markets pricing in rate cuts from June 2023, with the cash rate back at 3.00% by Christmas 2023. Recent comments from various Fed officials are implying aggressive hikes and ultimately a cash rate above 3.00%, with San Francisco Fed President Mary Daly recently saying that a 0.75% hike in July is her "starting point" because "data suggests inflation has not peaked and households still have plenty of savings to spend". She sees rates needing to get to 3.1% this year, her view of "neutral".

The European Central Bank announced in June that it will start hiking rates in July, with market pricing now implying a 1.00% cash rate by Christmas (from -0.50% currently). The Bank of England is expected to deliver a further 1.50% of hikes this year, taking the cash rate to 2.75% by Christmas, and despite the Bank of Japan ("BoJ") reaffirming its current 'easy' stance at its June meeting, market pricing has the BoJ edging the cash rate above 0.0% by the end of this year. In somewhat of a surprise move, the Reserve Bank of Australia ("RBA") raised its cash rate by 50bps to 0.85% in early June. The accompanying statement laid the groundwork for further rate hikes over the coming months as the RBA looks to normalise monetary conditions.



1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE JUNE 2022 QUARTER)

| | OCR | 90 day | 2 years | 3 years | 5 years | 7 years | 10 years |
|-------------|--------|--------|---------|---------|---------|---------|----------|
| 31 Mar 2022 | 1.00% | 1.61% | 3.29% | 3.38% | 3.39% | 3.39% | 3.38% |
| 30 Jun 2022 | 2.00% | 2.83% | 4.06% | 4.08% | 4.04% | 4.07% | 4.11% |
| Change | +1.00% | +1.22% | +0.77% | +0.70% | +0.65% | +0.68% | +0.73% |

On 25th May the Reserve Bank of New Zealand (“RBNZ”) in its quarterly *Monetary Policy Statement* (“MPS”) increased the Official Cash Rate (OCR) as expected by 50 basis points to 2.00%. What was surprising was the tone of the MPS, with the RBNZ saying it is “resolute” in its commitment to returning inflation back to within the 1 to 3% inflation range. The RBNZ also increased its terminal OCR by 50 basis points from the last MPS to 3.90% which the RBNZ is forecasting will be reached in June 2023. Of small consolation was that the RBNZ is now forecasting that the OCR should start declining from September 2024

With no meeting in June, markets focused on what to expect from the RBNZ at its July meeting. After the 0.75% Fed hike, speculation increased around a possible 0.75% hike, but softer data over recent weeks means that expectations have drifted back towards a 0.50% July hike. Market pricing has the OCR at 4.00% by Christmas with a 4.25% in the first quarter of 2023. Increasing speculation that OCR hikes of the scale projected will push the economy into recession are seeing the start of an easing cycle tentatively priced in for late 2023.

On the data front recent releases have shown the New Zealand economy to be slowing down and consumer confidence to be plunging. GDP contracted 0.2% in the March quarter and was up 1.2% over the March year, while the REINZ House Price Index fell 1.6% in May. According to the Westpac McDermott Miller Consumer Confidence Index consumers are feeling more pessimistic than at any time since the survey began in 1988, as household budgets are being squeezed by higher mortgage rates and increases in fuel, food, local body rates and insurance premiums. The proportion of people who thought it was a good time to purchase a major household item, regarded as a key measure of consumer sentiment, fell 17.9% to a net negative 24.8% in June, a record low.

Swap rates beyond 2-years tested decade highs above 4.50% after the Fed hike in mid-June but have since edged back as recessionary fears increase and signs emerge that inflation may be peaking. The domestic curve is very flat with only a 5 basis point gap between the 2-year and 10-year swap rates. The nominal levels recognise the OCR outlook and current inflation concerns, whereas the shape of the curve is implying a tepid growth outlook and increasing risk of recession.

We believe that an OCR much above 3.00% will be more than sufficient to significantly slow demand and reduce inflation, although we accept that it might go higher. We remain concerned that a recession may be the result of ongoing OCR increases in line with market pricing, and our core view is that aggressive hikes over the balance of 2022 will bring forward the next easing cycle into late 2023 with any material surprises to the projected OCR track to the downside



1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and interest rates as at 30 June 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% | 3.03% | N/A |
| 6 month CP | 0.20% | 3.66% | N/A |
| April 2023 | 0.37% | 3.20% | 4.05% |
| April 2024 | 0.41% | 3.24% | 4.54% |
| April 2025 | 0.46% | 3.29% | 4.67% |
| April 2026 | 0.57% | 3.40% | 4.79% |
| April 2027 | 0.61% | 3.44% | 4.79% |
| April 2028 | 0.67% | 3.50% | 4.86% |
| April 2029 | 0.69% | 3.52% | 4.90% |
| May 2031 | 0.75% | 3.58% | 4.99% |
| April 2033 | 0.85% | 3.68% | 5.09% |
| May 2035 | 0.93% | 2.76% | 5.25% |
| April 2037 | 0.97% | 2.80% | 5.31% |

Margins for LGFA debt decreased slightly during the quarter, this going against the trend of credit spreads increasing in the wider capital markets and banking sector. However the outright yields for LGFA debt increased sharply over the three month period due to increase in underlying rates, as the RBNZ's tightening cycle gathered momentum.



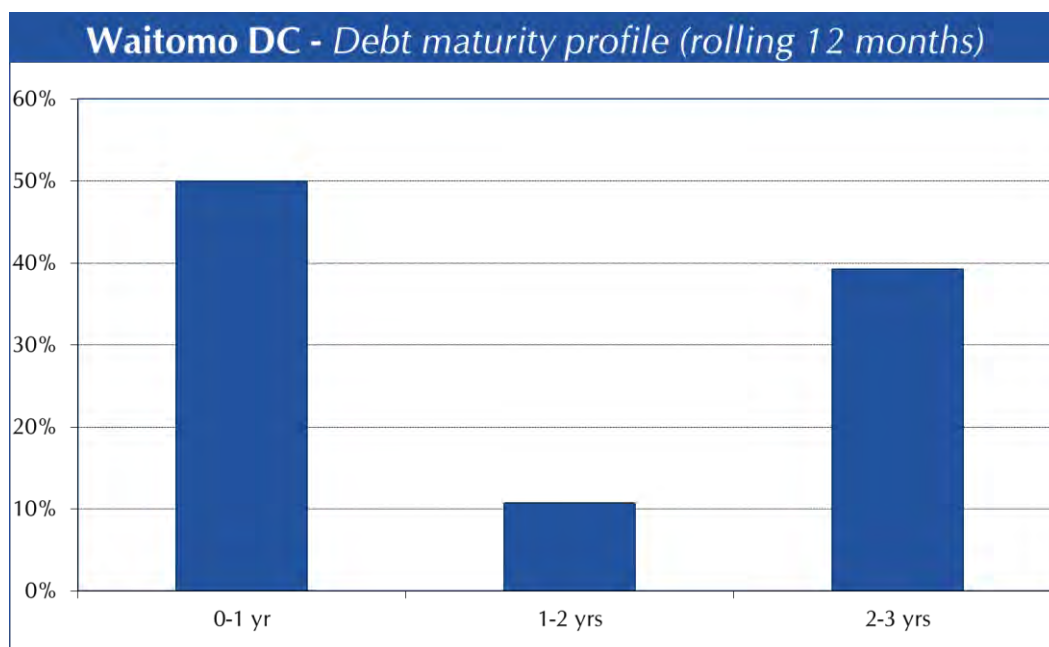
2. DEBT AND HEDGING

2.1 DEBT

As at 30 June 2022, WDC had \$28.0 million of external debt, unchanged from the end of March. All of WDC's debt was sourced from the LGFA through a combination of CP, FRNs and a FRB. WDC also has a Westpac Bank Multi Option Credit Line Facility for \$10.0 million that matures on 1 July 2023, which has an annual line fee of 0.40% and a margin of 0.95%. As at 30 June, 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 | 28-Jun-19 | 30-Aug-22 | 59.5 bps | 3.04% | \$5,000,000 |
| LGFA CP | 10-May-22 | 07-Nov-22 | 20 bps | 2.90% | \$4,000,000 |
| LGFA FRN | 19-Jun-17 | 24-Apr-23 | 64 bps | 2.605% | \$5,000,000 |
| LGFA FRN | 19-Jun-17 | 18-Apr-24 | 65.5 bps | 2.565% | \$3,000,000 |
| LGFA FRN | 10-Sep-20 | 11-Sep-24 | 69 bps | 3.26% | \$5,000,000 |
| LGFA FRB | 19-Jun-17 | 19-Apr-25 | 71 bps | 3.68% | \$1,000,000 |
| LGFA FRN | 19-Apr-22 | 22-Apr-25 | 49 bps | 2.415% | \$5,000,000 |
| | | | TOTAL | | \$28,000,000 |

The maturity profile of WDC's drawn debt as at 30 June 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 30 June, WDC was not complying with this guideline. As it is only a guideline it is not considered to be a policy breach.

2.2 HEDGING

As at 30 June, 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 | (\$18,472) |
| 24-Jan-2017 | 24-Jan-2024 | 3.840% | 5,000,000 | (\$7,936) |
| 20-Apr-2020 | 20-Apr-2025 | 3.930% | 5,000,000 | (\$13,246) |
| 11-Sep-2020 | 11-Sep-2026 | 2.890% | 5,000,000 | \$206,490 |
| Total current swap hedging | | | 18,000,000 | \$166,836 |

The ‘marked to market’ valuation on the swap portfolio once again improved since the last report, from a loss of \$146,334 at the end of March, to a gain of \$16,836 at the end of June. This improvement was due to the significant increase in interest rates that occurred during the June quarter.

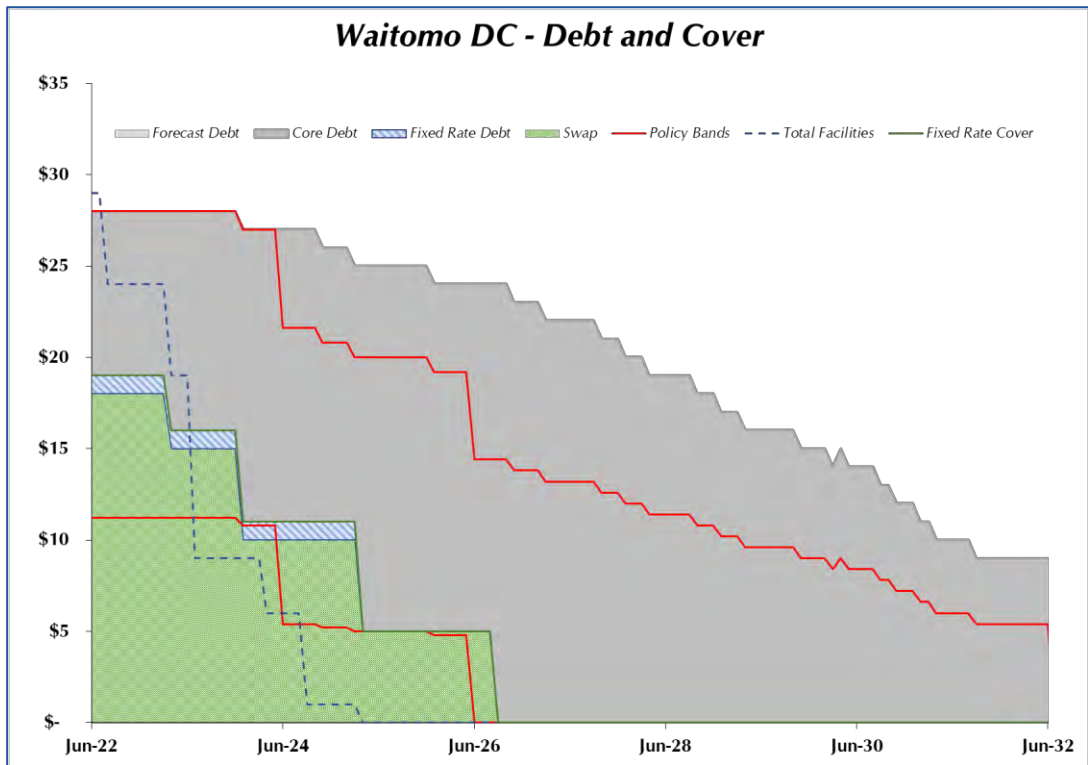
2.3 DEBT AND HEDGING PROFILE

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

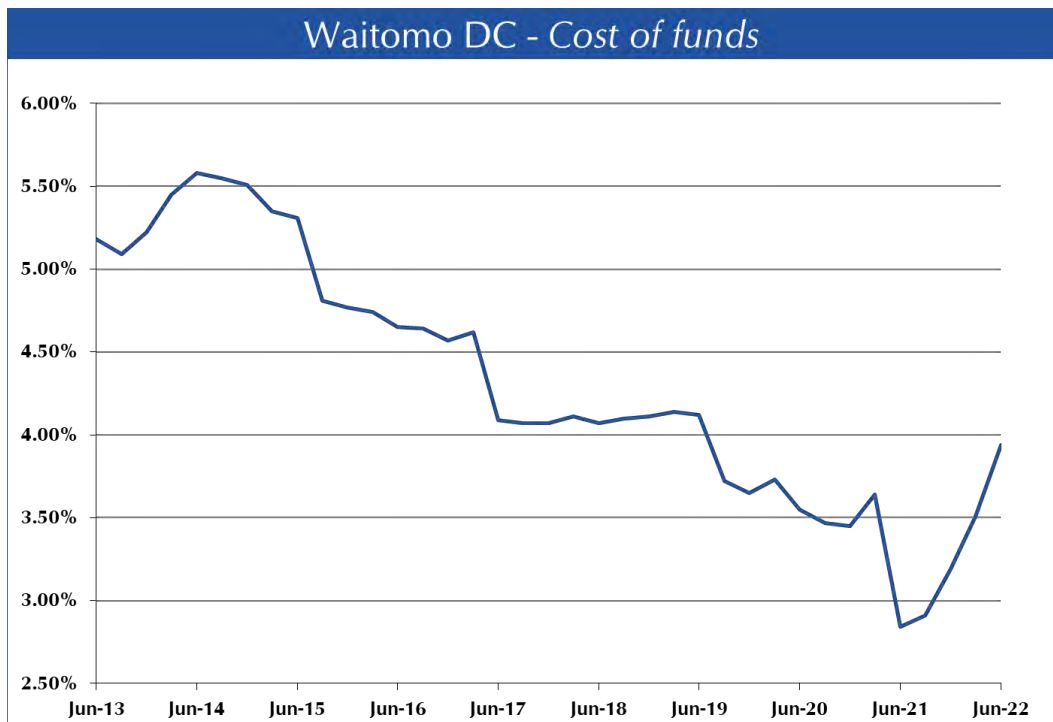
| Fixed Rate Hedging Percentages | | |
|--------------------------------|---------------------------|---------------------------|
| | Minimum Fixed Rate Amount | Maximum Fixed Rate Amount |
| 0 – 2 years | 40% | 100% |
| 2 – 4 years | 20% | 80% |
| 4 – 10 years | 0% | 60% |

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 30 June, WDC was policy compliant.





As at 30 June, WDC’s cost of funds, including the line fee on the committed Westpac facility, was 3.94%, up from 3.51% at the end of March. The increase in the cost of funds was due to the rise in floating interest rates during the quarter, with the 3 month bank bill rate increasing by 1.22% over the three month period. WDC’s cost of funds since June 2014 is depicted in the following graph.




2.4 POLICY COMPLIANCE AS AT 30 JUNE 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> | √ |

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| | |
|---|--|
| Document No: A625713 | |
| Report To: Audit, Risk and Finance Committee | |
|  | Meeting Date: 16 August 2022 |
| | Subject: Progress Report: WDC Resource Consents – Compliance Monitoring |
| | Type: Information Only |

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 fourth 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 |
|--|----------------------------------|
| Monthly | |
| 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> |
| Quarterly | |
| 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 |
| Six Monthly | |
| 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> |
| Annual | |
| 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 Independent Peer Reviewer | 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) |
| Biennial | |
| 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 |
| Other | |
| 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 fourth quarter of 2021/22:

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

| | |
|-----------------------------|--|
| Activity Description | Take up to 180 cubic metres per day of water from an unnamed tributary of the Mangapehi Stream for Benneydale water supply purposes. |
| Reporting Period: | May 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A615952 |

| | |
|---------------------------|-----------|
| Reporting Period: | June 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A617125 |

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

| | |
|-----------------------------|--|
| Activity Description | 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. |
| Reporting Period: | April 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A613230 |

| | |
|---------------------------|-----------|
| Reporting Period: | May 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A616148 |

| | |
|---------------------------|-----------|
| Reporting Period: | June 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A617337 |

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

| | |
|-----------------------------|--|
| Activity Description | To discharge treated wastewater to the Mangaokewa Stream from the Te Kuiti Wasterwater Plant |
| Reporting Period: | April 2022 – June 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A619615 |

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

| | |
|-----------------------------|---|
| Activity Description | Place up to 232,000 tonnes of municipal solid waste onto or into land, in the Rangitoto Quarry Landfill, William Street, Te Kuiti |
| Reporting Period: | April 2022 – June 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A621451 |

5. AUTH107478.01.02 – Piopio Water Treatment Plant Backwash Discharge
Conditions 7, 9, 14, 15 and 16
Report Due: Semi-annual

| | |
|-----------------------------|---|
| Activity Description | Discharge up to 8 cubic metres of filter backwash water and waste over a 4-minute period, twice a week to the Kuratahi Stream in association with the operation of a municipal water supply |
| Reporting Period: | 1 November 2021 – 30 April 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A615409 |

6. AUTH107477.01.01 – Piopio Water Treatment Plant – Surface Water Take
Conditions 5, 6, 7 and 9
Report Due: Semi-annual

| | |
|-----------------------------|---|
| Activity Description | Take up to 165,929 cubic metres per year of water from Kuratahi Stream for municipal water supply purposes. |
| Reporting Period: | 1 November 2021 – 30 April 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A559170 |

7. **AUTH117945.01.01 – Maniaiti / Benneydale Water Treatment Plant – Backwash Discharge**
Condition 3
Report Due: Semi-annual

| | |
|-----------------------------|---|
| Activity Description | Discharge up to 5 cubic metres per day of filter backwash into an unnamed tributary of the Mangapehi Stream |
| Reporting Period: | 1 October 2021 – 30 April 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A615652 |

8. **AUTH116274.01.01 – Maniaiti / Benneydale Water Treatment Plant Groundwater Take**
Conditions 2, 3, 4 and 7
Report Due: Annually

| | |
|-----------------------------|---|
| Activity Description | Take up to 180 cubic metres per day of groundwater at a rate of 3.3 litres per second for Benneydale municipal supply purposes. |
| Reporting Period: | 1 June 2021 – 31 May 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A616078 |

9. **AUTH113544.01.01 – Mokau Water Treatment Plant – Surface Water Take**
Conditions 2 and 4
Report Due: Annually

| | |
|-----------------------------|---|
| Activity Description | Take up to 1,000 cubic metres per day of water from an unnamed tributary for public water supply purposes in Mokau. |
| Reporting Period: | 1 June 2021 – 31 May 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A616635 |

10. **AUTH101753.01.01 – Te Kuiti Landfill – Quantities and types of refuse**
Condition 4
Report Due: Annually

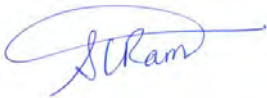
| | |
|-----------------------------|---|
| Activity Description | Place up to 232,000 tonnes of municipal solid waste onto or into land, in the Rangitoto Quarry Landfill, William Street, Te Kuiti |
| Reporting Period: | 1 May 2021 – 30 April 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A616847 |

- 11. AUTH113545.01.01 – Mokau Water Treatment Plant – Backwash Discharge Results**
Conditions 2, 3, 4, 5, 6, 7 and 8
Report Due: Annually

| | |
|-----------------------------|---|
| Activity Description | Discharge up to 10 cubic metres of filter backwash water to an unnamed tributary of the Coastal Marine Area in association with a municipal treatment plant in Mokau. |
| Reporting Period: | June 2021 – May 2022 |
| Compliance Status: | Compliant |
| WDC Reference: | A617715 |

Suggested Resolution

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



SHYAMAL RAM
GENERAL MANAGER – INFRASTRUCTURE SERVICES

Document No: A625684

Report To: Audit, Risk and Finance Committee



Meeting Date: 16 August 2022

Subject: Procurement Summary Schedule – Change in Reporting Requirements

Type: Decision Required

Purpose of Business Paper

- 1.1 The purpose of this business paper is to present to the Committee different options in reporting on procurements made in accordance with the Waitomo District Council's (WDC) Procurement Policy.

Background

- 2.1 Currently, at the request of Council, a quarterly Procurement Summary Schedule (PSS) is submitted to Audit, Risk and Finance Committee (ARFC), providing details of all procurements completed by WDC during the relevant period in accordance with the Policy, that include the following criteria: contracts awarded over \$150,000 + GST, procurement exemptions, or pursuant to the COVID-19 Recovery Plan or the Three Waters Reform Programme.
- 2.2 The Audit, Risk and Finance Committee have previously requested that the reason for granting a Procurement Exemption also be included in the PSS.
- 2.3 The Procurement Policy was updated and adopted by Council on 31 May 2022.
- 2.4 Council noted that the financial level to which procurement reporting occurs to the ARFC, also needs to be revised.
- 2.5 Considering the amendments made to the Procurement Policy recently, WDC wishes to confirm with ARFC the content of the quarterly Procurement Summary Schedule.

Commentary

- 3.1 The updated Procurement Policy only requires the Tender Subcommittee to now consider and approve procurements subject to the open tender processes, which could apply to procurements valued \$200,000 to \$499,999 (depending on supplier selection method approved by the CE) and must occur for procurements valued at \$500,000 + GST. In addition, the threshold at which a procurement may be publicly disclosed, pursuant to the Procurement Policy, is \$200,000 + GST. The current reporting threshold of \$150,000 + GST, now does not align with these provisions in the Procurement Policy.
- 3.2 The amendments to the Procurement Policy that applied to COVID-19 Recovery and the Three Waters Reform Programme, have now expired, and no longer apply to WDC procurements, and will no longer be reported to ARFC.
- 3.3 The updated Procurement Policy now requires all procurement exemptions to be approved by the Chief Executive and not the Tenders Subcommittee. A procurement exemption is sought if WDC wishes to deviate from the supplier selection method stipulated in the Procurement Policy when procuring goods and/or services.

Analysis of Options

4.1 The options regarding content of the Procurement Summary Schedule are as follows:

1 Option A (Not Recommended)

Status Quo - Continue to report on procurements that result in a total contract award over \$150,000 + GST, and/or where the supplier selection method has deviated from the Procurement Policy and a procurement exemption has been approved by the CE, and/or any 3rd party funding arrangements where the Procurement Policy has been amended by Council i.e. Three Waters Reform Programme. This is not recommended as the thresholds do not align with the updated Procurement Policy and will require those procurements between the value of \$150,000 to \$200,000 + GST to be kept confidential.

2 Option B (Recommended)

>\$200K Procurements and Procurement Exemptions - Submit a quarterly Procurement Summary Schedule (PSS) report, providing details of procurements that result in a total contract award over \$200,000 + GST, and that have been considered and approved by the Tenders Subcommittee, and/or where the supplier selection method has deviated from the Procurement Policy, the procurement value is above \$50,000 and a procurement exemption has been approved by the CE.

3 Option C (Not Recommended)

>\$200K Procurements - Submit a quarterly Procurement Summary Schedule (PSS) report, providing details of procurements that result in a total contract award over \$200,000 + GST, and that have been considered and approved by the Tenders Subcommittee.

Recommendation

5.1 It is recommended that from the next ARFC meeting, the reporting in the quarterly Procurement Summary Schedule (PSS) report contain the detail in Option B, providing details of procurements that result in a total contract award over \$200,000 + GST and that have been considered and approved by the Tenders Subcommittee, and/or where the supplier selection method has deviated from the Procurement Policy, the procurement value is above \$50,000 and a procurement exemption has been approved by the CE.

Suggested Resolution

- 6.1 The business paper on Procurement Summary Schedule – Change in Reporting Requirements be received.
- 6.2 Audit Risk and Finance Committee approve that from the next ARFC meeting, that the quarterly Procurement Summary Schedule (PSS) report, provide details of procurements that result in a total contract award over \$200,000 + GST and that have been considered and approved by the Tenders Subcommittee, and/or where the supplier selection method has deviated from the Procurement Policy, the procurement value is above \$50,000 and a procurement exemption has been approved by the CE.



SHYAMAL RAM
GENERAL MANAGER – INFRASTRUCTURE SERVICES

11 August 2022

Document No: A625317

Report To: Audit, Risk and Finance Committee



Meeting Date: 16 August 2022

Subject: **Progress Report: Procurement Summary Schedule (April 2022 – June 2022)**

Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present a summary of the procurements made in the period 1 April 2022 to 30 June 2022 to the committee, 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 reviewed and subsequently adopted with amendments by Council on 31 May 2022, effective 1 June 2022. Some of the amendments made to the Policy as part of that review include –
- Amending policy thresholds and procurement requirements.

Note: This report includes procurements pursuant to both the 2020 and 2022 Policies.

- 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.

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| Procurement Summary Schedule |
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- 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 Procurement Water Reform Plan (which expired 30 June 2022).

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

Procurement Exemption (2020 Policy)

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.

Procurement Exemption (2022 Policy)

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 or limited supplier situation:** *Where there is a monopoly or very limited supplier situation and only one or two Suppliers 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. **High Risk Activities:** The risks of a competitive process outweigh the benefits of competition and would potentially create risk for WDC; 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 Procurement Exemption represents best value for WDC. Poor planning or organisation of procurement is not justification for deviation from the Policy. In all instances a procurement exemption must be signed off by the Chief Executive.

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| Suggested Resolution |
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The Progress Report: Procurement Summary Schedule (April 2022 to June 2022) be received.



SHYAMAL RAM

GENERAL MANAGER – INFRASTRUCTURE SERVICES

4 August 2022

Attachment: Procurement Summary Schedule (Doc A625318 / Sheet 2022_Q2)

| 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 |
|----------------------|--|--|------------------|---------------------------|---|--|----------------------------------|--------------------------------------|-------------------|---|---------------------------------|--------------|-------------------------|
| 500/20/010 | Provision of Professional Roading Services | Professional Services | 3 Years | Ongoing | Direct Appointment | Contract Variation (Emergency Reinstatement) | N/A | N/A | N/A | \$321,873 | Pinnacles Civil Ltd | 26/05/2022 | Infrastructure Services |
| 500/21/008 | Footpath Renewals and Associated Works | Goods and Services | 1 Year | One-off | Tender | N/A | 3 | \$348,525 - \$498,960.97 | Lowest Price | \$348,525 | Civil Construction Services Ltd | 6/04/2022 | Infrastructure Services |
| 500/21/068 | 3 Waters Reticulation Maintenance | Goods and Services | 3 Years | Ongoing | Tender | N/A | 1 | N/A | PQM | \$3,346,192 | McIndoe Group Ltd | 15/06/2022 | Infrastructure Services |
| 500/22/001 | Waitomo District Landfill Operations | Services | 3 Years | Ongoing | Tender | N/A | 1 | N/A | PQM | \$2,130,094 | Envirowaste Ltd | 15/06/2022 | Infrastructure Services |
| 500/22/004 | 3WR Mokau Pipeline Renewal | Goods and Services | 1 Year | One-off | Direct Appointment (Procurement Exemption) | Benefits and cost of competition | N/A | N/A | N/A | \$231,578 | McIndoe Group Ltd | 27/04/2022 | Infrastructure Services |
| 500/22/010 | 3WR View Terrace & Kuku Street Piopio - Sewer Line Renewal | Goods and Services | 1 Year | One-off | Direct Appointment | | N/A | N/A | N/A | \$22,440 | McIndoe Group Ltd | N/A | Infrastructure Services |
| 500/22/011 | 3WR Ahoroa Ford West - Water Line Renewal | Goods and Services | 1 Year | One-off | Direct Appointment | | N/A | N/A | N/A | \$27,691 | McIndoe Group Ltd | N/A | Infrastructure Services |
| 500/22/012 | 3WR Aria Road to Piopio Domain - Water Line Renewal | Goods and Services | 1 Year | One-off | Direct Appointment | | N/A | N/A | N/A | \$29,031 | McIndoe Group Ltd | N/A | Infrastructure Services |
| 500/22/013 | Programme Delivery - Project and Contract Management Support | Professional Services | 1 Year | Ongoing | Direct Appointment | Unique business proposition and benefits and cost of competition | N/A | N/A | N/A | \$50,000 | Morris and Shailer Ltd | 26/05/2022 | Infrastructure Services |
| PO 70585 | TWR10 Design and installation for current upgrade project - Alter stainless steel pipework | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$4,745 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 70641 | TWR10 Design and installation for current upgrade project - Supply brackets Mokau | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$219 | Action Electrical | N/A | Infrastructure Services |
| PO 70844 | 3WR Crane hire to install settling tanks for Mokau | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$5,000 | Day's Engineering Limited | N/A | Infrastructure Services |
| PO 70867 | 3WR Instrumentation equipment Mokau WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$6,900 | Lutra | N/A | Infrastructure Services |
| PO 70914 | 3WR Cart Silo's down to Mokau , storage and lifting | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$2,490 | Benefield Carrier & Towing Lim | N/A | Infrastructure Services |
| PO 70972 | 3WR Power ducting Mokau WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$4,923 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 70973 | 3WR Install Silo Mokau WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$8,944 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 70981 | 3WR Te Kuiti WWTP - Sludge Pond | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$7,239 | Benefield Carrier & Towing Lim | N/A | Infrastructure Services |
| PO 70982 | 3WR Mokau WTP - Silo Storage | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$5,000 | Benefield Carrier & Towing Lim | N/A | Infrastructure Services |
| PO 70991 | TWR18 Acceleration of critical WW P/S renewals - Repair Waitete sewer pump station | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$13,708 | McIndoe Group Ltd | N/A | Infrastructure Services |

| 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 |
|----------------------|--|--|------------------|---------------------------|---|----------------------------|----------------------------------|--------------------------------------|-------------------|---|------------------------------|--------------|-------------------------|
| PO 70993 | 3WR Mokau fencing WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$14,182 | TC Percival & MJ Maguire | N/A | Infrastructure Services |
| PO 70994 | 3WR Repair fence WTP Te Kuiti | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$8,855 | TC Percival & MJ Maguire | N/A | Infrastructure Services |
| PO 71043 | TWR2 Critical spares - Identify IO's and do work on TK WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$10,837 | Control Box Ltd | N/A | Infrastructure Services |
| PO 71148 | 3WR Change pipe work at floc tank | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$5,049 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 71202 | 3WR Backwash improvement upgrade for Piopio WPT | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$26,919 | Neustroski Plumbing & Gas | N/A | Infrastructure Services |
| PO 71233 | 3WR Work on new UV units AEL 17923 | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$1,249 | Control Box Ltd | N/A | Infrastructure Services |
| PO 71318 | 3WR Grate & alloy lid - Waitete Road TK Pump station | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$2,893 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 71343 | 3WR Mokau electrical schematic electrical contractor | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$4,140 | Control Box Ltd | N/A | Infrastructure Services |
| PO 71369 | 3WR Stockproof fencing Mokau WTP | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$14,398 | TC Percival & MJ Maguire | N/A | Infrastructure Services |
| PO 71382 | 3WR Mokau wtp inv 143214 Quote | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$8,552 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 71432 | 3WR Installation of crane brackets | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$6,521 | Day's Engineering Limited | N/A | Infrastructure Services |
| PO 71485 | 3WR Tidy up work - UV installation | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$3,625 | Neuflow Ltd | N/A | Infrastructure Services |
| PO 71501 | 3WR Travel to Mokau with Truck and Supply and Cart 4 loads of rubble | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$1,640 | J P Kearins Ltd | N/A | Infrastructure Services |
| PO 71502 | 3WR Upgrade Mokau WTP electrical connections | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$21,565 | Action Electrical | N/A | Infrastructure Services |
| PO 71546 | 3WR Submersible units - Inv# 225725 | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$6,802 | Teltherm Instruments Limited | N/A | Infrastructure Services |
| PO 71676 | 3WR Installation of second UV | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$8,464 | Neustroski Plumbing & Gas | N/A | Infrastructure Services |
| PO 71679 | 3WR Mokau WTP Lutra work | Goods and Services | 1 Year | One-off | Direct Appointment | N/A | N/A | N/A | N/A | \$13,805 | McIndoe Group Ltd | N/A | Infrastructure Services |
| PO 71950 | 3WR Mokau WTP Automation Upgrade | Goods and Services | 1 Year | One-off | Direct Appointment (Procurement Exemption) | Limited Supplier Situation | N/A | N/A | N/A | \$78,800 | Control Box Ltd | N/A | Infrastructure Services |