

Document No: A523077

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

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:

Item of Business on Agenda	Reason for Declaration	Interest / Conflict



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.

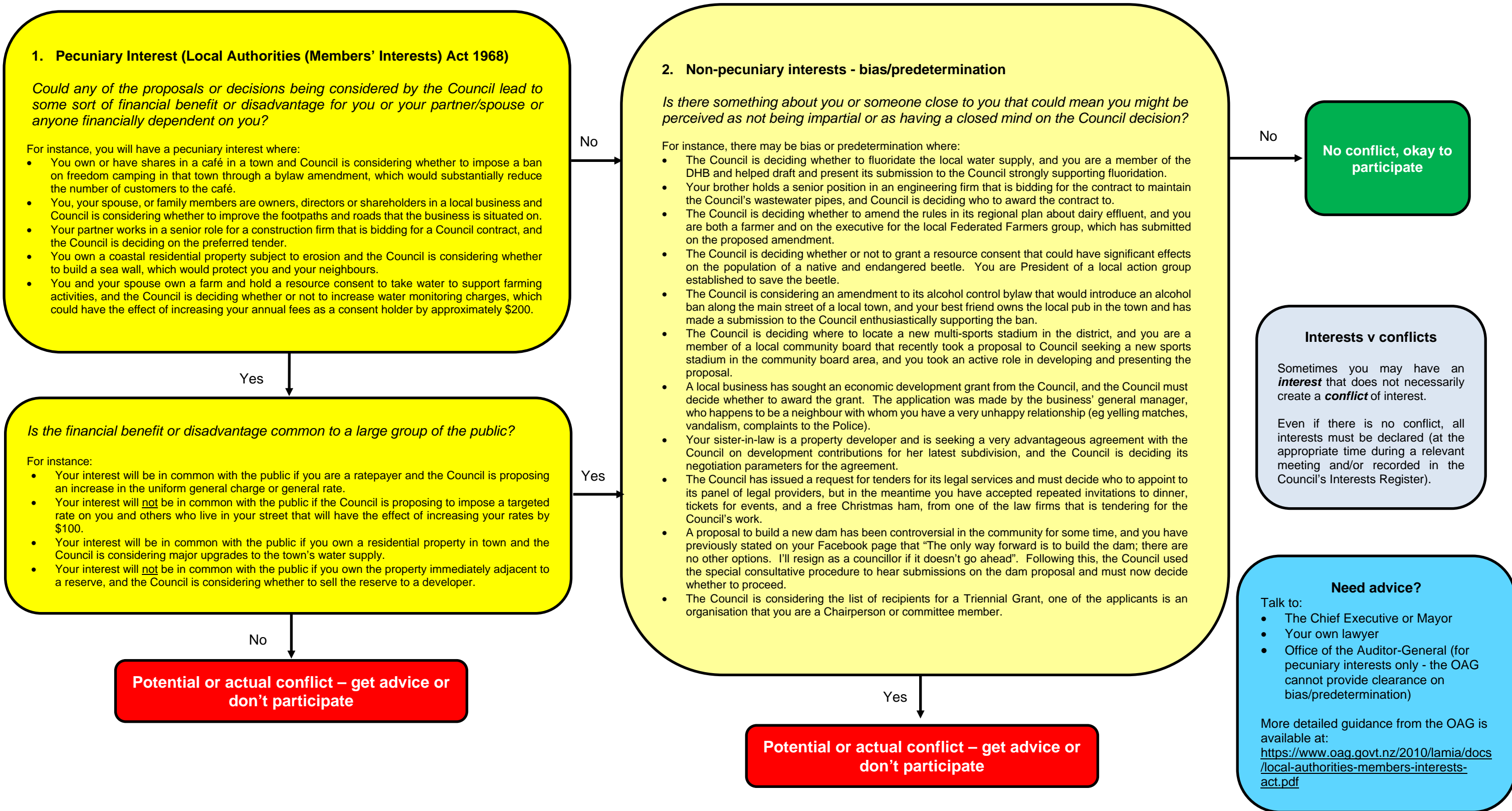
A Conflict of Interest may exist where the employee:

- 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!

WAITOMO DISTRICT COUNCIL AUDIT, RISK AND FINANCE COMMITTEE

MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL AUDIT, RISK AND FINANCE COMMITTEE HELD VIA ZOOM ON TUESDAY 16 FEBRUARY 2021 AT 9.00AM

PRESENT:

VIA INDIVIDUAL ZOOM: Independent Chairperson Bruce Robertson, Deputy Mayor Guy Whitaker, Councillors Lisa Marshall, Janene New and Sue Smith

VIA ZOOM FROM THE COUNCIL CHAMBERS: Mayor John Robertson and Councillors Phil Brodie and Allan Goddard

IN ATTENDANCE:

VIA ZOOM FROM THE COUNCIL CHAMBERS: Chief Executive and Manager – Governance Support

VIA INDIVIDUAL ZOOM: General Manager – Business Support; Acting General Manager – Infrastructure Services; General Manager – Community Services and General Manager – Strategy and Environment

1. Declarations of Member Conflicts of Interest

Councillor New declared a potential conflict of interest relating to the Public Excluded item of business "Progress Report: Procurement Register (October 2020 - December 2020).

2. Confirmation of Minutes – 13 October 2020

Resolution

1 The Minutes of the Waitomo District Council Audit, Risk and Finance Committee meeting of 11 August 2020 (excluding the Public Excluded minutes) be confirmed as a true and correct record.

B Robertson/J Robertson Carried

2 The Public Excluded Minutes of the Waitomo District Council Audit, Risk and Finance Committee meeting of 11 August 2020 be confirmed as a true and correct record.

B Robertson/P Brodie Carried

3. Mastercard Expenditure Report (September 2020 – January 2021)

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

The Manager – Governance Support answered Members questions.

Resolution

The Mastercard Expenditure Report for the period September 2020 to January 2021 (noting that there were no purchases made on any Corporate Mastercard in the month of January 2021) be received.

B Robertson/Whitaker Carried

4. Civic Financial Services – Statement of Intent 2021

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

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

Resolution

- 1 The business paper on Civic Financial Services Ltd Statement of Intent for the Year ended 31 December 2021 be received.
- 2 The Civic Financial Services Ltd Statement of Intent for the Year ended 31 December 2021 be received.

B Robertson/J Robertson Carried

5. Local Government Funding Agency – Six Month Report to 31 December 2020

The Committee considered a business paper presenting the Quarterly Report of the Local Government Funding Agency for the six months ended 31 December 2020.

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

Resolution

- 1 The business paper on Six Month Report to 31 December 2020 – Local Government Funding Agency be received.
- 2 The Local Government Funding Agency Quarterly Report to Shareholders, December Quarter 2020 be received.

B Robertson/J New Carried

6. Quarterly Report for the period ended 31 December 2020

The Committee considered a business paper providing an overall progress report on Waitomo District Council's financial and non-financial activities for the period ended 31 December 2020, including the Treasury Report prepared by Bancorp Treasury Services Ltd.

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

The Chairperson asked the Chief Executive to pass on to the relevant staff the Committee's appreciation at providing such an insightful report.

Resolution

The business paper on Quarterly Report for period ended 31 December 2020 be received.

B Robertson/J Robertson Carried

7. Progress Report: Development of Draft 2021-2031 Ten Year Plan

The Committee considered a business paper providing a progress report on the requirements (including legislative compliance) for developing the Draft 2021-2031 Ten Year Plan.

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

Resolution

The Progress Report: Development of Draft 2021-2031 Ten Year Plan be received.

B Robertson/A Goddard Carried

8. Progress Report: WDC Resource Consents – Compliance Monitoring

The Committee considered a business paper providing a progress report on compliance reporting against Resource Consent conditions.

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

Resolution

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

B Robertson/J New Carried

9. Progress Report: 3 Waters Reform Project Delivery to 31 December 2020

The Committee considered a business paper providing a progress report on 3 Waters Project Delivery for the period ended 31 December 2020.

The Acting General Manager – Infrastructure Services and Chief Executive expanded verbally on the business paper and answered Members’ questions.

The Chairman commended staff on meeting the challenges in completing the required reporting within the timelines demanded.

Resolution

The business paper on Progress Report for the period ended 31 December 2020 be received.

B Robertson/J New Carried

10. 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. Progress Report: Health and Safety	Section 7(2)(a) To protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(1)
2. Progress Report: Procurement Register (October – December 2020)	Section 7(2)(c)(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)(a)(1)
3. Progress Report: Investment Oversight Working Party	Section 7(2)(c)(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)(a)(1)

- 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

- 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.

B Robertson/Whitaker Carried

11. 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 Progress Report: Health and Safety

The Resolution only be made public as follows:

Resolution

The Progress Report: Health and Safety be received.

B Robertson/J Robertson Carried

Note: The business paper for this item is not made public for the reasons set out in Item 10 - "Motion to Exclude the Public" of these Minutes.

2 Progress Report: Procurement Register (October – December 2020)

This item of business is not made public for the reasons set out in Item 10 - "Motion to Exclude the Public" of these Minutes.

3 Progress Report: Investment Oversight Working Party

This item of business is not made public for the reasons set out in Item 10 - "Motion to Exclude the Public" of these Minutes.

There being no further business the meeting closed at 11.32am

Dated this day of 2021.

BRUCE ROBERTSON
INDEPENDENT CHAIRPERSON

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Document No: A522451

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: **Presentation: Bancorp Treasury Services Limited**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to advise the Committee that Mile O'Connor, Manager - Corporate Services from Bancorp Treasury Services Limited, will be in attendance from 9:15am to give a Treasury Presentation to the Committee.

Suggested Resolution

The Presentation from Bancorp Treasury Services Limited be received.

A handwritten signature in blue ink, appearing to read "Alister Duncan", with a long horizontal stroke extending to the right.

ALISTER DUNCAN
GENERAL MANAGER BUSINESS SUPPORT

3 May 2021

Attachment(s):	1	Treasury Presentation to the Audit and Risk Committee (A522454)
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Treasury Presentation to the Audit and Risk Committee



11 May 2021

Overview of Bancorp Treasury Services



BANCORP

BANCORP TREASURY SERVICES LIMITED

- Established in 1987.
- Offices in Auckland and Christchurch.
- Wholly owned subsidiary in Australia.
- Largest treasury advisor in Australasia.
- Independent of other providers of treasury and banking services.
- Approximately 160 retained clients in New Zealand and undertakes a large number of one off projects each year.
- Provides treasury advisory services to around 35 local government entities in New Zealand.

Services to Waitomo District Council (11 years)

- **Ongoing Funding advice:**
 - Local Government Funding Agency
 - Bank debt
- **Ongoing interest rate risk management advice:**
 - Advice on appropriate ratio of fixed to floating rate debt
 - Use of fixed rate debt and to a lesser extent interest rate swaps to achieve interest rate risk management objectives
 - Aim is to achieve acceptable cost of funds AND protect against higher rates but also take advantage of lower rates
- **Review of Treasury Policy as required**
- **Inherent in the ongoing services is proactive contact, quarterly meetings and quarterly reports.**

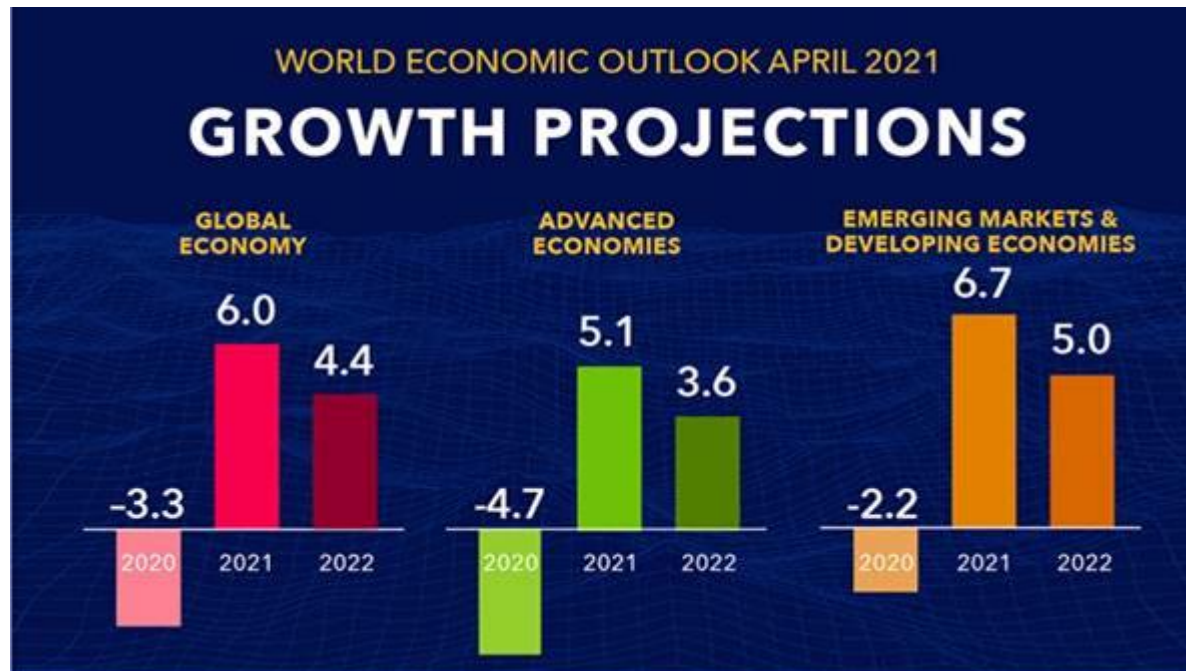


Key economic indicators

- Inflation up 0.8% in the March quarter and up 1.5% for the year.
- GDP decreased 1.0% over the December quarter and 0.9% over the year.
- Unemployment 4.9% in the December quarter (5.3% in September).
- Retail sales down 2.7% in the December quarter.
- REINZ house price index up 21.5% over the February year.



Bullish growth projections





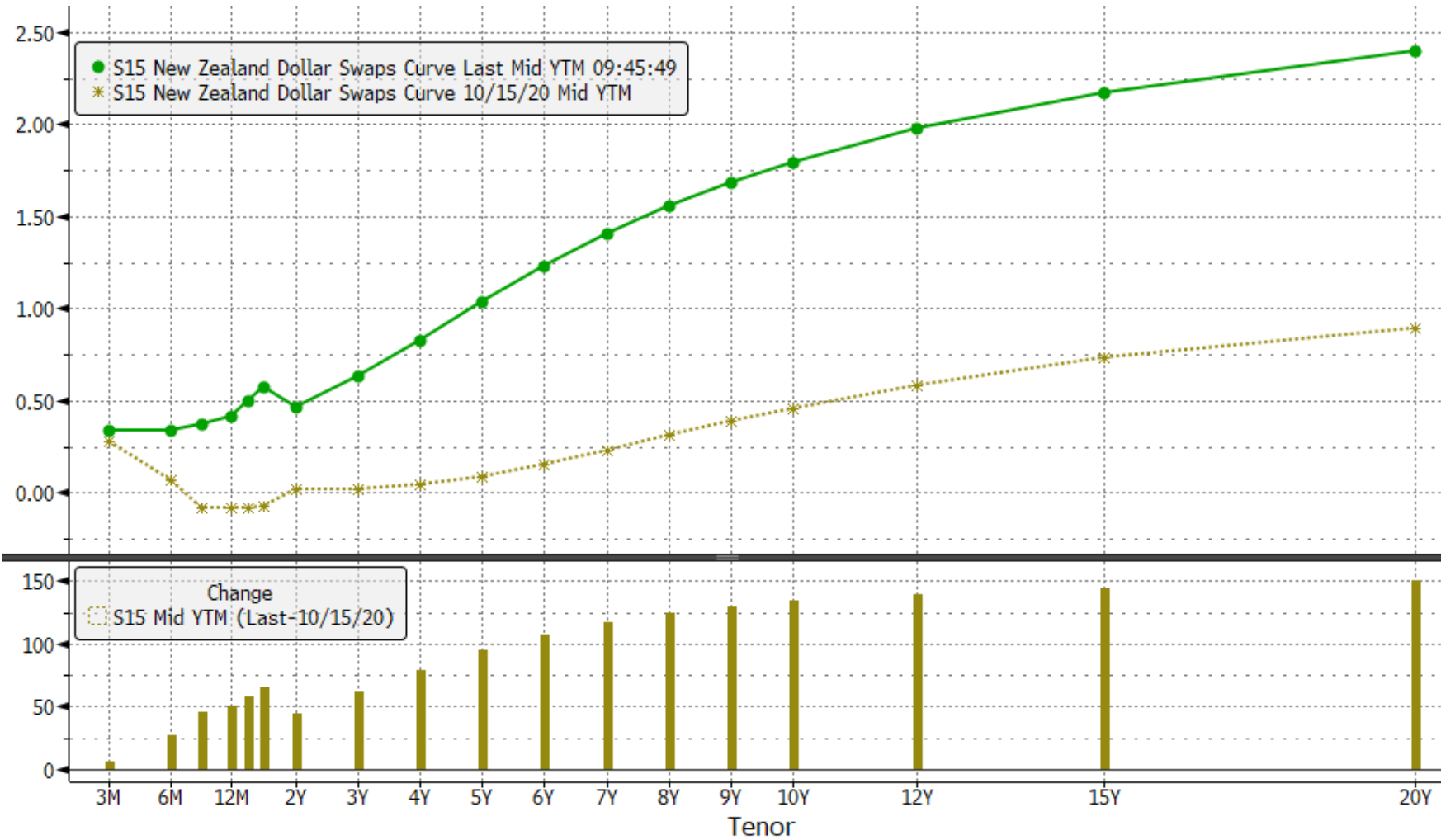
Treasury yields and NZ swaps falling



NDSWAP10 Curncy (NZD SWAP SA(V 3M) 10Y) nz10yr vs us 10yr Daily 23APR2019-22APR Copyright© 2021 Bloomberg Finance L.P. 22-Apr-2021 18:27:13

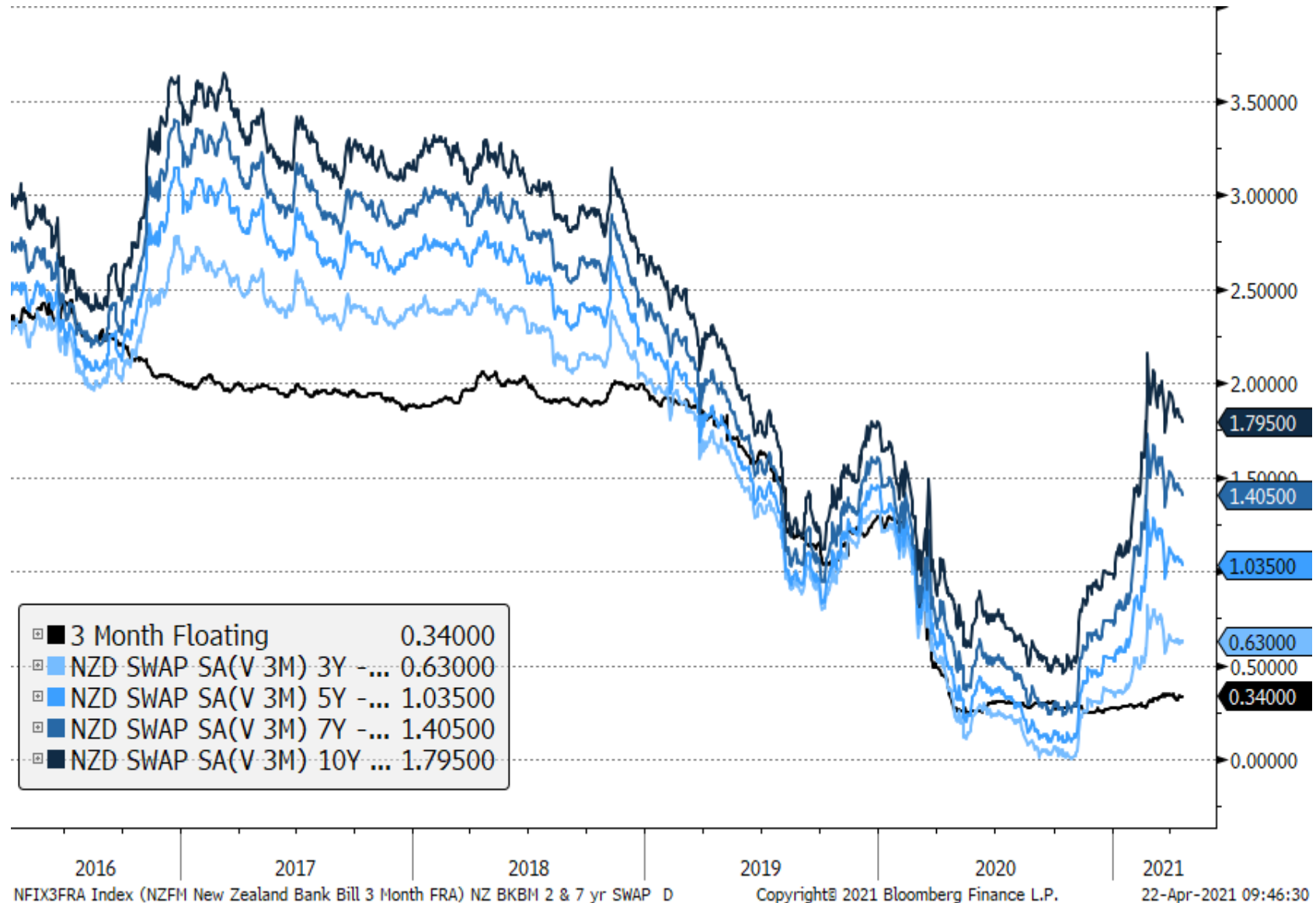


NZ swap curve vs October 2020 lows



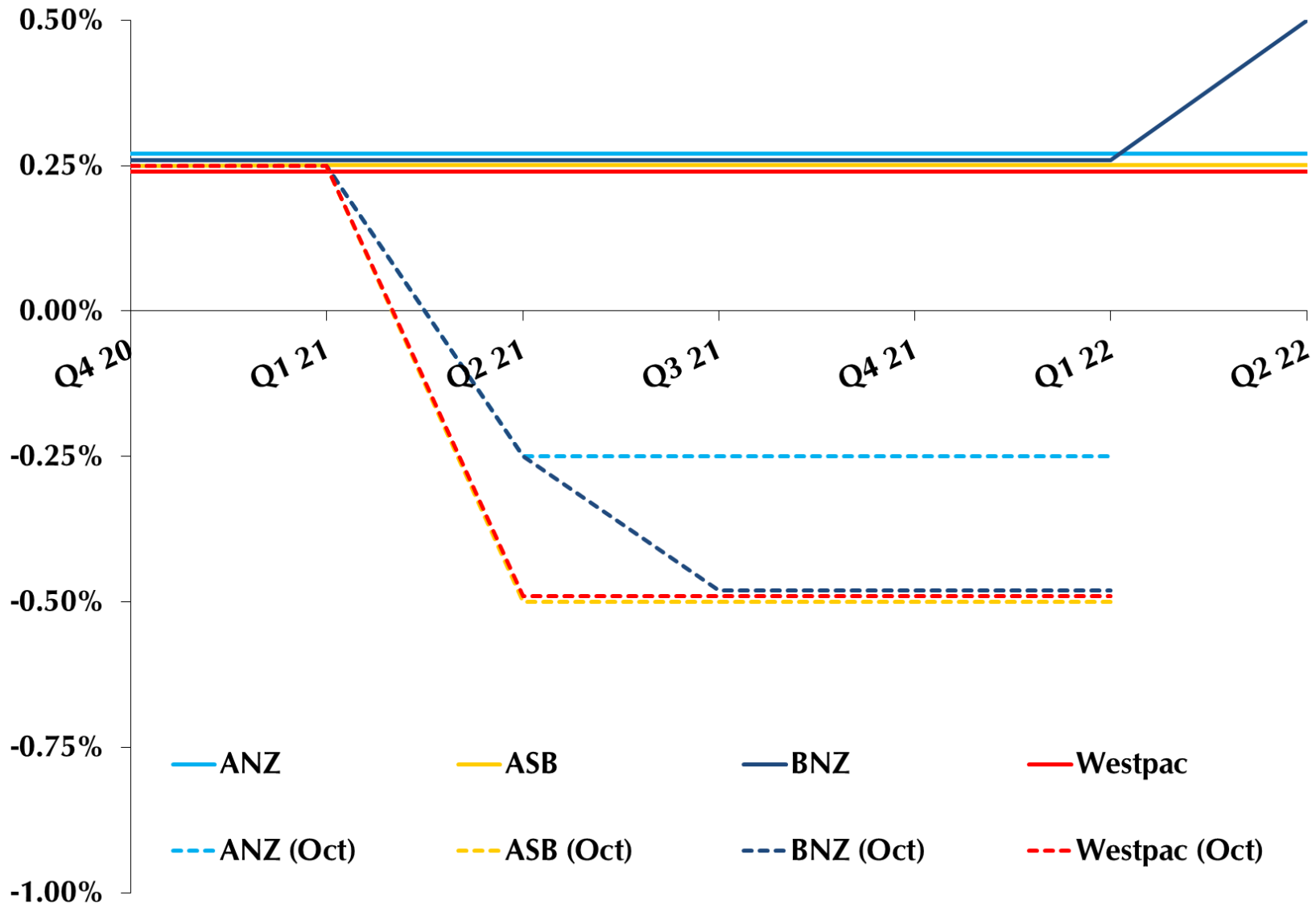


NZ 90 days, 2, 5 and 10 year swaps





Bank OCR expectations





LGFA pricing

Short Term Borrowing	BKBM Base Rate	Borrowing Yield Rated Councils	Borrowing Yield Unrated Councils	<p>Short Term Borrowing Update: Money market yields have dropped 1 bps to 2 bps over the week. Markets continue to price in a modest 15 bps increase to the OCR by May 2022 and a full 25 bps in May 2023 but this wont push yields much higher due to the large amounts of cash in the system looking for investments with a yield pick up over the OCR or NZ Govt Bond yields.</p> <p>Long Term Borrowing Update: Bond markets have displayed greater stability over the past fortnight with yields falling slightly and the yield curve flattening led again by the long end. 2037 bond yields fell 7 bps while 2024 yields were unchanged. LGFA borrowing spreads to swap also slightly tighter by 1 bps to 2 bps as an ongoing shortage of high grade bonds and large cashflows into investor portfolios provides ongoing support for borrowers.</p>
1 month	0.260%	0.460%	0.510%	
2 month	0.303%	0.503%	0.553%	
3 month	0.345%	0.545%	0.595%	
4 month	0.348%	0.548%	0.598%	
5 month	0.352%	0.552%	0.602%	
6 month	0.355%	0.555%	0.605%	
1 year	0.380%	0.630%	0.680%	

Fixed Rate Long Term Borrowing	Base Yield	Borrowing Yield AA rated Councils	Borrowing Yield AA- rated Councils	Borrowing Yield A+ rated Councils	Borrowing Yield Unrated Guarantors	Borrowing Yield Non Guarantors
May-21	0.31%	0.51%	0.56%	0.61%	0.71%	0.81%
Apr-22	0.41%	0.61%	0.66%	0.71%	0.81%	0.91%
Apr-23	0.54%	0.74%	0.79%	0.84%	0.94%	1.04%
Apr-24	0.76%	0.96%	1.01%	1.06%	1.16%	1.26%
Apr-25	1.00%	1.20%	1.25%	1.30%	1.40%	1.50%
Apr-26	1.25%	1.45%	1.50%	1.55%	1.65%	1.75%
Apr-27	1.46%	1.66%	1.71%	1.76%	1.86%	1.96%
Apr-29	1.88%	2.08%	2.13%	2.18%	2.28%	2.38%
Apr-33	2.39%	2.59%	2.64%	2.69%	2.79%	2.89%
Apr-37	2.76%	2.96%	3.01%	3.06%	3.16%	3.26%

Floating Rate Long Term Borrowing	Base Margin	Borrowing Margin AA rated Councils	Borrowing Margin AA- rated Councils	Borrowing Margin A+ rated Councils	Borrowing Margin Unrated Guarantors	Borrowing Margin Non Guarantors
May-21	2 bps	22 bps	27 bps	32 bps	42 bps	52 bps
Apr-22	8 bps	28 bps	33 bps	38 bps	48 bps	58 bps
Apr-23	9 bps	29 bps	34 bps	39 bps	49 bps	59 bps
Apr-24	15 bps	35 bps	40 bps	45 bps	55 bps	65 bps
Apr-25	19 bps	39 bps	44 bps	49 bps	59 bps	69 bps
Apr-26	24 bps	44 bps	49 bps	54 bps	64 bps	74 bps
Apr-27	31 bps	51 bps	56 bps	61 bps	71 bps	81 bps
Apr-29	32 bps	52 bps	57 bps	62 bps	72 bps	82 bps
Apr-33	48 bps	68 bps	73 bps	78 bps	88 bps	98 bps
Apr-37	51 bps	71 bps	76 bps	81 bps	91 bps	101 bps

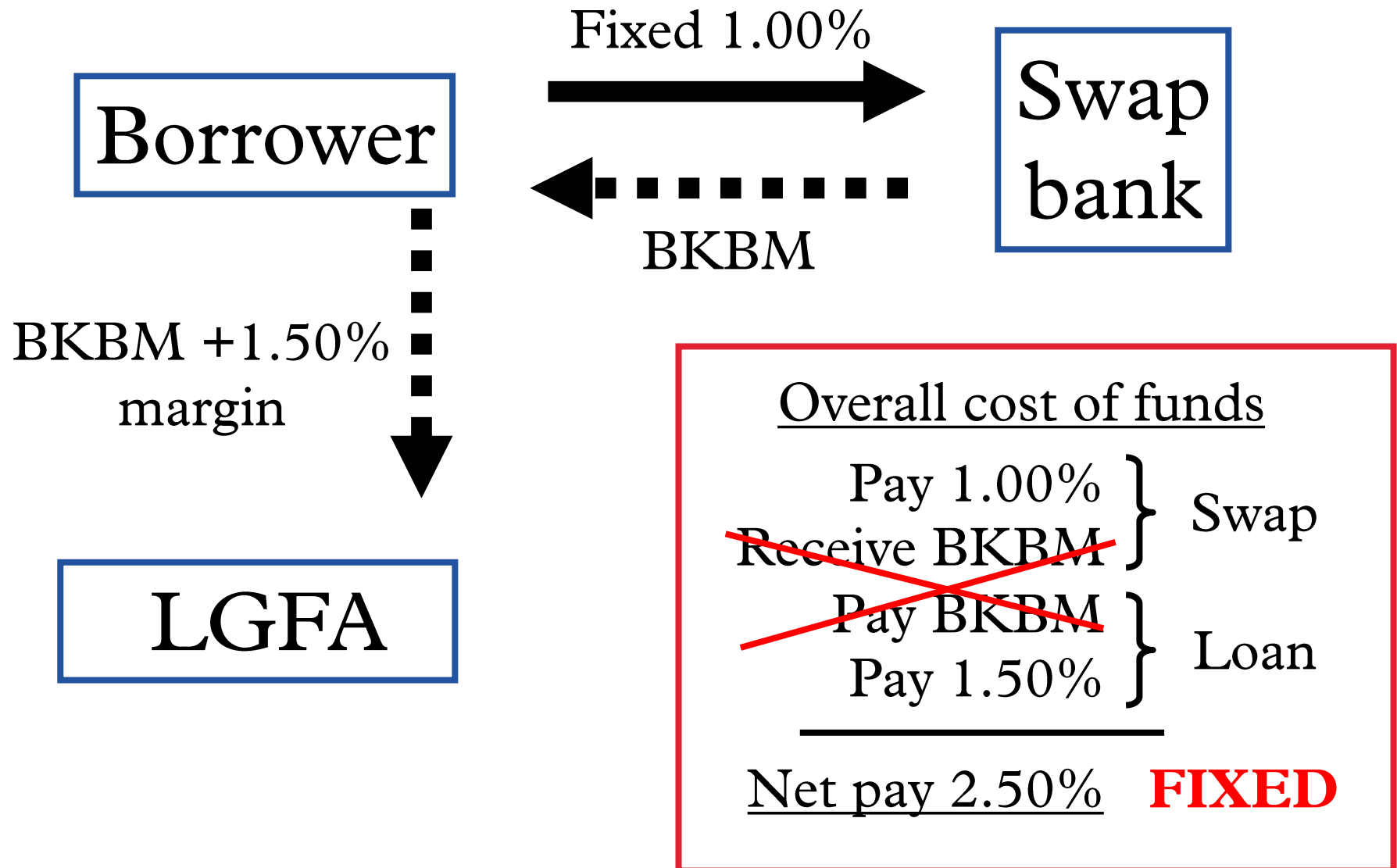


Interest rate swaps

- Interest rate swaps are used to limit or manage exposures to fluctuations in interest rates.
- A swap is an agreement between two parties (counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount.
- For a borrower, an interest rate swap is most commonly used to exchange a floating rate payment for a fixed rate payment.
- Swaps can start immediately (a spot swap) or they can be forward starting (the latter being very useful for managing interest rate exposures).



Interest rate swaps





Advantages of interest rate swaps

- Interest rates are very flexible as they can be:
 - Closed out early (before the specified maturity date);
 - Extended beyond the original maturity date;
 - Can have varying principal amounts (amortising).
- Have transparent pricing and do not necessarily need to be transacted with just one bank which enables competitive pricing.
- Swaps can mature after the maturity of the underlying debt.



Disadvantages of interest rate swaps

- Swaps are subject to mark to market valuations and when interest rates fall, the value of the swap declines but when interest rates rise, the value of the swap increases.
- How the valuation of the swap portfolio on the balance sheet is treated, is determined by the borrowers position on hedge accounting (Waitomo hedge account).
- For LGFA sourced debt, it is slightly cheaper (5- 7 basis points) to enter into a Fixed Rate Bond (“FRB”) than to enter into a Floating Rate Note (“FRN”) and then overlay a swap on it.

Current Fixed Rate Hedging Percentages

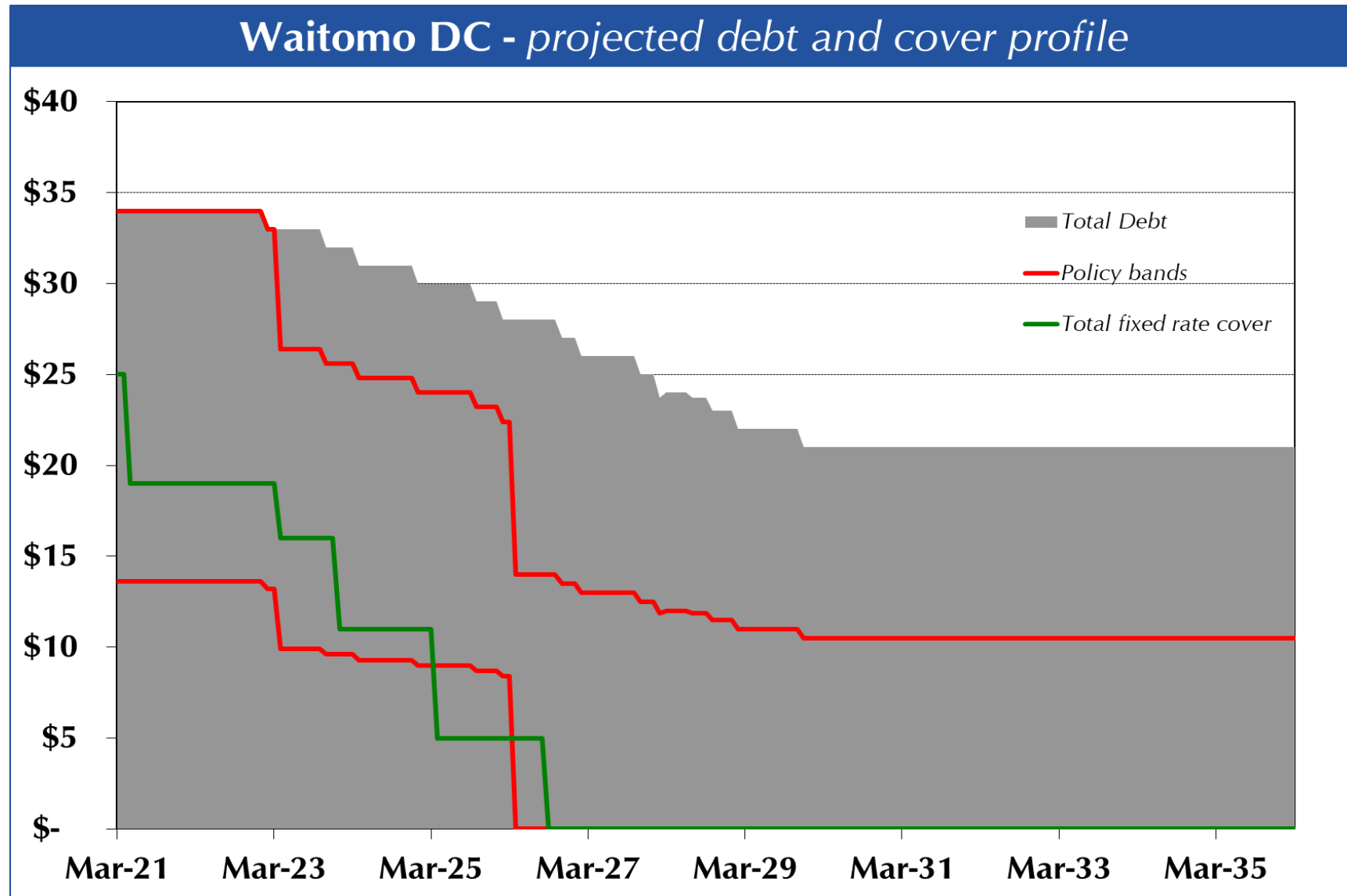
**BANCORP**

BANCORP TREASURY SERVICES LIMITED

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 – 2 years	40%	100%
2 – 5 years	30%	80%
5 – 15 years	0%	50%



Waitomo DC – debt and cover

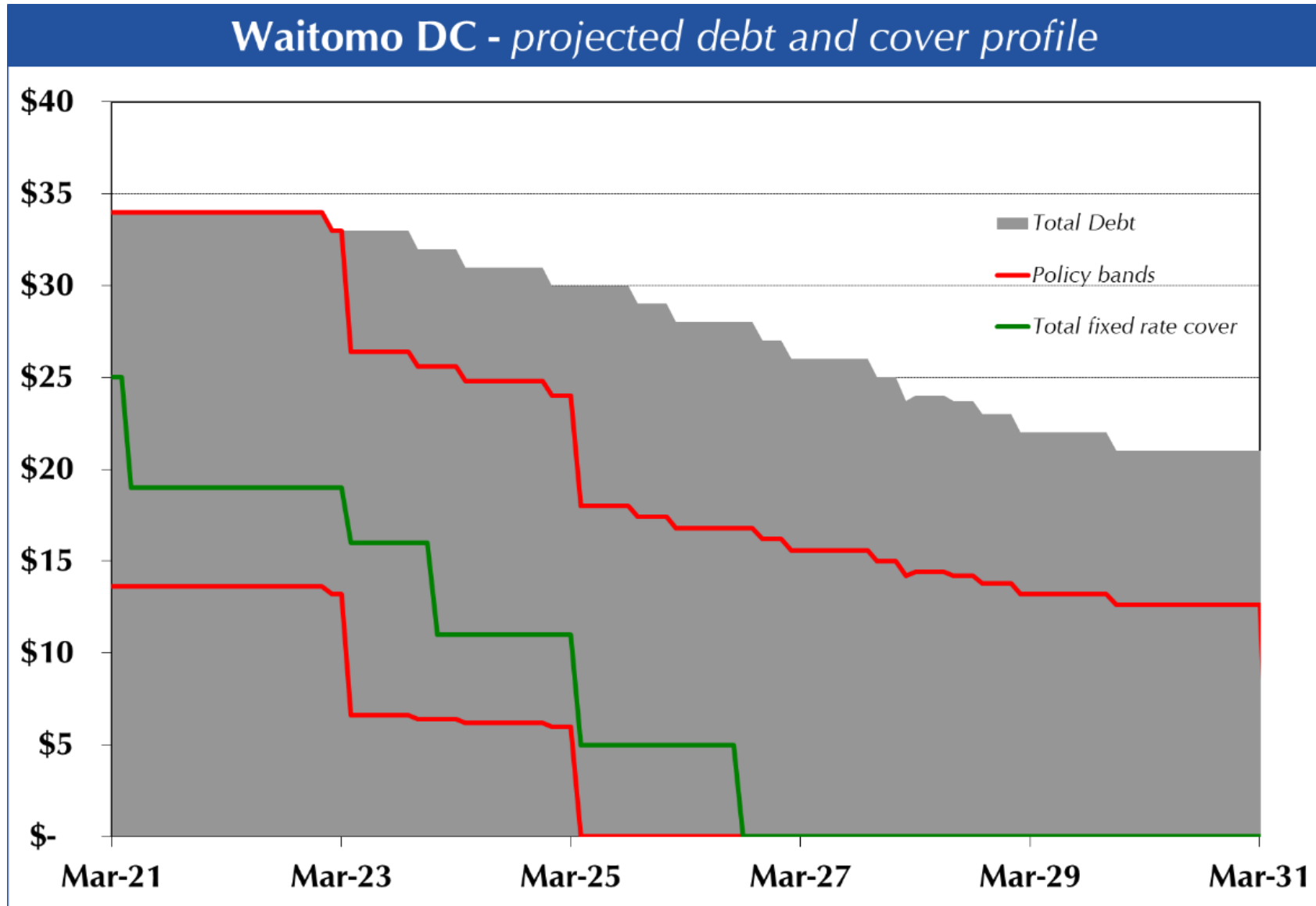




New Fixed Rate Hedging Percentages

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 – 2 years	40%	100%
2 – 4 years	20%	80%
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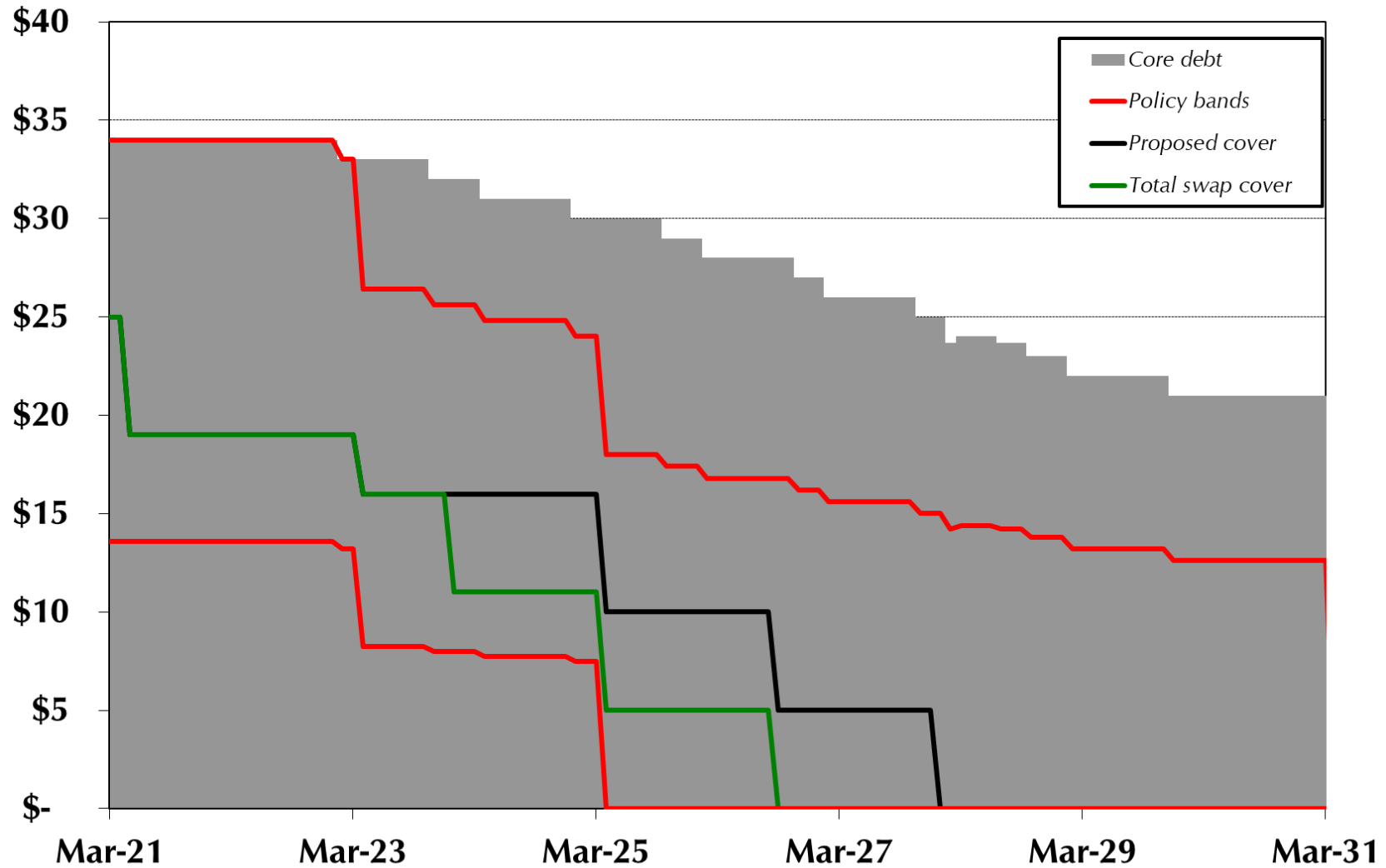
Waitomo DC – debt and cover with new hedging bands



Waitomo DC – debt and cover (new bands) and swap \$5m Jan 24 to Jan 26 @ 2.12%

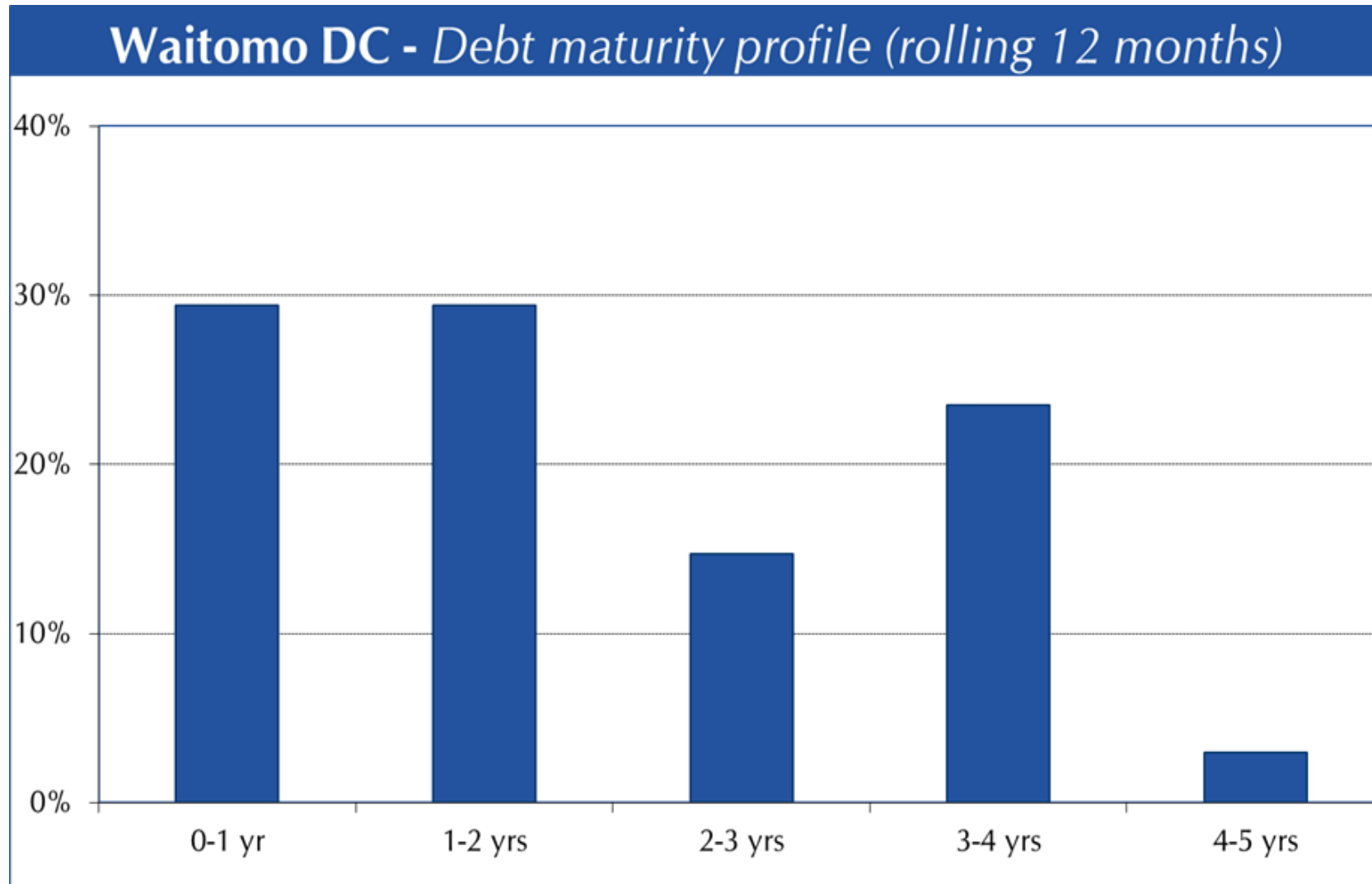


Waitomo DC - Debt and cover with new swap





Waitomo DC – debt maturity profile

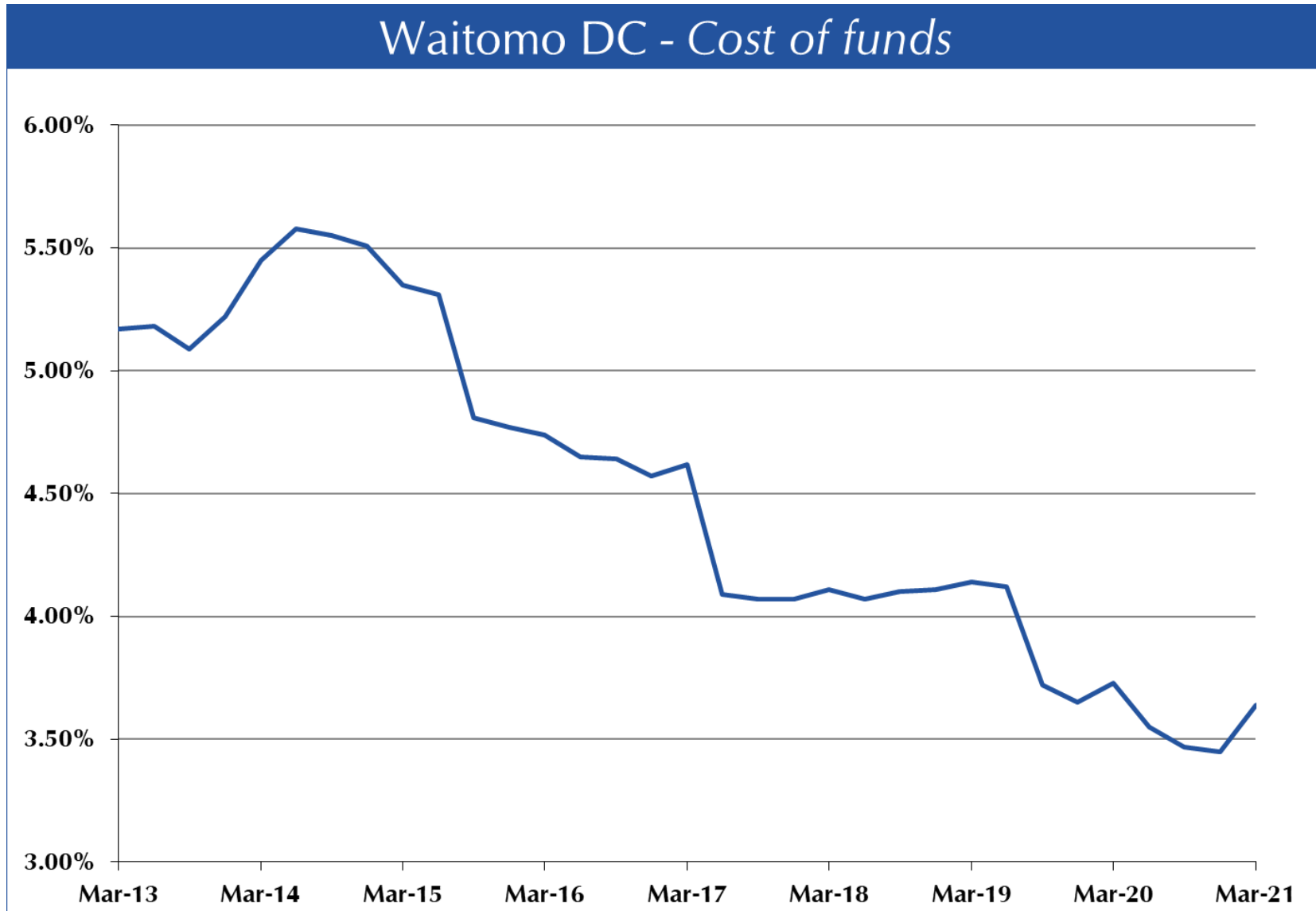


Waitomo DC – historical cost of funds



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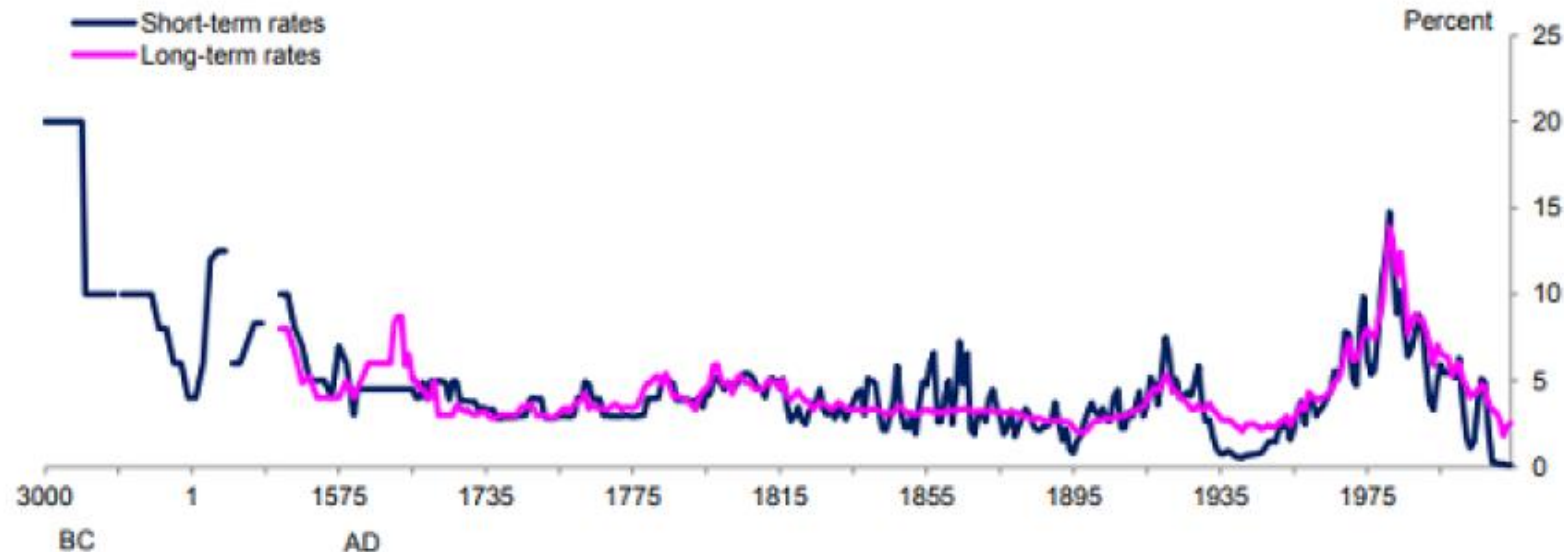
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Interest rates going back 5000 years

Short and long-term interest rates



Sources: Homer and Sylla (1991); Heim and Mirowski (1987); Weiller and Mirowski (1990); Hills, Thomas and Dimsdale (2015); Bank of England; Historical Statistics of the United States Millennial Edition, Volume 3; Federal Reserve Economic Database. Notes: the intervals on the x-axis change through time up to 1715. From 1715 onwards the intervals are every twenty years. Prior to the C18th the rates reflect the country with the lowest rate reported for each type of credit: 3000BC to 6th century BC - Babylonian empire; 6th century BC to 2nd century BC - Greece; 2nd century BC to 5th century AD - Roman Empire; 6th century BC to 10th century AD - Byzantium (legal limit); 12th century AD to 13th century AD - Netherlands; 13th century AD to 16th century AD - Italian states. From the C18th the interest rates are of an annual frequency and reflect those of the most dominant money market: 1694 to 1918 this is assumed to be the UK; from 1919-2015 this is assumed to be the US. Rates used are as follows: Short rates: 1694-1717- Bank of England Discount rate; 1717-1823 rate on 6 month East India bonds; 1824-1919 rate on 3 month prime or first class bills; 1919-1996 rate on 4-6 month prime US commercial paper; 1997-2014 rate on 3month AA US commercial paper to non-financials. Long rates: 1702-1919 - rate on long-term government UK annuities and consols; 1919-1953, yield on long-term US government bond yields; 1954-2014 yield on 10 year US treasuries.



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Document No: A521458

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: Quarterly Report for period ended 31 March 2021

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to provide an overall progress report on WDC's financial and non-financial activities for the period ended 31 March 2021.
- 1.2 A copy of the Progress Report for the period ended 31 March 2021 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 Progress Report.

Commentary

- 3.1 The quarterly report for the period ending 31 December 2021 (as presented to the Audit, Risk and Finance Committee at its meeting on 16 February 2021) outlined the extenuating circumstances impacting on delivery of the 2020/21 work programme, particularly the capital works programme.
- 3.2 While solid progress has been made across a number of activities during the third quarter, and that momentum will continue through the final quarter of 2020/21, the previously reported impacts will continue to have a residual effect. The key issues are discussed below.

3.3 **COVID-19 PANDEMIC AND THREE WATERS REFORM 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 quarterly report.

3.6 The initial disruption caused by the Covid-19 pandemic occurred during the lock-down period in the previous financial year. This has ultimately had a slowing effect on the progression of a range of planned programmes and project delivery during this financial year.

3.7 In particular, a number of 2019/20 programmes and projects were deferred due to the pandemic, which brought a halt to capital works and the related procurement processes during the lockdown period and a sluggish restart in the latter end of the final quarter of 2019/20, extending into 2020/21. The initial sluggish start to this year is still impacting on the delivery of the capital works programme.

3.8 In addition, there was a significant amount of new unplanned and un-resourced work involved in responding to the national emergency in terms of business continuity and supporting the Western Waikato Civil Defense Emergency Operating Centre. Cumulatively, this also meant that across the organisation, non-essential operations and programmes had to be re-prioritised.

3.9 **THREE WATERS REFORM**

3.10 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.

3.11 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.

3.12 Information requirements regarding both the overall three-waters reforms, and tranche one of the reforms, is rapidly evolving. Responding to Central Government enquiries, and related information requirements, has generated a significant amount of new work that has impacted across the organisation at arguably the worst possible time of WDC's 3-year planning cycle.

3.13 The implementation of tranche one therefore necessitated re-deployment of some resourcing to this project. As WDC is a small local authority, with limited, finite, resources, this has had implications on the organisation's capacity to deliver some of the planned work programmes, especially capital projects. In addition to that has been the difficulty of sourcing appropriately qualified staff to manage the implementation phase of the tranche one delivery plan, further complicated by the unavailability of contractors to undertake the works.

3.14 That has meant that the initial restart delay caused by the COVID-19 lockdown, compounded by the significant Three Waters Reform funding programme, has stretched capacity and resourcing, and impacted on the delivery of work programmes. Overlaying that has been the simultaneous delivery of the 2020/21 annual plan work programmes, currently at the implementation stage, and the 3-yearly review and planning for the 10 Year Plan 2021-31.

3.15 Consequently, it is expected that the initial delay in implementation of the capital work programmes and some operational programmes, will continue to impact on project delivery over the final quarter of 2020/21.

3.16 The Capital Expenditure section (3.23) below outlines how some of the major capital expenditure has been phased over quarters 3 and 4.

3.17 **INCOME STATEMENT HIGHLIGHTS**

3.18 **NET OPERATING SURPLUS**

3.19 The net operating surplus of \$5.77 million was \$2.750 million more than budget for the period ended 31 March 2021.

3.20 **Expenditure**

3.21 Total Expenditure was \$2.250 million less than budget for the period ended 31 March 2021. This is less than forecast due to:

- Expenditures for Sealed and Unsealed Pavement Maintenance, Professional services and Roading Business Unit (RBU) costs being less than budget (\$554,000 less).
- Legal and consultants' fees for the District Plan Review were less than budget due to the timing of this project (\$529,000 less).
- The expenditure for risk management, repairs and maintenance, and materials and supplies were less than budget (\$296,000 less).

3.22 **Revenue**

3.23 Total Revenue was \$449,000 more than budget for the period ended 31 March 2021.

- \$80,000 out of the \$1,750,000 funding received for the Three Waters Reform Programme project was recognized in this quarter. The remaining \$1.67 million was reclassified as revenue in advance. Revenue recognition is appropriately reported according to the actual spent during the period.
- \$250,000 was received for the Mayors Taskforce for Jobs (MTFJ) community recovery programme grant.

3.24 **CAPITAL EXPENDITURE**

3.25 Capital Expenditure was **\$7.314 million** for the period ended 31 March 2021, of which \$5.383 million (74%) relates to Roads, \$635,000 (9%) relates to Water Supply, and \$507,000 (7%) relates to Community Services.

3.26 Outlined below are explanations for the key variances noting the impact of COVID-19 and the Three Waters Reform project. Project progress across all activities are outlined in the attached quarterly report.

3.27 **Community Services**

3.28 The largest underspend is in the following projects:

- The underspend in Public amenities is largely due to the cost of the new cemetery development. This project commenced this quarter, however there is a delay in obtaining materials, and budget spend will be reflected in the next quarterly reporting.
- The Mokau Public toilet project was delayed to address land tenure with the Ministry of Education. Project planning is now underway, and implementation is expected in Quarter 4.

- Planning for the esplanade development project (2 accessways in Mokau) is currently underway and the project was expected to commence this quarter. However there has been a delay in the commencement of the project due to material supply issues and the contractor's other work commitments. The expected delivery is now in Quarter 4.
- Development of the amenity areas to compliment the entry and exit points of Te Ara Tika is delayed due to the delay in the delivery of the Te Ara Tika Project.

3.29 **Roads and Footpaths**

- The Te Ara Tika Overbridge Project has a spend of \$1.092 million as at the end of Quarter 3. Stage 1 construction commenced on site in January 2021. Since then, removal of the old bridge has been completed, all foundation work constructed, and new columns installed ready for installation of the bridge superstructure (pre-stressed concrete beams and ramps and steel handrails/stairs). The Stage 2 works, involving construction of a basketball half-court alongside the existing skatepark, landscaping, picnic areas and a small carpark, are ready to start. Design work has been completed with options for coordinating the construction plan for that work with Stage 1 currently being explored. The completion date for the overall project is on-track for late July 2021, with winter weather conditions potentially impacting on this timeframe.
- The annual sealed road surfacing renewal program was scheduled to commence in February 2021. The level 3 lockdown in Auckland between 28 February and 6 March 2021 meant the Auckland based contractor had to go into lockdown and was unavailable to commence this programme of work causing a delay. Subsequent delays were caused by wet weather.
- The footpath rehabilitation programme is well underway and on track to be completed by the end of the financial year. Works have been completed on Eketone St, Hospital Road and Rora St. Planning and Stakeholder interaction is underway for the proposed projects at Waitomo Village and Mokau village.
- Marokopa road-end repairs commenced in early April 2021 (i.e., in the 4th quarter), with completion on track for mid-June 2021. Tides and daylight hours will impact on the rate of progress for this project.

3.30 **Water Supply**

3.31 The largest underspends are in the Three Waters project, Mokau renewals and the Te Kuiti alternative water supply investigation.

- The Three Waters Project capital work programme commenced in March 2021.
- The Mokau renewal project was initially delayed due to the COVID-19 lockdown which impacted on the project being tendered. Further delays have been experienced due to considerable delays in securing the delivery of equipment, which has been ordered and delivery is expected in mid-May 2021.
- The Te Kuiti alternative water supply investigation project – drilling operations have been delayed due to the unavailability of the contractor, and this is now expected to commence and be completed in July 2021.

3.32 **Three Waters Reform Programme**

3.33 A project update is provided on this programme of work in a separate report to the Audit, Risk and Finance Committee.

3.34 **Governance Leadership and Investments**

3.35 Seismic Strengthening Improvements is expected to commence in Quarter 4.

3.36 **BORROWINGS**

3.37 At 31 March 2021 public debt was \$34.24 million and net debt was \$28.05 million. At 30 June 2020 it was \$37.26 million and net debt was \$32.9 million.

3.38 **STATEMENT OF SERVICE PERFORMANCE**

3.39 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.

3.40 Of the 76 key performance indicators measured, 44(58%) are on track, 5(6%) achieved, 4(5%) off track, 4(5%) not achieved and 21 (28%) no data available.

Suggested Resolution

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



ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT



TERRENA KELLY
GENERAL MANAGER – STRATEGY AND ENVIRONMENT

30 April 2021

Attachment: Bancorp Treasury Report for the quarter ended 31 March 2021 (A520426)

Separate Enclosure: Progress Report for the period ending 31 March 2021 (A516563)

CONFIDENTIAL

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 31 MARCH 2021



BANCORP

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AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE MARCH 2021 QUARTER)

Interest rates were the centre of attention for much of the March quarter as the successful vaccine rollout in the US has re-focused attention on economic re-openings, enhanced growth and an increase in inflationary expectations. This sent international interest rates back to pre-COVID-19 levels, and steepened bond and interest rate curves, as market participants attempted to front-run the data. Meanwhile, the Dow Jones and the S&P500 equity indexes reached record highs yet again at the end of the quarter. The Nasdaq even closed the month in positive territory as fund managers re-balanced portfolios away from tech and towards those stocks that will ultimately benefit from a re-opening of the US economy.

In March, the Federal Reserve ("Fed") sharply ramped up its expectations for economic growth stating, *"following a moderation in the pace of the recovery, indicators of economic activity and employment have turned up recently,"* although they maintained there will be no change in rates until 2024 as per Fed Chairman, Jerome Powell's, statement that *"inflation may rise this year on base effects/demand, but the impact on inflation won't be very large or persistent."* With US GDP expected to grow 6.0-8.0% in 2021, it will be interesting to see if the Fed maintains this narrative.

The Fed, the Reserve Bank of Australia ("RBA"), and the Reserve Bank of New Zealand ("RBNZ"), essentially all sung the same tune. Simply put, all three central banks highlighted the risks to their respective recoveries and, as such, they retained all their stimulatory options. They all emphasised that they are prepared to let inflation overshoot for an extended period of time, although they do not anticipate hitting their inflation and employment targets until 2024.

With the successful implementation of the US vaccine roll-out heightening the expectations of reopening of the US economy, bond markets have spent 2021 focusing their attention solely on the reflation trade. This has seen the US curve become the lead driver for interest rate curves globally, forcing yields higher and curves steeper, regardless of the likelihood of central bank hikes. The 10 year US bond yield finished the March quarter at 1.72%, up sharply from the December quarter closing level of 0.93%.

In China, the National People's Congress announced an annual GDP growth target of *"above 6.0%,"* and pledged to keep the unemployment rate below 5.5%, while the Chinese Premier, Li Keqiang, reiterated that *"we need to seek a balance between growth, income, and employment, and we cannot pursue economic growth based on high energy consumption and heavy pollution."* Interestingly, the World Bank predicted that China would outperform the USA again this year with its forecast suggesting the Chinese economy will expand by 8.1% in 2021, which fits in with the PBoC's forecast that China will grow between 5.0% and 5.7% over the next 5 years.

1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE MARCH 2021 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 Dec 2020	0.25%	0.27%	0.28%	0.36%	0.54%	0.74%	0.99%
31 Mar 2021	0.25%	0.35%	0.48%	0.66%	1.10%	1.54%	1.91%
Change	0 bps	+8bps	+20bps	+30bps	+56bps	+80bps	+92bps

The RBNZ's February *Monetary Policy Statement* ("MPS") was broadly in line with market expectations, but not dovish enough to reverse the trends we have seen in interest rate and FX markets. The RBNZ expects a short term unsustainable period of rising inflation before the stimulatory sugar rush wears off in 2021, with inflation underperforming until 2024. Therefore, the positive numbers we have seen in the employment and inflation space recently have been 'looked through' by the RBNZ, and it will wait for sustainable levels in its mandate before changing its stance on interest rates.

The February MPS implied that short term rates are not going anywhere until sustainable levels of inflation and employment are reached, which is, based off the RBNZ forecasts, sometime in 2024. However, the long end of the yield curve is at the mercy of international bond markets and has continued its strong upwards rally as the 10 year swap rate reached 2.19% - a level not seen since June 2019.

Ultimately, central banks are not playing into the market's hands and are happy to let the market, in our opinion, get carried away. At some stage, central banks will start to upgrade their CPI and interest rate expectations, or bond markets will have to self-correct. It is interesting to note that, while the Fed, RBA and RBNZ all expect an uplift in inflation in the coming months, all expect a correction later in the year. From the RBNZ's perspective, even at its most aggressive, it only anticipates inflation reaching 2.5%, which is hardly overshooting its 1.0%-3.0% band.

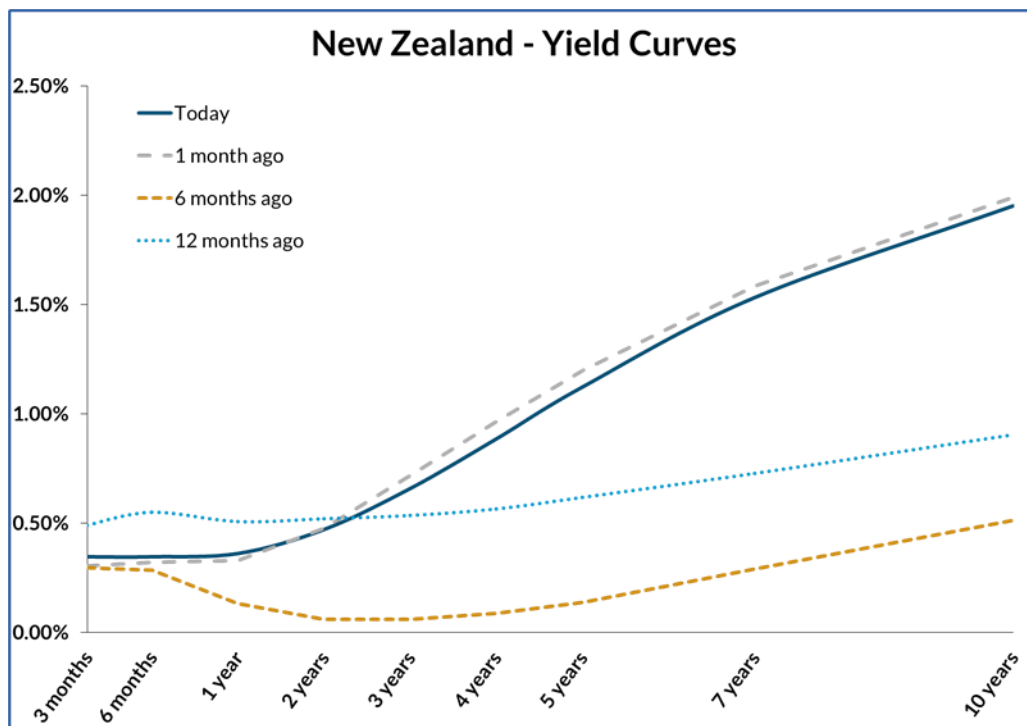
The December quarter GDP showed a surprising 1.0% drop in economic activity during the quarter to give an annual fall of 0.9%. At the industry level, seven out of sixteen industries declined. The two largest contributors to the drop were construction, retail trade and accommodation. Both industries saw strong September 2020 quarter results. Falls in construction services, commercial building, and infrastructure were partially offset by continued growth in residential building activity.

Markets were ignited when the Government announced a series of measures aimed at diluting the housing market squeeze by targeting investors. These included the extension of the Bright-line test from 5 to 10 years, and the 4-year phase out of interest deductibility on investment properties. However, while investors are just one contributing factor, the domestic

market remains short on 80,000 houses, and this is the issue that will ultimately need to be resolved.

These changes knocked the fixed income and currency markets, with the perception that a reduction in investor activity in the housing market will ultimately reduce the need for the RBNZ to lift interest rates. This saw the futures market reduce the pricing of a 25 bps hike in July 2022 from 100% to 60%, while the belly of the swaps curve, the 4 and 5 year rates, immediately fell 8 points. The 10-year swap rate, which topped out at 2.19% at the end of February, fell to a low of 1.72%, but has since climbed and finished the quarter at 1.91%. In amongst this, with long-end yields starting to grind higher, and the domestic financial system awash with cash, it has been a little surprising to see 3-month BKBM firm to 0.35%.

The following chart shows the changes in the shape of the yield curve over the past year, with the change most pronounced over the last six months.



1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and interest rates 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	0.25%	0.60%	N/A
6 month CP	0.25%	0.60%	N/A
May 2021	0.42%	0.77%	0.73%
April 2022	0.48%	0.83%	0.83%
April 2023	0.50%	0.85%	0.94%
April 2024	0.56%	0.90%	1.19%
April 2025	0.61%	0.96%	1.46%
April 2026	0.65%	1.01%	1.76%
April 2027	0.74%	1.09%	1.99%
April 2029	0.75%	1.10%	2.45%
April 2033	0.90%	1.25%	2.96%
April 2037	0.94%	1.29%	3.35%

Margins for LGFA debt decreased over the March quarter with markets awash with cash. The decrease in floating rate debt has been offset by an increase in the 3 month BKBM rate to 0.35%. However, there have been sharp increases in the yields for fixed rate bonds, especially at the longer end of the curve with the 2029 yield up from 1.69% to 2.45%, the 2033 up from 2.12% to 2.96% and the 2037 up from 2.55% to 3.35%.

2. DEBT AND HEDGING

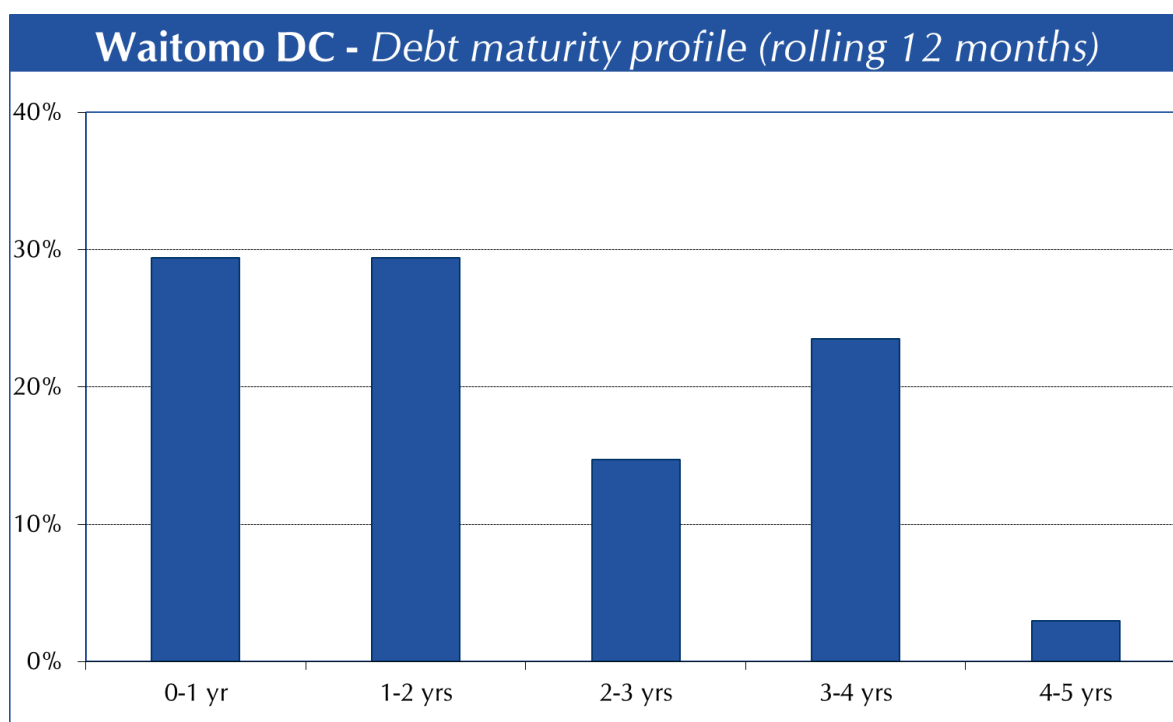
2.1 DEBT

As at 31 March 2021, WDC had \$34.0 million of external debt, down from \$36.0 million at the end of December 2020. All of WDC's debt was sourced from the LGFA through a combination of CP, FRNs and one FRB.

WDC also has a Westpac Bank Multi Option Credit Line Facility for \$10.0 million that matures on 1 July 2022, has an annual line fee of 0.35% and a margin of 0.90%. As at 31 March, there were no drawings under the Westpac facility. A breakdown of the funding profile (excluding the Westpac facility) is contained in the table below.

Instrument	Start Date	Maturity Date	Margin	Rate	Amount
LGFA CP	18-May-20	13-May-21	25 bps	0.505%	\$4,000,000
LGFA FRN	19-Jun-17	15-Nov-21	55.5 bps	0.855%	\$6,000,000
LGFA FRN	18-Jul-18	18-Apr-22	60 bps	0.885%	\$5,000,000
LGFA FRN	28-Jun-19	30-Aug-22	59.5 bps	0.90%	\$5,000,000
LGFA FRN	19-Jun-17	24-Apr-23	64 bps	0.925%	\$5,000,000
LGFA FRN	19-Jun-17	18-Apr-24	65.5 bps	0.94%	\$3,000,000
LGFA FRN	10-Sep-20	11-Sep-24	69 bps	1.01%	\$5,000,000
LGFA FRB	19-Jun-17	19-Apr-25	71 bps	3.68%	\$1,000,000
			TOTAL		\$34,000,000

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



Section 7.2 of WDC's Liability Management Policy ("LMP") states that "to avoid a concentration of debt maturity dates Council will, where practicable, aim to have no more than 33% of debt subject to refinancing in any 12 month period." As at 31 March, WDC was compliant with the policy.

2.2 HEDGING

As at 31 March, WDC had five 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
31-Mar-2014	17-May-2021	4.900%	6,000,000	(\$68,780)
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$234,433)
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$482,275)
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$643,952)
11-Sep-2020	11-Sep-2026	2.890%	5,000,000	(\$453,717)
Total current swap hedging			<u>24,000,000</u>	(\$1,883,157)

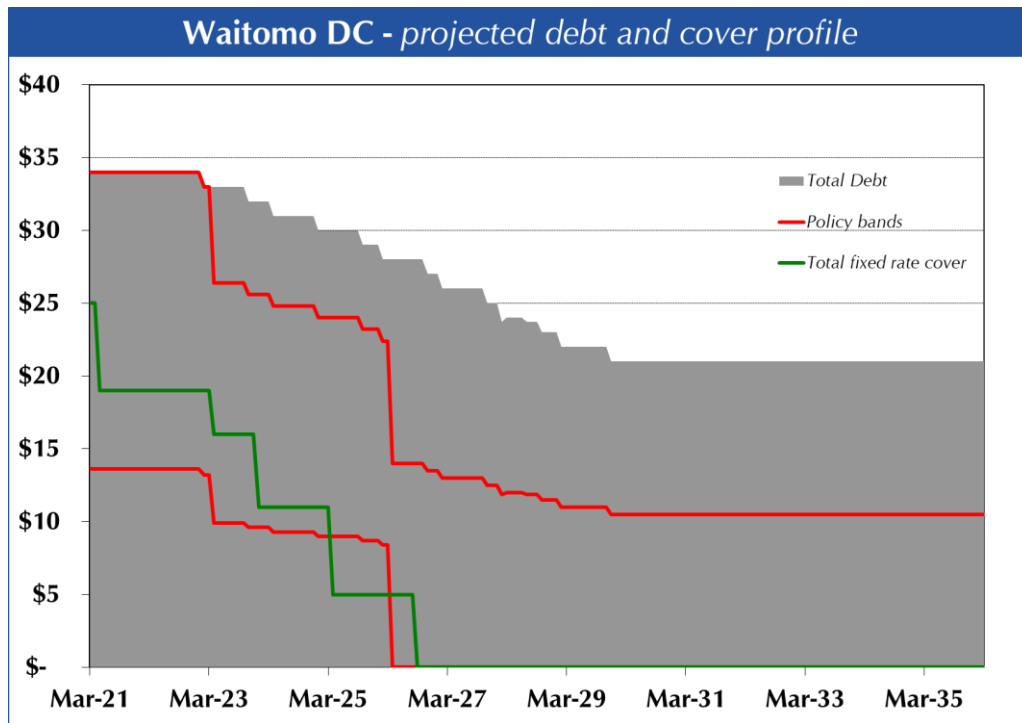
The 'marked to market' valuation on the swap portfolio improved significantly since the last report, from a loss of \$2,394,960 at the end of December, to a loss of \$1,883,157 at the end of March. This improvement was due to the sharp increase in interest rates that occurred during the March quarter.

2.3 DEBT AND HEDGING PROFILE

WDC manages the interest rate risk on its debt under the 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 – 5 years	30%	80%
5 – 15 years	0%	50%

The debt profile incorporating these parameters, the swaps and the FRB, and using the projected debt figures as supplied by WDC, is depicted in the graph on the following page.

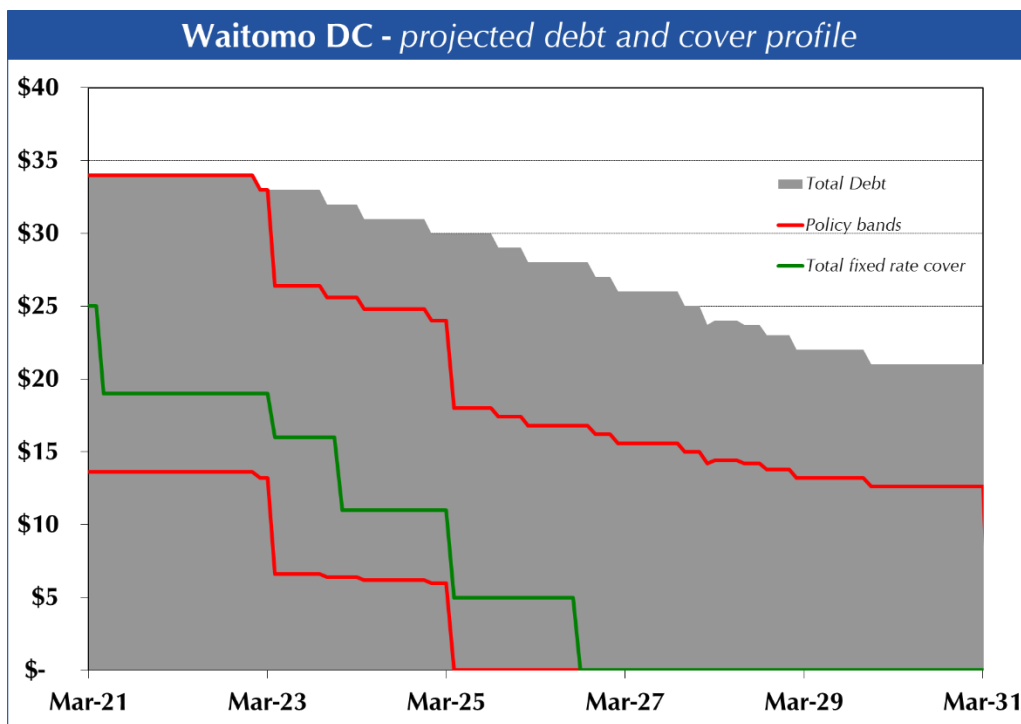


The graph indicates that, as at 31 March, WDC had a policy inconsistency, from April 2025 to April 2026 when it is under-covered. This inconsistency has been noted by WDC management.

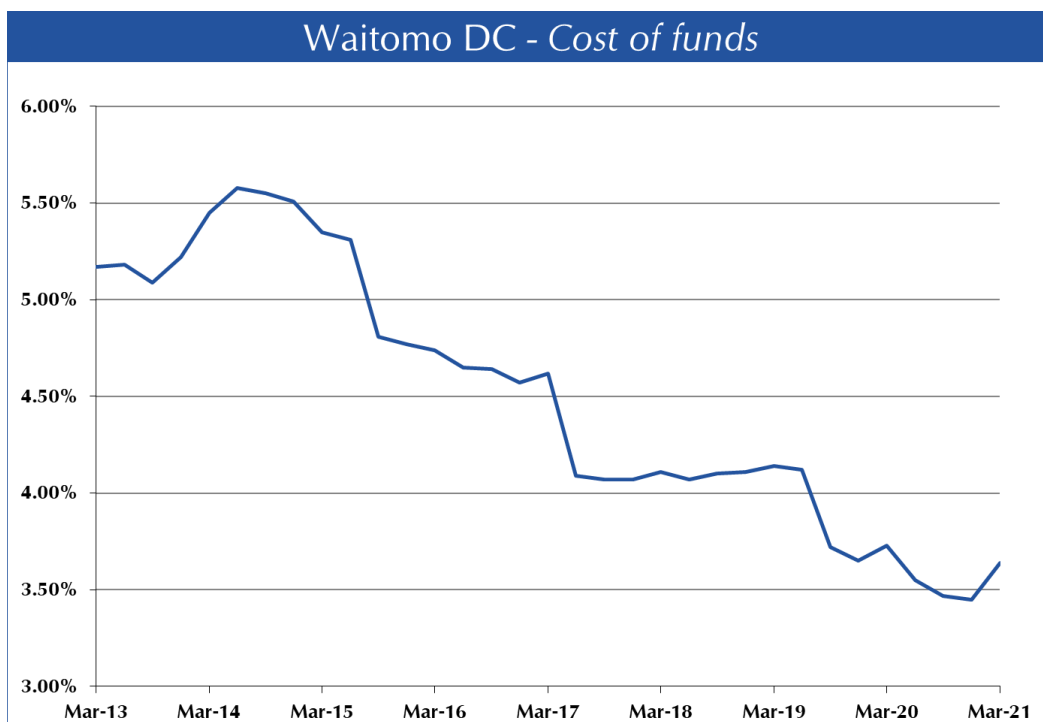
Bancorp Treasury and WDC have been discussing amending the Treasury Policy bands to take account of the new paradigm that the financial markets are now experiencing; one which has been greatly magnified by the COVID-19 pandemic. The following amended policy bands are expected to be applicable by 1 July 2021 with the red highlight indicating the changes.

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

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



As at 31 March, WDC’s cost of funds, including the line fee on the committed Westpac facility, was 3.64%, up from 3.47% at the end of December. The reason for the increase in the cost of funds was due to the \$2.0 million reduction in the debt level, with that tranche of debt funded using CP at a rate of 0.64%. Despite the increase, WDC’s cost of funds is still below that of many other local authorities, a number of which have a credit rating. WDC’s cost of funds since March 2013 is depicted in the following graph.



2.4 POLICY COMPLIANCE AS AT 31 MARCH 2021

	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>	x
<i>Is WDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is WDC compliant with the financial covenants contained in the TMP?</i>	√

Document No: A523079

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: **Mastercard Expenditure Report
February/March 2021**

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

2.14 Attached for the Committee's information are copies of signed Authorization Forms for the period February/March 2021.

Suggested Resolution

The Mastercard Expenditure Report for the period February/March 2021 be received.



MICHELLE HIGGIE
MANAGER – GOVERNANCE SUPPORT

Attachments: (1) Mastercard Authorization Forms: February/March 2021
(2) Credit Card Policy (Doc A207793)

A512085



RECEIVED

BUSINESS MASTERCARD

05 MAR 2021

53 GALWAY STREET, AUCKLAND CITY, 1010

TAX INVOICE
GST NO. 93 259 688

WAITOMO DISTRICT
COUNCIL

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
28/02/21	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

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

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	✓ MS M D HIGGIE	0000 0030 2936 5933	8321.60
\$5000	✓ MRS H M BEEVER	0000 0030 3956 2081	423.97
\$5000	✓ MR A M DUNCAN	0000 0030 6052 5296	1478.59
TOTAL CARDHOLDER LIMIT	\$20000	NET BALANCE	10224.16

WE ADVISE THAT \$10,224.16 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/03/21, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

File 1 - Page 58

Mastercard Statement Authorisation Form

Name:	Michelle Higgle		
Position:	Manager – Governance Support		
Statement Date:	28 / 02 / 21		

(1)	Creditor:	Orbit (LGNZ) (House of Travel Wellington)	
	Date:	9 February 2021	<i>Note: LGNZ R&P Meeting cancelled due to COVID-19 Level 2 Restrictions. Accommodation cancelled with refund (less \$25 Administration Fee) to appear on March Mastercard Statement.</i>
	Amount:	\$230.40	
	GL Code:	817 38 700	
	Expenditure:	Registration and Accommodation: CEO Chris Ryan - Attendance at LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021	

(2)	Creditor:	Orbit (LGNZ) (House of Travel Wellington)	
	Date:	9 February 2021	<i>Note: LGNZ R&P Meeting cancelled due to COVID-19 Level 2 Restrictions. Accommodation cancelled with refund (less \$25 Administration Fee) to appear on March Mastercard Statement.</i>
	Amount:	\$230.40	
	GL Code:	111 42 700	
	Expenditure:	Registration and Accommodation: CEO Chris Ryan - Attendance at LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021	



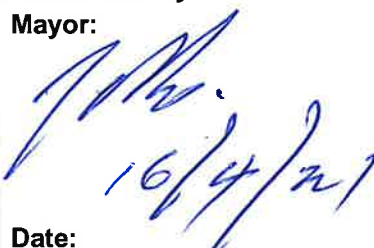
(3)	Creditor:	Air New Zealand	
	Date:	9 February 2021	<i>Note: LGNZ R&P Meeting cancelled due to COVID-19 Level 2 Restrictions. Airfares cancelled with refund to appear on March Mastercard Statement.</i>
	Amount:	\$607.20	
	GL Code:	817 38 700 - \$303.60 (Chris Ryan) 111 42 710 - \$303.60 (Cr Brodie)	
	Expenditure:	Airfares: CEO Chris Ryan and Cr Brodie - Attendance at LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021	

(4)	Creditor:	NZTA	
	Date:	9 February 2021	
	Amount:	\$1,524.80	
	GL Code:	820 27 731	
	Expenditure:	20,000km Road User Charges for Holden Malibu (Rego JBL852)	




(5)	Creditor:	NZTA	
	Date:	15 February 2021	
	Amount:	\$1,524.80	
	GL Code:	820 27 767	
	Expenditure:	20,000km Road User Charges for Mitsubishi Triton (Reg KBU340)	

(6)	Creditor:	NZTA	
	Date:	15 February 2021	
	Amount:	\$764.80	
	GL Code:	820 27 766	
	Expenditure:	10,000km Road User Charges for Mitsubishi Triton (Reg KBU339)	



(7)	Creditor:	NZTA	
	Date:	15 February 2021	
	Amount:	\$764.80	
	GL Code:	820 27 765	
	Expenditure:	10,000km Road User Charges for Mitsubishi ASX (Reg KBU338)	

(8)	Creditor: NZTA Date: 19 February 2021 Amount: \$764.80 GL Code: 820 27 723 Expenditure: 10,000km Road User Charges for Ford Ranger (Reg HKG235)	
(9)	Creditor: NZTA Date: 19 February 2021 Amount: \$1,524.80 GL Code: 820 27 747 Expenditure: 20,000km Road User Charges for Mazda BT-50 (Reg LPS811)	
(10)	Creditor: NZTA Date: 19 February 2021 Amount: \$384.80 GL Code: 820 27.714 Expenditure: 5,000km Road User Charges for Mitsubishi Challenger (Rego GPW9)	
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: 18/3/21	Authorised by Chief Executive:  Date: 19/3/21	Authorised by Mayor:  Date: 16/4/21

Mastercard Statement Authorisation Form

Name:	Helen Beever		
Position:	General Manager – Community Services		
Statement Date:	28 / 02 / 21		
(1) Creditor:	Hamilton Airport	<i>Note: No Receipt was issued upon payment</i>	
Date:	22 February 2021		
Amount:	\$40.00		
GL Code:	811 40 545		
Expenditure:	Airport Parking Fees – WDC Fleet Vehicle (Rego JBL852) – Greg Boyle		
(2) Creditor:	Mainfreight Ltd Online Auckland		
Date:	24 February 2021		
Amount:	\$383.97		
GL Code:	230 30 420		
Expenditure:	Freight for Library Bookshelf		
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 – Community Services:	Authorised by Chief Executive:		
			
Date: 18/3/21	Date: 19/3/21		

Mastercard Statement Authorisation Form

Name:	Alistar Duncan
Position:	General Manager – Business Support
Statement Date:	28 / 02 / 21
(1) Creditor: Vimeo.com	
Date:	16 February 2021
Amount:	\$1,478.50
GL Code:	81621700 – IT Costs
Expenditure:	Subscription to Vimeo for hosting Council Committee meetings and recordings
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Business Support	Authorised by Chief Executive:
	
Date: 17/3/21	Date: 19/3/21

AS17757

W RECEIVED

06 APR 2021

WAITOMO DISTRICT COUNCIL

BUSINESS MASTERCARD

53 GALWAY STREET, AUCKLAND CITY, 1010



TAX INVOICE
GST NO. 93 259 688

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
28/03/21	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

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

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	MS M D HIGGIE	0000 0030 2936 5933	1699.50
\$5000	MRS H M BEEVER	0000 0030 3956 2081	274.70
\$5000	MR A M DUNCAN	0000 0030 6052 5296	281.74
\$5000	MR A J HALE	0000 0030 6158 3906	40.00
TOTAL CARDHOLDER LIMIT	\$25000	NET BALANCE	2295.94

WE ADVISE THAT \$2,295.94 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/04/21, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.



00855010323801005P09354

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Mastercard Statement Authorisation Form

Name:	Michelle Higgle
Position:	Manager – Governance Support
Statement Date:	28 / 03 / 21

(1)	Creditor:	Air New Zealand
	Date:	9 February 2021
	Amount:	-\$607.20
	GL Code:	817 38 700 - \$303.60 (Chris Ryan) 111 42 710 - \$303.60 (Cr Brodie)
	Expenditure:	Credit: Refund of Airfares: CEO Chris Ryan and Cr Brodie – Cancellation of LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021

(2)	Creditor:	Orbit (LGNZ) (<i>House of Travel Wellington</i>)
	Date:	9 February 2021
	Amount:	-\$186.25
	GL Code:	817 38 700
	Expenditure:	Credit: Refund of Registration and Accommodation (less an Administration Fee): CEO Chris Ryan - Covid-19 cancellation of LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021

(3)	Creditor:	Orbit (LGNZ) (<i>House of Travel Wellington</i>)
	Date:	9 February 2021
	Amount:	-\$186.25
	GL Code:	817 38 700
	Expenditure:	Credit: Refund of Registration and Accommodation (less an Administration Fee): Cr Brodie - Covid-19 cancellation of LGNZ Rural & Provincial Sector Meeting in Wellington on 4/5 March 2021

(4)	Creditor:	NZTA
	Date:	17 March 2021
	Amount:	\$384.80
	GL Code:	820 27 762
	Expenditure:	5,000km RUC for Mitsubishi Triton (Rego JHR357)

(5)	Creditor:	NZTA
	Date:	17 March 2021
	Amount:	\$764.80
	GL Code:	820 27 742
	Expenditure:	10,000km RUC for Mazda BT-50 (Rego LHC172)

(6)	Creditor:	NZTA
	Date:	17 March 2021
	Amount:	\$764.80
	GL Code:	820 27 753
	Expenditure:	10,000km RUC for Mazda BT-50 (Rego MGA225)

(7) **Creditor:** NZTA
Date: 25 March 2021
Amount: \$764.80
GL Code: 820 27 769
Expenditure: 10,000km RUC for Mitsubishi Triton (Reg KBU 342)

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: 8/4/21

**Authorised by
 Chief Executive:**



Date: 16/4/21

**Authorised by
 Mayor:**




Date: 16/4/21


Mastercard Statement Authorisation Form

Name: Helen Beever
Position: General Manager – Community Services
Statement Date: 28 / 03 / 21

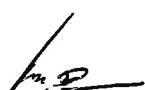
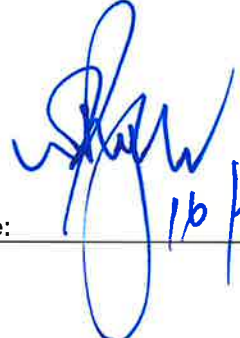
(1) Creditor: Auckland Rosepark Hotel
Date: 26 March 2021
Amount: \$274.70
GL Code: 817 38 700
Expenditure: Accommodation and Meals (23/24 March 2021) - Mark Clearwater – Attendance at Playground Compliance and Inspection Training

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:


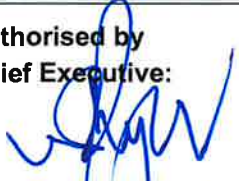
**Signature of
 GM – Community Services:**

Date: 21/4/21

**Authorised by
 Chief Executive:**

Date: 16/4/21

Mastercard Statement Authorisation Form

Name:	Alister Duncan
Position:	General Manager – Business Support
Statement Date:	28 / 03 / 21
(1) Creditor:	Godaddy.com
Date:	16 March 2021
Amount:	\$281.74 NZD
GL Code:	816 21 700
Expenditure:	Renewal of Software Subscription (1 Year – Standard UCC SSL)
I certify that: 1 I have attached the necessary supplementary docket or receipt. 2 The account is payable. 3 The debt incurred is work related. 4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Business Support	Authorised by Chief Executive:
Date:  8/4/21	Date:  16/4/21

Mastercard Statement Authorisation Form

Name:	Tony Hale
Position:	General Manager – Infrastructure Services
Statement Date:	28 / 03 / 21
(1) Creditor:	Z Te Awamutu
Date:	8 March 2021
Amount:	\$20.00
GL Code:	820 27 741
Expenditure:	Fuel for Courtesy Vehicle on loan while Fleet Vehicle (Rego LHC171) was booked in for Servicing.
(2) Creditor:	Hamilton Airport
Date:	12 March 2021
Amount:	\$20.00
GL Code:	720 405 45
Expenditure:	Airport Parking Fees – WDC Fleet Vehicle (Rego JBL852) – 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:	
Signature of GM – Infrastructure Services:	Authorised by Chief Executive:
	
Date: 9/4/21	Date: 16/4/21



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: A522745

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: Progress Report: Procurement Summary Schedule (January 2021 – March 2021)

Information Only

Purpose of Report

1.1 The purpose of this business paper is to present to the Committee with a summary of the procurements made in the period 1 January 2021 to 31 March 2021 in accordance with WDC'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 adopted with amendments by Council on 27 October 2020. Some of the amendments made to the Policy as part of that review include –
- Incorporating procurements relating to a Recovery Plan in response to both COVID-19 and the Three Waters Reform Programme.
 - Provision that the detail of contracts awarded for an amount greater than \$150,000 + GST may be publicly released.
- 3.2 The Tenders Subcommittee (a subcommittee of WDC's Senior Management Team) operates to assist the Chief Executive in undertaking the management of procedures to ensure sound probity methods are followed, risks are mitigated, and quality documentation is produced in relation to the procurement of goods and services necessary to deliver WDC's work programme and operations as provided for in adopted 10 Year Plans and Annual Plans.

Procurement Summary Schedule

- 4.1 The attached Procurement Summary Schedule (PSS) provides details of procurements completed by the Tenders Subcommittee during the relevant period in accordance with the Policy i.e. awarded for a value over \$150,000 + GST, or pursuant to the COVID-19 Recovery Plan or the Three Waters Reform Programme.
- 4.2 Exemption Reason**
- 4.3 The Audit Risk and Finance Committee have requested that the reason for granting a Procurement Exemption be included in the PSS. As a result, the Headings of the five criteria provided for in the Policy will now be included in the PSS as the reason for granting an exemption.
- 4.4 The Policy extract below provides detail of those five criteria, of which at least one must be met for a Procurement Exemption to be granted.

Procurement Exemption

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

1. ***Monopoly situation:*** *Where there is a monopoly situation and only one Supplier capable of supplying the requirements (e.g. engaging an arrangement for the supply of electricity on a network where the network is owned by a single party); or*
2. ***Proprietary technology:*** *Where a Supplier is the sole Supplier and/or patent holder of a specific product that is required by WDC. WDC must be satisfied that the proprietary technology is the most appropriate for the needs of WDC; or*
3. ***Benefits and costs of competition:*** *The time and costs of a competitive process outweigh the benefits of competition; or*

4. **Unique business proposition:** *Where a Supplier has a unique business proposition that can minimise risks or costs to WDC. This could include existing knowledge relevant to a project; or*
5. **Existing contract:** *If goods, services and/or works are in addition to, or necessary for the completion of, delivery of an existing contract, provided that the original contract was publicly advertised, and a change of Supplier cannot be made for economic, technical, legal or practical reasons.*

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

Suggested Resolution

The Progress Report: Procurement Summary Schedule (January 2021 to March 2021) be received.



TONY HALE
GENERAL MANAGER – INFRASTRUCTURE SERVICES

May 2021

Attachment: Procurement Summary Schedule (Doc A522645 / Sheet 2021_Q1)

PROCUREMENT SUMMARY SCHEDULE
(1 January 2021 to 31 March 2021)

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 (All of Government, Syndicated, Panel, Tender, Quote or Direct Appointment)	Exemption Reason Refer to Section 4 of the Business Paper for further details	Number of Tenders / Quotes Received	Tender / Quote Range (GST exclusive)	Evaluation Method	Awarded Contract Value (Total Cumulative)	Awarded To (Only disclosed where contract is greater than \$150,000 +GST or made pursuant to the COVID-19 Recovery Plan or Three Waters Reform Plan)	Meeting Date	General Manager
Contracts Awarded for a value of \$150,000 + GST or greater													
500/20/007	Marokopa Seawall Protection Works – Physical Works	Physical Works	TBA	One-off	Direct Appointment (Procurement Exemption)	Unique business proposition; and Benefits and costs of competition	1	N/A	N/A	\$265,102.32	Inframax Construction Ltd	15/02/2021	Infrastructure Services
500/19/004D	WDC Road Pavement Rehabilitation 2019/20 and 2020/21	Physical Works	1 Year	One-off	Contract Variation (Increase in contract price due to unforeseen matters during works)		N/A	N/A	N/A	\$248,211.30	Inframax Construction Ltd	10/03/2021	Infrastructure Services
Contracts Awarded pursuant to either the COVID-19 Recovery Plan or Three Waters Reform Programme													
500/21/101	TWR Project and Contract Management Services	Professional Services	1 Year	One-off	Direct Appointment (Procurement Exemption)	Benefits and costs of competition; and Procurement Water Reform Plan - CCO Provision	N/A	N/A	N/A	\$100,000.00	Inframax Construction Ltd	10/03/2021	Infrastructure Services
65499	TWR Project and Contract Management Services	Professional Services	6 months	One-off	TWR Level 1 Quote (1)		N/A	N/A	N/A	Up to \$50,000	Lane Neave Solicitors	N/A	Infrastructure Services
65738	TWR Security of supply - Fencing Maniaiti/ Benneydale	Physical Works	6 months	One-off	TWR Level 1 Quote (1)		1	N/A	N/A	\$19,948.00	T.C Percival and M.J Maguire	N/A	Infrastructure Services
66508	TWR Water and wastewater planning and design	Professional Services	6 months	One-off	TWR Level 1 Quote (1)		1	N/A	N/A	\$26,500.00	3 Waters Planning	N/A	Infrastructure Services

Document No: A517807

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



Meeting Date: 11 May 2021

Subject: **2021 General Revaluation**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to brief the Committee on the process for the 2021 General Revaluation for properties in the Waitomo District.

Background

- 2.1 The Rating Valuations Act 1998 requires that every property in New Zealand must be revalued for rating purposes at least once every three years.
- 2.2 The last revaluation for the Waitomo District occurred in September 2018 and therefore the revaluation is due to be undertaken again in September 2021.
- 2.3 The values from the 2021 General Revaluation will be used for rating purposes from 1 July 2022.
- 2.4 There are a number of stakeholders in the General Revaluation process ranging from the community, the Council and the Office of the Valuer General (OVG).
- 2.5 Under the Rating Valuations Act 1998, the OVG sets minimum standards for rating valuations and maintenance of the district valuation roll. The Valuer-General also:
 - Provides independent quality assurance of valuations for rating purposes
 - Certifies Rating Valuations to local authorities
 - Provides technical advice to Government on valuation and the valuation services sector
 - Monitors and audits the work of rating valuation service providers (VSPs)
- 2.6 As Council's appointed Valuation Service Provider, Quotable Value New Zealand (QV) undertakes the revaluation of all properties on behalf of Council, including the valuation of utilities (i.e., electricity, gas, telecommunication networks and water/wastewater networks).
- 2.7 In 2005 Waitomo District Council entered into an agreement with Waikato Local Authority Shared Services Limited (WLASS) for a Shared Valuation Database Service (operating under WLASS) known as SVDS. WDC's official District Valuation Roll (DVR) resided in the Shared Valuation Database Service (SVDS) up until April 2020.
- 2.8 In early 2017 the SVDS advisory group commissioned a review of how SVDS was provisioned following a number of issues and concerns that the software platform was reaching the end of its useful life.

- 2.9 In September 2018 WLASS signed a hosting and services agreement with Cubetec. A staged implementation was completed and WDC's official DVR was transferred to Cubetec's 'Valor' software in April 2020.
- 2.10 The DVR is shared with Waikato Regional Council for rating purposes.

Commentary

- 3.1 The following draft timeline provides a high level summary of the key dates for the 2021 General Revaluation:

Note: Dates are proposed (yet to be approved by the OVG)

Key Milestone	Description	Date of Action
Data Integrity Checks	Includes review of data and data cleansing, updating information on certificate of titles, Maori Freehold land properties, earthquake prone buildings, leaky buildings and methamphetamine contaminated buildings.	April/May 2021 (underway)
Market Surveys	Surveys of rural, commercial and industrial properties to be sent to ratepayers in the Waitomo District.	April 2021 (completed)
Rates Newsletter Mail out	A Rates Newsletter will be sent to ratepayers in August, along with the rates invoice and assessment for the 2021/22 year. The rates newsletter will provide details on key information about the General Revaluation and the objection process.	August 2021
Media, Website and Facebook	Key information about the General Revaluation and objection process will be communicated	August 2021
OVG Audit Date and files to OVG	The final DVR file sent to the OVG for audit.	5 November 2021
Valuation Service Provider presentation to Council	Valuers from QV will present the key highlights of the General Revaluation to the Elected Members.	November Council meeting (TBC)
Public Notice	Upon the Valuer-General's Certification of the General Revaluation, WDC will give public notice that the roll is open for inspection and notify the community of objection timeframes as per Rating Valuations Act – Section 12	2 December 2021
Valuation Notice Mail Out	Notice of General Revaluation will be sent to owners and ratepayers, detailing the new property values and information on how to object to the new values as per the Rating Valuations Act – Section 13	3 December 2021

Key Milestone	Description	Date of Action
Objections Close	Owners and ratepayers have 30 working days in which to lodge an objection after receiving the above valuation notice. Objections must be received by 24 January 2022. Objections are then forwarded to QV for further review of the values as per Rating Valuations Rules 2008 – Section 6	24 January 2022
Ratepayers notified of result of objection	Once Quotable Value completes their review, owners and ratepayers will be notified of the result of their objection. If owners are still not satisfied with their value, they have the opportunity to have their objection heard by the Land Valuation Tribunal. This is a separate process with the Land Valuation Court.	As each objection is reviewed

- 3.2 The proposed timeline is approximately 1 month later than usual due to the deferral of 2020 General Revaluations for Auckland Council and Queenstown Lakes District Council. Both of these Council's received approval to shift their General Revaluations to 2021 as a result of COVID-19 pandemic. As a consequence this will be a particularly challenging year for the OVG as Auckland Council alone has close to 600,000 assessments and effectively requires all OVG resource to complete the revaluation thereby pushing out the programme dates for other Council's including WDC.
- 3.3 Further to this the OVG has introduced an initial review stage to their audit plan. This review stage assesses whether the revaluation is in a suitable condition to continue the standard process of certification and implementation. Any revaluation not reaching this standard will be delayed giving the VSP time to correct and improve the revaluation to the required standard. The OVG has built additional time into programme to allow for this review stage.
- 3.4 The OVG has highlighted that they will taking a special interest in farming properties on the outskirts of townships that have smaller titles. Due to the current demand for residential land it is now the OVG's view that these smaller titles should constitute a separate rating unit. In practice this may mean reversing some of the property amalgamations that were required as part of the 2015 revaluation, where all smaller titles used as part of a farming property were amalgamated to reflect the one farming unit.
- 3.5 During the revaluation process QV staff will be reviewing the DVR for any properties that will need to be subdivided as a result of this approach and Council staff will subdivide the properties accordingly. We do not anticipate that there will be a large number of properties required to be subdivided as our townships are not experiencing significant growth currently (i.e. new residential subdivisions), however, this will be an issue for districts with significant growth.
- 3.6 Council staff sent out 624 rental and production surveys during April with completed surveys to be returned by 28 May 2021. Surveys were sent to a selection of rural, commercial and industrial property ratepayers to ensure that the revaluation program is undertaken as accurately as possible. Surveys may be completed online at survey.ratingvalues.co.nz, emailed or returned by post.
- 3.7 The majority of the valuation fieldwork relating to the general valuation will be undertaken between July and September 2021 by QV. Properties that will be

inspected include those which have recently sold as well a selection of properties which have not sold. The community will be informed about the 2021 General Revaluation process and the objections period.

- 3.8 Peer reviews are carried out at each stage of the revaluation process to ensure quality and accuracy.
- 3.9 QV staff will present the key highlights of the 2021 General Revaluation to Council prior to the valuation notices being sent to the owners/ratepayers.
- 3.10 Further information on the revaluation outcome will be communicated through the rates newsletter for 2022/23 year (the year the revaluation takes effect). If the impacts are significant then further communication will be planned specifically.

Suggested Resolution

The business paper on 2021 General Revaluation be received.



ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

3 MAY 2021

Document No: A515605

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: **Inframax Construction Ltd - Half Annual Report to 31 December 2020**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the Half Annual Report to 31 December 2020 for Inframax Construction Ltd (ICL).

Background

- 2.1 Section 66 of the Local Government Act 2002 determines that the Board of a Council Controlled Organisation (CCO) must deliver a half yearly report on the organisation's operations to the shareholder by end of February of each year and this report must contain any information required under its Statement of Intent.
- 2.2 Attached to and forming part of this business paper is a copy of the ICL half annual report for the six months ended 31 December 2020.

Commentary

- 3.1 **Half Annual Report to 31 December 2021**
- 3.2 The Chairperson's report provides an overview of the first half of the 2020/2021 financial year, the key points are the delays in large construction contracts and the tightening of the labor market.
- 3.3 Overall revenue is down by 7.6% (\$1.163m) on the same period last year, while EDITDA has increase by \$713,000 over the corresponding period in 2019. Total assets have decreased by \$460,000, while equity has increased by \$1.319m.
- 3.4 The Statement of Intent (SOI) for 2021 sets out performance measures and targets for the year ended 30 June 2021. These measures and targets are detailed in the following table along with indicative results for the six months.
- 3.5 The six month results provide an indication of progress towards target during the period. The full year result against SOI targets will be reported in the 2020/21 annual report.

SOI Measure	2020/21 Full Year Target	Dec-20 Result
Equity Ratio (Shareholder funds as % of total assets)	55%	59%
Current Ratio (current assets as a % of current liabilities)	Positive	Positive
EBITDA (earnings before tax, interest, depreciation and amortisation)	\$1.6m	\$1.2m
Revenue Target	\$29.0m	\$14.0m
Lost time injury frequency rate	Zero	Zero
Accident compensation days	200	174
Achievement of ISO9001 accreditation	Standard achieved	Standard achieved
Environmental consent compliance	Full compliance	2 Partly compliant 5 Highly compliant
Number of local events supported	12	9

Recommendation

- 4.1 The Inframax Construction Limited – Half Annual Report to the 31 December 2020 be received.

Suggested Resolutions

- 1 The business paper on Inframax Construction Limited - Half Annual Report to the 31 December 2020 be received.
- 2 The Inframax Construction Limited – Half Annual Report to the 31 December 2020 be received.
- 3 The Inframax Construction Limited – Half Annual Report to the 31 December 2020 be published on Council’s website.

ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

23 March 2021

Attachment(s): 1 Inframax Construction Limited - Half Annual Report to the 31 December 2020 (A515604)



Inframax Construction Limited

Half Annual Report

For the six months ended 31 December 2020



Inframax Construction Limited

(“Inframax” or “the Company”)

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**INFRAMAX CONSTRUCTION LIMITED
CHAIRMAN'S REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

The first six months of the 2020/21 financial year have been extremely challenging with several delays in getting contracts started. While Inframax has been successful in winning a considerable amount of tendered work, there have been delays in getting contract documentation and consents in place by outside agencies. This has impacted efficient delivery of work.

The above delays have meant that senior managers have had to find smaller jobs to fill in for these delayed starts, labour and plant utilisation being negatively affected. In the current tight labour market, it has also been difficult finding skilled staff to work in roading and infrastructure businesses which is also constraining business activity. This labour and workflow dynamic is increasing the cost of operating and prices are now being increased to counter this market environment.

Summary of financial results (\$,000)		
Six months to 31 December (unaudited)	2020	2019
Revenue	14,135	15,298
EBITDA	1,177	443
Net cash inflow/(outflow) from operating and investing activities	(320)	(1,005)
Total Assets	19,480	19,940
Total Equity	11,407	10,088
Equity Percentage	59%	51%

All Inframax staff are to be commended on the financial results for this six-month period. While revenue was down 7.6% on the corresponding period in 2019, EBITDA increased by \$713,000 (153%) on the previous year. Over the twelve-month period ending 31 December 2020, equity has increased by \$1.319m. Inframax has continued to pay down debt as per its banking covenants.

Inframax almost has a full order book of work for the next six months and has already secured circa \$6m of construction work for the 2021/22 year. Combined with the work on our Maintenance contracts, the company is well positioned to provide job security to its staff.

A tightening of the housing market with fewer places to buy and rising rents has meant that attracting staff to King Country and Taranaki is being constrained by availability of rental accommodation and houses to purchase. This is becoming an issue that can only be addressed if more houses are built.

All companies are still facing the uncertainty of Covid-19 and the economic repercussions which might eventuate if New Zealand were to enter another Level 4 lockdown. During these times it is important that companies have a good relationship with their bankers and are continually updating them on their financial situation. Inframax is doing exactly that.


Craig Rowlandson
 Chairman
 Inframax Construction Limited

**INFRAMAX CONSTRUCTION LIMITED
STATEMENT OF PERFORMANCE MEASURES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	Statement of Intent 2021		Statement of Intent 2020	
	Achieved – six months to Dec 20	Full Year Target	Achieved - six months to Dec 19	Full Year Target
The Statement of Intent states the Company will endeavour to exceed the targets of the Projected Business Plan. The results achieved compare with performance criteria in the Statement of Intent as follows:				
PERFORMANCE MEASURES				
Equity Ratio	59%	55%	51%	54%
Current Ratio	Positive	Positive	Negative	Positive
Revenue	\$14m	\$29m	\$15m	\$43m
Bank Covenants	Unconditionally met	Unconditionally met	Met as agreed with ASB	Unconditionally met
Earnings before Interest, Taxation, Depreciation & Amortisation	\$1.2m	\$1.6m	\$0.5m	\$3.6m
The Equity Ratio is the Shareholders' Funds expressed as a percentage of Total Assets.				
NON-FINANCIAL PERFORMANCE MEASURES				
Lost Time Injury Frequency Rate Calculated as the number of lost time injuries per million hours worked.	Zero	Zero	7.82	Zero
Accident Compensation Days (from latest data available 30 September 2020)	174	200	49	195
ISO 9001 Accreditation	Standard Achieved	Standard Achieved	Standard Achieved	Standard Achieved
Environmental Consent Compliance Assessed level of environmental consents by Waikato Regional Council:				
Non-compliant	-		-	
Partially compliant	2		-	
Highly compliant	5	All	7	All
Fully compliant	-		-	
Not assessed	2		-	
Support of local events in operating area Number of local events within operational areas where the Company provided complimentary goods, services or financial support.	9	12	6	12

Document No: A515585

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



Meeting Date: 11 May 2021

Subject: **New Zealand Local Government Funding Agency: Half Year Report to 31 December 2020**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to provide Council with information on the Half Year Report to 31 December 2020 for New Zealand Local Government Funding Agency (LGFA).

Background

- 2.1 The LGFA was established in December 2011 principally to borrow domestically or offshore and provide lending to local authorities across New Zealand.
- 2.2 Waitomo District Council (WDC) joined the LGFA as a borrower and guarantor in April 2017. Substantially all its borrowings are now provided from the LGFA.
- 2.3 As a borrower WDC would look to the LGFA as first lender of choice for Council's borrowing requirements. As a guarantor to the LGFA, WDC has ongoing interest in the financial strength of LGFA.

Commentary

- 3.1 The Half Year Report to 31 December 2020 provides both financial performance and service performance against LGFA's Statement of Intent for 2020/21 (Attachment 1).
- 3.2 **Performance against objectives for the Six Months to 31 December 2020.**
- 3.3 The LGFA has two primary and seven secondary objectives, with the primary objectives as follows:
 - 1 Optimising the debt funding terms and conditions for participating Local Authorities, and;
 - 2 Monitoring the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and general issues facing the sector.
- 3.4 Under the two primary objectives there are a number of measures reported, showing their performance against those objectives.

- 3.5 Other objectives of - making longer-term borrowings available, enhancing certainty of access to debt and providing flexible lending terms have all been achieved. Stated with the issuance of the April 2037 LGFA Bond, councils can borrow on a bespoke basis from one month up to 16 years.
- 3.6 Of relevance to WDC is the ability to continue to borrow on a bespoke basis as this allows the hedge arrangements of the LGFA debt (the hedged item) with its interest rate swap (the hedging item), which WDC has with another counter party (being Westpac Bank).
- 3.7 The second main objective of LGFA being monitoring the quality of the asset book, continues to be achieved through monitoring participating councils financial position, financial headroom, if relevant, analysis at group level of Councils, working with a number of government agencies and financial institutions and credit rating agencies.
- 3.8 During the six month period 22 councils were visited by LGFA, out of 71 member councils.
- 3.9 **Financial Performance for the Six Months to 31 December 2020.**
- 3.10 Net operating profit for the six months to 31 December 2018 was \$5.918 million, a decrease of \$185,000 from the corresponding period for the prior year.
- 3.11 Net interest income and operating profit are claimed to be ahead of SOI forecast and expenses are less than budget for the six months.
- 3.12 Importantly "the financial strength of the LGFA was reaffirmed by credit rating agencies Standard & Poor's (February 2020) and Fitch (November 2020) who both maintain the credit rating at AA+, the same as the New Zealand Government".
- 3.13 The ability of the LGFA to maintain its financial strength and high credit rating is important for Council as a borrower, so debt funding can be sourced on favourable terms and as a guarantor because it further reduces the already very low likelihood of the guarantee being exercised.
- 3.14 Total loans to Councils by LGFA are \$12.32 billion as at 31 December 2020 and were \$10.15 billion in the comparable period last year.
- 3.15 Bonds on issue to investors in LGFA total \$13.811 billion as at 31 December 2020 and was \$10.665 billion in the comparable period last year.

Suggested Resolution

The business paper on New Zealand Local Government Funding Agency (LGFA): Half Year Report to 31 December 2020 be received.



ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

23 March 2021

Attachment: LGFA: Half year report – 31 December 2020 (A515579)

Financing New Zealand councils' infrastructure investment

**Te tuku pūtea
ki te haumitanga
hanganga kaunihera
o Aotearoa**

Half Year Report
31 December 2020



NEW ZEALAND LOCAL
GOVERNMENT FUNDING AGENCY
TE PŪTEA KĀWANATANGA Ā-ROHE

Mā te huruhuru ka rere te manu is a traditional saying literally meaning 'birds need feathers to fly'.

Its wider meaning is that 'investment is needed for success'.

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Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

**for the six-months ended
31 December 2020**

“LGFA continues to meet the challenges of COVID-19 while providing cost effective financing solutions for its growing council membership base and offering New Zealand dollar fixed income investors a choice of high-grade investment maturities”



Craig Stobo, Board Chair

We are pleased to highlight another period of positive financial and non-financial performance by the company for the six-month period to 31 December 2020.

Strong Financial and Operational Performance

LGFA total interest income for the six-month period of \$190.38 million was a 2.9% increase over the 2019-20 comparable period result of \$185.10 million while net operating profit of \$5.92 million was a 2.5% decrease on the 2019-20 comparable period result of \$6.10 million.



Mark Butcher, Chief Executive

While operating profit was lower than the prior period due to the lower interest rate environment, it was ahead of the Statement of Intent (SOI) forecast due to the early refinancing of council loans maturing in May 2021 and a higher level of new council borrowing.

Expenses have been managed under budget over the past six months. In terms of composition, lower fees paid on the NZDM facility, and lower Approved Issuer Levy payments were somewhat offset by higher legal and NZX costs from higher than forecast lending and bond issuance activities.

LGFA bonds continue to be an attractive investment for investors while LGFA has also delivered savings in borrowing costs, extended the tenor of lending available by four years and rolled out the provision of standby facilities to council members.

The financial strength of LGFA was reaffirmed by Fitch Ratings who maintained our domestic currency credit rating at 'AA+' in November 2020 and our 'AA+' rating from S&P Global Ratings remains on positive outlook, both of which are the same as the New Zealand Government.

Borrowing activity

LGFA issued a record \$1.90 billion of bonds over the past six months and just eclipsed the prior six-month record of \$1.80 billion. Nominal outstandings of LGFA bonds total \$13.71 billion (including \$950 million of treasury stock) across ten maturities from 2021 to 2037. The debut of a new April 2037 bond maturity by syndication of \$500 million in July 2020 was another successful issue and the bond tenders were well supported by market participants.

LGFA is the largest issuer of New Zealand dollar securities after the New Zealand Government and our bonds are amongst the largest and most liquid New Zealand dollar debt instruments available for investors. We have seen a shift in investor composition over the past six months as offshore investors have become less attracted to the lower yielding NZD fixed income asset class while domestic banks and investors have increased their nominal holdings based on the outlook for lower interest rates and lack of supply of other high-grade bonds. The Reserve Bank has continued to support the domestic capital markets through the purchase of LGFA bonds in the Large-Scale Asset Purchase Programme and hold \$1.79 billion or 14% of our bonds outstanding as at 31 December 2020. Our offshore investors hold 21.6% of LGFA bonds on issue while NZ Institutional and retail investors hold 29.7% and domestic banks hold 34.6%

The performance of LGFA bonds over the past six months has been pleasing with LGFA bond spreads to both swap and New Zealand Government Bonds (NZGB) tighter on positive credit market sentiment as well as investors seeking additional yield in what is a low interest-rate environment. Outright yields on LGFA bonds have declined modestly over the past six months by between 2 basis points (bps) (0.02%) on the 2022 maturity and 12 bps (0.12%) on the 2027 maturity. It was another period of volatility with the 2027 LGFA bond yield trading in a 60 bps (0.60%) range over the six-month period, trading to a low of 0.49% in early November before rising to 0.87% on 31 December 2020.

LGFA continues to issue short-dated LGFA Bills ranging in maturities from three months to 12 months through a combination of monthly tenders and private placements. As at 31 December 2020, outstandings under the programme were \$612.5 million. These instruments provide a source of funding for short-dated lending to our council borrowers and assist LGFA with liquidity management.

Lending to the sector

LGFA was established in December 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. Over the past six months, we added four new members with South Waikato, Waitaki and Central Otago District Councils joining as guarantors and Kawerau District Council joining as a non-guarantor. Total membership of 71 councils is very pleasing and this is expected to increase slightly in the coming six months as several councils are partly through the joining process.

Long-dated lending over the six-month period was \$1.74 billion with the lending activity a mix of new borrowing and the refinancing of council loans due to mature on 15 May 2021. The average tenor of borrowing by councils at 7.1 years was longer than the average term of borrowing of 5.4 years over the 12-month period to June 2020.

Short-dated lending for terms less than 12 months has been well supported by councils and, as at 31 December 2020, LGFA had \$343.4 million of short-term loans outstanding to 26 councils.

The underlying credit quality of the sector continues to remain very strong with all member councils remaining compliant with the LGFA lending covenants.

The impact from COVID-19 on the sector and LGFA

The local government sector has felt the impact from COVID-19, albeit there has been a divergence of the severity of impact amongst councils. Councils have in general experienced a reduction in revenue from fees and charges and reduced income from their investment portfolios. It has also been difficult for many councils to implement planned rate increases given the financial impact from COVID-19 on some ratepayers within the community. Meanwhile there has been a need to continue, if not increase, capital expenditure on infrastructure.

LGFA responded by increasing the Net Debt / Total Revenue covenant for councils with a long-term credit rating of 'A' equivalent or higher from 1 July 2020. This will assist councils with greater financial flexibility through the COVID-19 economic recovery phase as well as reflecting the strong financial position of the sector. We have also introduced standby facilities for councils as an alternative to sourcing from banks. We have also extended the term of the LGFA bond curve from 2033 to 2037 and in doing so can now offer longer borrowing terms for councils. In line with the legislative change to extend statutory reporting

deadlines by two months due to COVID-19, we allowed councils an extension to provide their compliance certificates to LGFA. All have provided their certificates, and all remain compliant with our financial covenants.

While COVID-19 has restricted travel, we were able to hold our annual shareholder-borrower day for council members and held events to update investors on the proposed water industry reform.

Acknowledgments

On behalf of the Board we are pleased to be part of the continued success of this organisation and wish to thank our council shareholders, guarantors and borrowers as well as the Reserve Bank of New Zealand, NZ Debt Management, our financial intermediaries, investors and staff for their continued support.



Craig Stobo
Chair, LGFA Board



Mark Butcher
Chief Executive



New bridge at the Lakes,
part of the Kopurererua
Valley biking and
walking paths.

Tauranga City Council

Performance against objectives Ko ngā whakatutukinga ki ngā whāinga

The statement of service performance details LGFA's performance for the first half of the year against the objectives and targets set out in the LGFA Statement of Intent 2020-21 (SOI)

2020-21 performance objectives

The SOI sets out two primary performance objectives and seven additional objectives for the year ended 30 June 2021.

Primary objectives

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

- Providing interest cost savings relative to alternative sources of financing;
- Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services;
- Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and
- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

Additional objectives

LGFA has the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually.

LGFA will:

- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
- Provide at least 85% of aggregate long-term debt funding to the Local Government sector.
- Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.
- Meet or exceed the Performance Targets.
- Comply with the Health and Safety at Work Act 2015.
- Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.
- Assist the local government sector with their COVID-19 response.

Performance against primary objectives

This section sets out LGFA's performance for the six months ended 31 December 2020 against the two primary objectives set out in the 2020-21 SOI.

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

Providing interest cost savings relative to alternative sources of financing;

LGFA continues to borrow at very competitive spreads compared to Sovereign, Supranational and Agencies (SSA) issuers who borrow in the New Zealand debt capital markets, the domestic banks and our closest domestic peer issuer Kainga Ora. The benefits are greater the longer the term of financing.

In the latest stakeholder survey result in August 2020, respondents recorded a 99% satisfaction result to the questions "How would you rate LGFA in adding value to your borrowing requirements?" and "How satisfied are you in general as a borrower?"

Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;

Both short and long-term borrowing has been well supported by member councils. Over the six-month period to 31 December 2020:

- there were 37 new short-term loans transacted with loan terms ranging between one month and 12 months. As at 31 December 2020, \$343 million of short-term loans were outstanding to 26 councils.
- 46 councils borrowed \$1,738 million in 137 new long-term loans, across 169 maturity dates ranging between 2021 and 2037.

In July 2020, LGFA issued a new April 2037 bond providing councils with the opportunity to extend their long term borrowing if desired. The average borrowing term by councils (excluding short-dated borrowing) was 7.22 years for the September quarter and 6.77 years for the December quarter, with both quarters exceeding the average term of 5.42 years for the year to June 2020.

In December 2020, LGFA launched the Standby Facility Agreement as a new product that will help reduce overall financing costs for councils and we entered into the first agreement with a council for a \$100 million facility.

Delivering operational best practice and efficiency for its lending services;

Over the six months, LGFA operations successfully processed 2,900 financial payments and 2,386 financial receipts without settlement error.

In the latest stakeholder survey result in August 2020, respondents recorded a 94% satisfaction result to the question "How satisfied are you with the settlement process?"

Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market and we measure strength with participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a healthy market implies high turnover.

Over the six months, LGFA issued \$1.9 billion in bonds, through five tenders and a syndication, as well as \$612.5 million bills through six tenders and private

placements. LGFA uses proceeds from LGFA bills and LGFA bond issuances to fund lending to councils and invests the balance in our liquid asset portfolio.

We estimated secondary market turnover across all maturities in LGFA bonds of \$3.9 billion in the six month period. This compares favourably to turnover of \$3.7 billion in the prior corresponding period.

LGFA documented an Australian Medium-Term Notes Programme in November 2017. We have no immediate intention to use this programme, but it provides flexibility if there is a market disrupting event in the future.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;

LGFA reviews all councils' financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.

We have received compliance certificates from all Participating Borrowers, and all remain compliant as at 30 June 2020. There are seven councils who, due to COVID-19 delays in finalising the audit process, have provided outcomes based on unaudited financial statements. LGFA has reviewed these financial statements and are comfortable with them.

Analyse finances at the Council group level where appropriate and report to shareholders;

No council has yet to request to LGFA that they be measured on a group basis.

Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and

Following the lifting of COVID-19 travel restrictions, LGFA commenced council visits again in the later months of 2020. We met with 22 councils over the six months and that number will increase in the second half of the current financial year.

Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

Over the six months, LGFA management met with representatives from Reserve Bank of New Zealand, Department of Internal Affairs, Office of

the Auditor General, SOLGM, the New Zealand Debt Management section of the Treasury (NZDM) and members of the Three Waters Reform Group. We held investor conference calls for investors and banks relating to bond issuance and provided updates on the impact on the local government sector from COVID-19 and the proposed water industry reforms.

In our 2020 Annual Report, LGFA outlined our commitment to develop lending products to assist councils finance projects that promote environmental and social wellbeing. LGFA is committed to exploring opportunities in Green, Social and Sustainable lending and we are actively progressing development in this area, with the objective of launching inaugural Green, Social and Sustainable lending products.

LGFA continues to assist the sector and the advisers in finding ways for LGFA to play a supporting role in providing solutions to off balance sheet financing for councils and are currently providing technical input into the Cameron Partners Ratepayer Financing Scheme.

Additional objectives

LGFA has the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually. LGFA will:

Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.

LGFA has an annual review process regarding our credit ratings from Standard and Poor's and Fitch Ratings and meets with both agencies at least annually. Formal review meetings were last held in November 2019 with S&P and in October 2020 with Fitch.

- **Standard and Poor's (S&P).** On 28 February 2020, S&P affirmed our long-term local currency credit rating (AA+) and our long-term foreign currency credit rating (AA). Both ratings remain on positive outlook and the same as the New Zealand Government.
- **Fitch Ratings (Fitch).** On 4 November 2020, Fitch affirmed our long-term local currency credit rating as AA+ and classified LGFA as a corporate mission, government-related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government. Our foreign currency credit rating of AA remains on positive outlook.

Provide at least 85% of aggregate long-term debt funding to the Local Government sector.

LGFA's estimated market share of 82% for the rolling twelve-month period to 31 December 2020 and our market share is strong compared to our global peers.¹

Over the six months, four new councils became members of LGFA, lifting total participating members to 71 as at 31 December 2020. South Waikato District Council, Waitaki and Central Otago District Councils joined as guarantors and Kawerau District Council joined as a non-guarantor.

Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.

Net interest income (NII) over the six months, on an unaudited basis, was \$609k above budget while expenses were \$30k below budget. The six-month net operating profit of \$5.918 million was \$673k above budget.

Included in the NII is the unrealised mark-to-market movement in fixed rate swaps that are not designated effective for hedge accounting purposes. These swaps reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between borrowing and on-lending terms in our balance sheet. The unrealised loss increases as interest rates fall but turns to a profit if interest rates rise. Due to a rise in interest rates since June 2020, the year to date revaluation is a profit of \$317k.

Expenses for the six-month period, on an unaudited basis, were \$3.938 million which is \$30k below budget. Key drivers for the variance are:

- **Issuance and on-lending costs** (excluding Approved Issuer Levy) at \$1.4 million were \$14k above budget. A larger amount of bond issuance and short-term lending increased these costs relative to budget, primarily in relation to higher NZX costs and legal costs. These were offset to some extent from lower fees than budgeted relating to the NZDM facility.
- **Operating costs** at \$1.945 million were \$33k below budget due to lower travel and consulting costs offset by higher legal and personnel costs relative to budget.

- **Approved Issuer Levy** (AIL) payments of \$593k were \$11k below budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment and offshore investor holdings are just below our SOI forecasts.

Comply with the Health and Safety at Work Act 2015.

LGFA has a Health and Safety Staff Committee and reporting on health and safety issues is made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the six months.

Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.

There were no compliance breaches during the six-month period.

Assist the local government sector with their COVID -19 response.

On 30 June 2020, in response to COVID-19, shareholders approved a change to LGFA's Foundation Policy covenants to provide short term relief to councils from any temporary reduction in revenue and to allow councils to co-invest alongside Central Government in infrastructure projects. For the financial year ending 30 June 2021, the net debt/total revenue covenant for borrowers with an external credit rating of at least A+ has been increased from 250% to 300%. In addition to this direct response:

- LGFA continues to provide input into the Ratepayer Financing Scheme project that, if successful, could offer temporary financial relief to ratepayers via rates postponement.
- The new Standby Facility product will provide greater certainty of access to cost-effective standby funding for councils as an alternative to the traditional bank provider.
- LGFA has extended the longest dated borrowing maturity for councils from 2033 to 2037 to enable councils to better match assets with liabilities and to benefit from record lows in interest rates and borrowings spreads.

1. LGFA use the PwC Local Government Debt Report as source data for calculating market share.

Meet or exceed the Performance Targets.

As at 31 December 2020, LGFA were meeting eight out of the ten performance targets.

Performance measure	Result to 31 December 2020	Outcome
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million	\$9.85 million	✓
Annual issuance and operating expenses (excluding AIL) will be less than \$6.30 million	\$3.93 million	✓
Total nominal lending (short and long term) to participating councils to be at least \$9.79 billion	\$12,289 million	✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2020 survey outcome of 98.8%	✓
Meet all lending requests from participating councils	100%	✓
Achieve 85% market share of all council borrowing in New Zealand ¹	81.8%	✗
Review each participating council's financial position, its headroom under LGFA policies and arrange to meet each council at least annually	22 council visits but behind plan due to COVID travel difficulties	✗
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	Nil	✓
Successful refinancing of existing loans to councils and LGFA bond maturities as they fall due	100%	✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	AA+/AA+	✓

1. After excluding Auckland Council borrowing, LGFA's share of councils' borrowing in New Zealand was 94.0% at 31 December 2020.



Waikawa flood prevention work commences.
Marlborough District Council

Financial statements Nga taukī pūtea

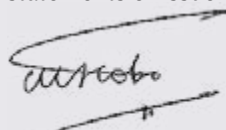
Statement of comprehensive income

For the six months ended 31 December 2020 in \$000s

	Note	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019
Interest income			
Cash and cash equivalents		385	216
Marketable securities		1,911	2,072
Deposits		3,493	3,065
Derivatives		107,810	69,933
Loans		76,776	109,786
Fair value hedge ineffectiveness	2	-	-
Total interest income		190,375	185,072
Interest expense			
Bills		1,149	3,521
Bond repurchase transactions		325	257
Lease liability		9	14
Bonds		177,963	169,918
Borrower notes		1,077	1,562
Total interest expense		180,523	175,272
Net interest income		9,852	9,800
Other operating income	3	5	-
Total operating income		9,857	9,800
Operating expenses			
Issuance and on-lending expenses	4	1,993	1,846
Operating expenses	5	1,945	1,851
Total expenses		3,938	3,697
Net operating profit		5,918	6,103
Total comprehensive income		5,918	6,103

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements or issue on 26 February 2021.



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of changes in equity

For the six months ended 31 December 2020 in \$000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 1 July 2019		25,000	49,149	74,149
Net operating profit			6,103	6,103
Total comprehensive income for the year			6,103	6,103
Transactions with owners			-	-
Dividend paid on 6 September 2019			(1,155)	(1,155)
Unaudited closing balance as at 31 December 2019		25,000	54,097	79,097
Equity as at 1 July 2020		25,000	58,616	83,616
Net operating profit			5,918	5,918
Total comprehensive income for the year			5,918	5,918
Transactions with owners			-	-
Dividend paid on 4 September 2020			(878)	(878)
Unaudited closing balance as at 31 December 2020		25,000	63,656	88,656

These statements are to be read in conjunction with the notes to the financial statements

Statement of financial position

As at 31 December 2020 in \$000s

	Note	Unaudited as at 31 December 2020	Audited as at 30 June 2020
Assets			
Financial assets			
Receivables		5	-
Cash and bank balances		323,854	165,826
Marketable securities		613,360	589,124
Deposits		640,500	499,824
Derivatives in gain		913,793	1,018,775
Loans	6	12,319,999	10,899,756
Non-financial assets			
Prepayments		963	642
Other assets	11	471	419
Total assets		14,812,945	13,174,365
Equity			
Share capital	13	25,000	25,000
Retained earnings		57,738	58,616
Total comprehensive income for the period		5,918	-
Total equity		88,656	83,616
Liabilities			
Financial liabilities			
Payables and provisions		909	706
Bills	7	612,111	647,021
Bond repurchases	10	36,935	202,755
Derivatives in loss		41,351	19,075
Bonds	8	13,811,478	12,038,468
Borrower notes	9	221,088	182,272
Non-financial liabilities			
Other liabilities		417	453
Total liabilities		14,724,289	13,090,749
Total equity and liabilities		14,812,945	13,174,365

These statements are to be read in conjunction with the notes to the financial statements

Statement of cash flows

For the six months ended 31 December 2020 in \$000s

	Note	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019
Cash Flow from Operating Activities			
Cash applied to loans		(1,420,594)	(847,625)
Interest paid on bonds issued		(212,221)	(184,896)
Interest paid on bills issued		(1,149)	(3,498)
Interest paid on borrower notes		(137)	(48)
Interest paid on bond repurchases		(599)	(278)
Interest received from loans		77,156	117,942
Interest received from cash & cash equivalents		377	215
Interest received from marketable securities		5,376	1,711
Interest received from deposits		2,978	1,534
Net interest on derivatives		139,963	75,341
Payments to suppliers and employees		(4,177)	(4,270)
Cash proceeds from provision of standby facilities		5	-
Net cash flow from operating activities	12	(1,413,023)	(843,872)
Cashflow from Investing Activities			
Purchase of marketable securities		(27,701)	3,734
Purchase of deposits		(140,161)	(164,334)
Net Cashflow from Investing Activities		(167,862)	(160,600)
Cashflow from Financing Activities			
Cash proceeds from bonds issued		2,026,534	1,137,733
Cash proceeds from bills issued		(34,910)	(100,489)
Cash proceeds from bond repurchases		(165,546)	(23,570)
Cash proceeds from borrower notes		37,876	10,882
Dividends paid		(878)	(1,155)
Cash applied to derivatives		(124,161)	(29,729)
Net Cashflow from Financing Activities		1,738,914	993,672
Net (Decrease) / Increase in Cash		158,029	(10,800)
Cash, Cash Equivalents and Bank overdraft at beginning of year		165,826	56,198
Cash, Cash Equivalents and Bank overdraft at end of year		323,854	45,398

These statements are to be read in conjunction with the notes to the financial statements

1 Statement of accounting policies

a. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

These financial statements were authorised for issue by the Directors on 26 February 2021.

b. Statement of compliance

The interim financial statements are for the six months ended 31 December 2020 and are to be read in conjunction with the annual report for the year ended 30 June 2020.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

c. Basis of preparation

Accounting judgements, estimates and assumptions

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

d. Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit and bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

f. Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g. Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Other operating income

Other operating income is recognised as services are performed and the related performance obligations are fulfilled.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

i. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

2. Hedge accounting

LGFA is exposed to interest rate risk from fixed rate borrowing and variable rate lending to councils. LGFA uses interest rate swaps to manage this interest rate risk. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowings and loans.

The following table shows the gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships.

in \$000s	Unaudited gain/(loss) for the six months ended 31 December 2020	Unaudited gain/(loss) for the six months ended 31 December 2019
Hedging instruments – interest rate swaps	635,001	465,184
Hedged items attributable to the hedged risk – fixed rate bonds	(635,001)	(465,184)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds or loans) are mapped to the same fair value account.

For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

3. Other operating income

in \$000s	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019
Standby facilities fee income	5	-
Total other operating income	5	-

4. Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

in \$000s	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019
Rating agency fees	311	301
NZDM facility fee	308	308
Legal fees – issuance	294	223
NZX	340	235
Trustee fees	50	50
Regulatory, registry, other fees	97	79
Approved Issuer Levy ¹	593	650
	1,993	1,846

1. The amount of Approved Issuer Levy is a function of the number of the offshore holders of certain LGFA bond maturities.

5. Operating expenses

Operating expenses are all other expenses that are not classified as issuance and on-lending expenses.

in \$000s	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019
Information technology	367	358
Consultants	16	52
Directors fees	200	199
Insurance	42	35
Legal fees	95	73
Other expenses	159	192
Auditors' remuneration		
Statutory audit	54	53
Advisory services	-	-
Personnel	1,012	889
	1,945	1,851

6. Loans

in \$000s	Unaudited as at 31 December 2020		Audited as at 30 June 2020	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	20,010	52,250	10,001	32,279
Auckland Council	-	3,215,451	-	2,766,155
Bay of Plenty Regional Council	-	232,150	-	192,077
Buller District Council	-	20,004	-	20,005
Canterbury Regional Council	6,002	64,145	6,002	48,129
Central Hawkes Bay District Council	-	20,108	-	20,107
Christchurch City Council	9,005	2,080,650	25,094	1,904,271
Clutha District Council	2,002	11,036	2,003	7,030
Far North District Council	-	56,714	10,001	46,686
Gisborne District Council	-	73,755	-	58,754
Gore District Council	6,011	23,554	6,004	16,538
Greater Wellington Regional Council	-	450,898	-	425,877
Grey District Council	3,991	15,144	3,967	15,196
Hamilton City Council	-	531,033	-	481,064
Hastings District Council	-	185,368	-	150,335
Hauraki District Council	-	49,104	-	44,102
Hawkes Bay Regional Council	-	8,821	-	2,507
Horizons Regional Council	6,993	37,202	6,987	37,199
Horowhenua District Council	16,003	90,213	16,003	90,618
Hurunui District Council	8,005	33,063	8,005	30,065
Hutt City Council	-	206,491	-	216,523
Invercargill City Council	25,013	78,698	25,013	65,165
Kaikoura District Council	-	5,014	4,007	3,008
Kaipara District Council	-	44,082	-	44,089
Kapiti Coast District Council	-	220,339	-	210,353
Manawatu District Council	11,523	72,687	11,519	65,669
Marlborough District Council	30,222	73,155	27,224	73,157
Masterton District Council	-	55,609	-	51,215
Matamata-Piako District Council	-	33,573	-	26,561
Nelson City Council	-	90,143	-	75,118
New Plymouth District Council	-	185,010	-	139,939
Northland Regional Council	-	14,148	-	9,729
Opotiki District Council	-	8,611	-	8,620
Otorohanga District Council	-	3,029	-	3,035
Palmerston North City Council	-	167,305	-	137,267

in \$000s	Unaudited as at 31 December 2020		Audited as at 30 June 2020	
	Short-term loans	Loans	Short-term loans	Loans
Porirua City Council	-	141,772	-	131,787
Queenstown Lakes District Council	25,025	120,481	20,027	95,525
Rangitikei District Council	-	3,020	-	3,020
Rotorua District Council	2,821	205,105	22,855	195,105
Ruapehu District Council	8,004	17,063	8,005	17,061
Selwyn District Council	-	60,117	-	35,092
South Taranaki District Council	-	107,214	-	101,232
South Waikato District Council	24,966	-	-	22,018
South Wairarapa District Council	-	22,020	-	-
Stratford District Council	-	22,774	-	15,571
Taranaki Regional Council	3,997	-	3,992	-
Tararua District Council	-	45,090	2,006	33,080
Tasman District Council	27,071	177,062	31,143	177,039
Taupo District Council	-	135,178	-	115,177
Tauranga City Council	19,986	566,724	-	526,768
Thames-Coromandel District Council	-	69,150	-	61,147
Timaru District Council	22,507	67,194	22,577	67,203
Upper Hutt City Council	-	57,120	2,993	46,108
Waikato District Council	-	95,201	-	95,222
Waikato Regional Council	-	32,079	-	32,085
Waimakariri District Council	-	160,529	-	160,550
Waipa District Council	15,805	57,113	13,503	40,053
Wairoa District Council	-	9,046	-	9,045
Waitaki District Council (WD)	2,498	12,517	-	-
Waitomo District Council	6,008	30,043	7,022	30,044
Wellington City Council	-	806,414	-	635,684
West Coast Regional Council	2,001	6,611	2,001	6,610
Western Bay Of Plenty District Council	-	90,183	-	90,212
Westland District Council	-	23,856	-	19,652
Whakatane District Council	-	78,185	-	67,178
Whanganui District Council	7,506	104,295	7,510	94,290
Whangarei District Council	9,994	165,317	9,992	142,301
	322,970	11,997,029	315,456	10,584,299

As at 31 December 2020, \$1,920 million of loans are due to mature within 12 months. This comprises all short-term loans and \$1,597 million of loans.

7. Bills on issue

Unaudited as at 31 December 2020 in \$'000's	Face value	Unamortised premium	Accrued interest	Total
6 January 2021	20,000	-	(1)	19,999
15 January 2021	140,000	-	(16)	139,984
5 February 2021	25,000	-	(8)	24,992
10 February 2021	85,000	-	(30)	84,970
10 March 2021	50,000	-	(28)	49,972
15 March 2021	87,500	-	(58)	87,442
7 April 2021	25,000	-	(20)	24,980
15 April 2021	25,000	-	(20)	24,980
12 May 2021	55,000	-	(54)	54,946
9 June 2021	25,000	-	(32)	24,968
14 June 2021	25,000	-	(34)	24,966
14 September 2021	50,000	-	(88)	49,912
	612,500	-	(389)	612,111

Audited as at 30 June 2020 in \$'000's	Face value	Unamortised premium	Accrued interest	Total
8 July 2020	110,000	-	(21)	109,979
17 July 2020	58,500	-	(31)	58,469
22 July 2020	12,000	-	(9)	11,991
6 August 2020	225,000	-	(102)	224,898
12 August 2020	75,000	-	(79)	74,921
9 September 2020	50,000	-	(59)	49,941
7 October 2020	17,000	-	(36)	16,964
11 November 2020	50,000	-	(63)	49,937
9 December 2020	25,000	-	(37)	24,963
15 December 2020	25,000	-	(43)	24,957
	647,500	-	(479)	647,021

8. Bonds on issue

Bonds on issue do not include \$950 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 10: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2020 in \$000's	Face value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
15 May 2021	1,450,000	8,241	11,296		
14 April 2022	1,605,000	25,268	9,579		
15 April 2023	1,660,000	58,789	19,564		
15 April 2024	1,348,000	11,809	6,499		
15 April 2025	1,469,000	(22,584)	8,657		
15 April 2026	1,150,000	7,139	3,696		
15 April 2027	1,426,000	76,592	13,751		
20 April 2029	952,000	(4,577)	2,864		
14 April 2033	1,130,000	34,748	8,584		
15 April 2037	570,000	3,894	2,443		
Total fixed interest	12,760,000	199,318	86,933	635,001	13,681,252
Floating rate notes					
14 October 2022	130,000	(45)	272	-	130,226
Total	12,890,000	199,272	87,204	635,001	13,811,478

As at 30 June 2020 in \$000's	Face value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
15 May 2021	1,450,000	19,259	11,111		
14 April 2022	1,155,000	16,630	6,769		
15 April 2023	1,550,000	55,449	17,935		
15 April 2024	1,248,000	6,717	5,908		
15 April 2025	1,409,000	(31,014)	8,152		
15 April 2026	1,000,000	763	3,156		
15 April 2027	1,326,000	56,918	12,554		
20 April 2029	692,000	(14,904)	2,042		
14 April 2033	1,030,000	8,706	7,683		
Total fixed interest	10,860,000	118,524	75,309	854,268	11,908,100
Floating rate notes					
14 October 2022	130,000	(58)	426	-	130,368
Total	10,990,000	118,465	75,735	854,268	12,038,468

9. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

10. Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2020, \$950 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 31 December 2020, bond repurchase transactions comprised:

Maturity date	Unaudited as at 31 December 2020	Audited as at 30 June 2020
15 May 2021	-	25,970
14 April 2022	-	25,196
15 April 2023	-	27,670
15 April 2024	-	25,139
15 April 2025	21,901	22,135
15 April 2026	-	-
15 April 2027	-	31,145
20 April 2029	-	22,899
14 April 2033	-	22,600
15 April 2037	15,034	-
	36,935	202,755

11. Other assets

	Unaudited as at 31 December 2020	Audited as at 30 June 2020
Intangible assets ¹	230	306
Right-of-use lease asset	241	113
Total	471	419

1. Intangible assets comprise acquired and internally developed software costs incurred on the implementation of LGFA's treasury management system.

12 Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June in \$000s	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2020
Net profit/(loss) for the period	5,948	6,103
Cash applied to loans	(1,420,594)	(847,625)
Non-cash adjustments		
Amortisation and depreciation	1,937	(1,700)
Working capital movements		
Net change in trade debtors and receivables	149	(248)
Net change in prepayments	(321)	(259)
Net change in accruals	(143)	(143)
Net Cash From operating activities	(1,413,023)	(843,872)

13 Share Capital

As at 31 December 2020, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

Shareholder information

Registered holders of equity securities as at 31 December 2020	31 December 2020		30 June 2020	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

14 Related parties

Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 13.

LGFA operates under an annual Statement of Intent with the respective local authorities that sets out the intentions and expectations for LGFA's operations and lending to participating local authorities.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils.

The lending to individual councils is disclosed in note 6, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by councils who borrow from LGFA is disclosed in note 9.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is LGFA's derivatives counterparty.

Other disclosures

Net Tangible Assets

Net tangible assets per \$1,000 of listed bonds as at 31 December 2020 is \$6.86 (30 June 2020: \$7.09).

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Document No: A515449

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



Meeting Date: 11 May 2021

Subject: **Waikato Local Authority Shared Services Limited – Half-yearly Report to 31 December 2020**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the Half-yearly Report to 31 December 2020 for Waikato Local Authority Shared Services Limited (WLASS).

Background

- 2.1 Section 66 of the Local Government Act 2002 determines that the board of a Council Controlled Organisation (CCO) must deliver a half yearly report on the organisation's operations to the shareholder by end of February of each year and this report must contain any information required under its Statement of Intent.
- 2.2 Attached to and forming part of this business paper is a copy of the WLASS half-yearly report for the six months ended 31 December 2020.

Commentary

- 3.1 The structural changes implemented last year support the two fundamental roles of WLASS:
 - It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
 - It provides services to councils.
- 3.2 Following consultation, the board has approved four priority projects to progress through 2021. The priority projects are:
 - The use of technology to 'enable' councils and to allow them to engage more effectively with their communities
 - The establishment of regional 'centres of excellence' in GIS and asset management
 - Policy and by-law development

- Considering how the company can add the most value to its shareholders given the significant changes in the local government landscape they are faced with.

3.3 The financial performance for the six months to 31 December 2020 resulted in a surplus of \$698k, \$729k less than budgeted and \$452k more than the same period last year.

3.4 The unfavorable variance in revenue and reduced expenditure principally relates with two projects occurring slightly later than anticipated. Flying related to the LiDAR project was deferred at the end of last summer because of COVID-19 and this has had a flow-on effect. Similarly, flying related to the new regional aerial photography contract is commencing at the start of 2021 rather than late 2020. Overall timing of both these projects remains in line with expectations.

	2020 actual YTD \$000	2020 forecast YTD \$000	Variance \$000 (actual v budget)	2020 budget Full Year \$000
Total income	2,315	3,919	(1,604)	6,205
Total operating expenditure	1,618	2,492	(874)	6,372
Net surplus before tax	698	1,427	(729)	(183)



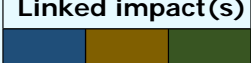
3.5 There are currently twelve major initiatives operating under the WLASS umbrella, plus a number of Working Parties investigating new opportunities, and a support role for the collaborative work streams of the Waikato Mayoral Forum.



3.6 The report provides the six-month highlights on the progress made on the following initiatives:

- WLASS Water Services;
- Building Consent shared services;
- Coordinated L&D programme;
- Waikato OneView;
- LiDAR;

3.7 An update on performance against target, as at 31 December 2020 is tabled below:

Outcomes	Council costs are reduced / performance is improved, without increase cost	The experiences of councils' communities are improved	Central government investment into and engagement with Waikato councils is increased
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Priority	Performance measure	Target	Outcome (progress toward target)
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Opportunity assessments are supported by councils (evidenced by Board minutes) 	<p>Projected savings to councils of \$300k+</p> <p>75% of council</p>	<ul style="list-style-type: none"> ➤ The WLASS Water Services Business Case was built on non-monetary benefits ➤ Several other projects are under development and yet to be finalised with a determination of quantifiable benefits. ➤ Progression of the BCSS project has been deferred pending further engagement with councils ➤ One or more of the service offerings contained in the WLASS Water Services business case were taken up, in principle (based on indicative proposals), by those councils able to participate
<p>Develop opportunities and deliver projects within agreed budgets and timelines</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget 	<p>80%</p>	<p>50%: Three of the six projects under development that had a milestone during the period, had some delays in their progress.</p> <p>The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>100%: The two completed projects both came within budget. Those projects that are in progress are on track to also come within budget.</p>
<p>Ensure projects realise their expected benefits</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an 	<p>Six-monthly</p> <p>For \$200k+ Projects (based on cost of opportunity development</p>	<p>Will commence June 2021 at which point there will have been a full six-month window following implementation of the Coordinated Infrastructure Procurement and WLASS Water Services projects.</p> <p>The Audit & Risk Committee have asked management to provide a list of projects for review in the first half of 2021.</p>

Priority	Performance measure	Target	Outcome (progress toward target)
	assessment of whether projected benefits have been realised)	and ongoing investment) Within 15 months 90% of projected quantifiable benefits are realised	
<p>Ensure existing services are meeting the needs of councils</p> <p>Linked impact(s)</p> 	<p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre- qualification 	80% of councils	<p>Not currently measurable: While management regularly meet with council Chief Executives (and other senior staff) and receive informal feedback as part of those meetings, a survey will be undertaken in the second half of the financial year to ensure each service offering is meeting the needs of councils.</p>
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p>Linked impact(s)</p> 	<p>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	Six per annum	<p>Two initiatives have arisen during the year to date, from the Transformational Focus and Legal Services groups.</p> <p>WLASS engages regularly with the Shared Services Working Party (comprising council Corporate Services Managers / Chief Financial Officers), and other functionally based working groups. The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p>

Recommendation

- 4.1 The Waikato Local Authority Shared Services Limited – Half Annual Report to the 31 December 2020 be received.

Suggested Resolutions

- 1 The business paper on Waikato Local Authority Shared Services Limited – Half Annual Report to the 31 December 2020 be received.
- 2 The Waikato Local Authority Shared Services Limited – Half Yearly Report to the 31 December 2020 be received.
- 3 The Waikato Local Authority Shared Services Limited – Half Yearly Report to the 31 December 2020 be published to Council's website.



ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

23 March 2021

Attachment(s): 1 Waikato Local Authority Shared Services Limited – Half Annual Report to the 31 December 2020 (A515448)



Half-yearly report to Shareholders

1 July 2020 to 31 December 2020

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1 Overview of WLASS

WLASS was established in December 2005. It is jointly owned (in equal portion) by the following councils:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Otorohanga District
- Rotorua Lakes
- South Waikato District
- Taupo District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District

The company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It provides services to councils.

Using WLASS to explore opportunities for councils to be more effective will contribute to councils' section 17A obligation under the Local Government Act 2002 to periodically review the cost-effectiveness of the current arrangements for delivering services to their communities.

In the first half of 2020 the company revisited the way that it measures its success to reflect these roles. This is encapsulated in a performance framework.

WLASS Performance Framework

Our vision	Waikato councils working together to shape happier communities and staff, and forge effective councils.					
Outcomes we are seeking	Council costs are reduced / performance is improved, without increase cost	The experiences of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased		
Our specific objectives	<ul style="list-style-type: none"> ➢ Achieve effectiveness and efficiency gains ➢ Reduce duplication of effort and eliminate waste through repetition ➢ Helping the councils achieve an appropriate balance in risk and return 		<ul style="list-style-type: none"> ➢ Promote and contribute to the development of best practice ➢ Make it easier for communities to engage with councils in the Waikato region on a consistent basis ➢ Promote business transformation to improve communities' experiences 		<ul style="list-style-type: none"> ➢ Enable the Waikato councils to collectively be more effective as a region on the national stage ➢ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment 	
Priorities: How we will achieve our outcomes	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
What we must manage well	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

WLASS is acutely aware of the role it needs to play in reducing costs to its shareholding councils (or improving performance without an increase in cost). While improving the experience of councils' communities will always be front of mind as we develop ideas, we will not do this if it results in an unacceptable layer of additional, unrecoverable cost to councils. Similarly, we want to facilitate more

engagement between central government and Waikato councils, and build central government's confidence in councils in the region. However, we see this as a by-product of achieving the other two outcomes, through which we aspire to show Waikato councils to be the exemplar of how local government in a region can work.

2 Statement of service performance

2.1 Our value

The company continues to deliver value to its shareholding councils through enabling:

- Improved levels and quality of service;
- A more co-ordinated approach to the provision of services;
- Reductions in the cost of services (meeting Council's LGA obligation);
- The development of new initiatives;
- Standardisation of service levels;
- Opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives; and
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

The nature and scope of the activities WLASS undertakes is detailed in section 6. We believe that our fees reflect the value we provide for our core service offerings (RATA, the Energy & Carbon Management programme, the Waikato Regional Transport model, Shared Valuation Data Services, Waikato Building Consent Group and from 2021, WLASS Water Services).

However, the services themselves lead to additional benefits. For example, across RATA and the Energy & Carbon Management programme identified initiatives have led to savings of ~\$1.3m p.a., and the SVDS offering generates revenue from third parties which, for the first time, means that we are not requiring contributions from councils. More recently, last year's priority project "Coordinated Infrastructure Procurement" led to the appointment of a new role within the company to deliver the benefits laid out in the business case. That appointment late last year has had an immediate impact by working with Waikato Regional Council staff to secure savings of ~\$163k (17%) on a project.

We also know that the joint procurement of various services leads to a direct cost saving. This saving comes in the form of:

- Time savings for council staff by undertaking the procurement process once, collectively, rather than individually;
- Direct cost savings from undertaking a single procurement and strengthened negotiation positions;
- Reduced risk, in the case of insurance, which has led to a saving in insurance premiums estimated at between \$1.0m and \$1.5m p.a.

We want to ensure that our service offerings meet your expectations. That is why we have a specific measure of performance for this. While we regularly seek feedback from councils, we will be formally gauging how well we are meeting your needs via a shareholder survey in the first half of 2021. We welcome the opportunity to engage more with our shareholding councils at all levels, in a way that best works for each of you.

Beyond the direct time and cost savings councils receive from the work WLASS does, we make it a priority to add value in less tangible ways. We have started seconding council staff onto some of our projects where they have the capacity to be involved. We see this as a great way of helping develop your staff by exposing them to a more regional perspective and getting involved in an area that is not part of what they do on a day-to-day basis. We think providing this opportunity is significantly more valuable

than engaging consultants to help us develop ideas, at greater cost, and with the learnings taken with them at the end of the project.

We also foster collaboration across the councils. In the main we do this via working groups, which meet at least quarterly. The overarching purpose of these groups is to help WLASS achieve the outcomes we are seeking, and these groups facilitate this by coming up with ideas for improvement in their functional areas, as well as acting as a sounding board for initiatives as they are developed. They also play a critical role in helping their councils, particularly potentially impacted staff, prepare for change that might come from ideas once they are developed.

While the working groups are an important element to the success of the company, we also know from discussions with council staff involved that they value the opportunity to get together and talk with their peers about common challenges and share learnings on how to address them.

2.2 Six-month highlights

Of course, we want to continue to build on the value we are already providing. To that end, we are doing what we said we would do in our 2020 SOI and set out in this section what we have done during in the last six months, beyond the value we provide through our current offerings.

WLASS Water Services

In September 2020, the Board approved the establishment of WLASS Water Services. This arrangement will see the previous partnership between Hamilton City, Waikato District and Waipa District Councils subsumed into WLASS. The water sampling and analysis, trade waste management and “Smart Waters” services undertaken by the unit will be offered to other councils within the region.

Nine councils have indicated a desire to participate in at least one of the services. Hamilton City Council and Waipa District Council will transfer directly from the existing partnership to become a customer of the new WLASS service. Most of the other councils will commence the service in the new financial year, from 1 July 2021, although some have indicated a preference for a start date in early 2021.

This new service offering is a significant addition to the company, increasing revenue by ~40%.

Building consent shared services

The most significant opportunity development during the period was the Building Consent Shared Services project. The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the customer in mind and in the most efficient way. Councils are also facing a shortage in capacity in this area and this challenge is expected to increase with an aging workforce (not unique to building consent functions), and continuing demands on high-growth sub-regions.

Development of the opportunity culminated in the delivery of an indicative business case to the Board in December. We will be engaging further with senior staff within councils in the first half of 2021 with a view to progressing this transformational initiative to detailed business case. We believe it can add real value to Waikato communities.

Coordinated L&D programme

Waikato councils have the same functional responsibility and therefore the same capability needs (noting the WRC have some different requirements). This project will consider how the learning and development programmes and supporting material can be aligned and a regional approach to training can be established. Ultimately, the project aims to result in improved training opportunities for council staff and cost efficiencies as a result of collaboration. We see it having the potential to significantly lift the capabilities within councils in a cost-effective way.

A project team has been established with representation from councils along with support from the WLASS People and Capability Managers Working Party. The team have commenced analysis of the opportunity.

Waikato OneView

Phase 1 of the Waikato OneView project implementation was completed. Waikato OneView will see the alignment of key data from different councils through a common data schema and presentation of that data via a Web Map Viewer. It will improve the customer experience by reducing the time required to gather data and increasing the data's accessibility because it covers the whole region and is always available.

For the councils, a key investment objective is to increase the visibility and accessibility of data (in line with central Government's open data initiative), with the resulting benefit of improved ability to report across council boundaries. Other objectives include the aim of reducing council staff workloads (because users can self-serve) and the cost-benefit of collective buying power.

LiDAR

In February 2019, the Board approved the procurement of a regional Light Detection and Ranging (LiDAR) data set as part of a Land Information NZ nation-wide initiative. That initiative is supported by funding from the Provincial Growth Fund and other commercial partners, which has significantly reduced the investment required from councils. The project will create highly detailed 3D maps and models of the Waikato landscape. LiDAR is a foundational data asset essential to decisions involving the physical world. It has the potential to help drive regional economic growth and spur new investment by enabling councils and businesses to efficiently plan and develop housing, road, and water infrastructure, and better prepare for hazards such as flooding, landslides and erosion.

The supplier of the LiDAR services (iXblue Pty Ltd) is an Australian based company with a presence in NZ. Lockdown from COVID-19 meant flying did not start last season. Ongoing border restrictions created some challenges for the team as key staff (including pilots), were required to complete the mandatory 14-day isolation period. However, as of January 2021, there are two survey planes working in the region along with ground-based teams completing the ground survey operation. The survey operation is expected to continue until May 2021, while the fully processed LiDAR data is expected to be delivered to WLASS by October 2022.

The next suite of priority projects


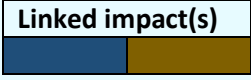

Following consultation with council Chief Executives and other senior staff, the Board agreed the next suite of priority projects that the company will progress throughout 2021. Those projects will continue to push the transformational agenda our shareholders have asked for. They cover:


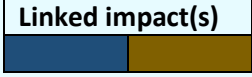
- The use of technology to 'enable' councils and to allow them to engage more effectively with their communities;
- The establishment of regional 'centres of excellence' in GIS and asset management;
- Policy and by-law development; and
- Considering how the company can add the most value to its shareholders given the significant changes in the local government landscape they are faced with.

More detail on these projects is included in the company's 2021 Statement of Intent.

2.3 Assessment of performance against targets

The following performance measures were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. An update on performance against target, as at 31 December 2020, is shown in the table below.

Priority	Performance measure	Target	Outcome (progress toward target)
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Opportunity assessments are supported by councils (evidenced by Board minutes) 	<p>Projected savings to councils of \$300k+</p> <p>75% of councils</p>	<ul style="list-style-type: none"> ➤ The WLASS Water Services Business Case was built on non-monetary benefits ➤ Several other projects are under development and yet to be finalised with a determination of quantifiable benefits. ➤ Progression of the BCSS project has been deferred pending further engagement with councils ➤ One or more of the service offerings contained in the WLASS Water Services business case were taken up, in principle (based on indicative proposals), by those councils able to participate
<p>Develop opportunities and deliver projects within agreed budgets and timelines</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget 	<p>80%</p> <p>90%</p>	<p>50%: Three of the six projects under development that had a milestone during the period, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>100%: The two completed projects both came within budget. Those projects that are in progress are on track to also come within budget.</p>
<p>Ensure projects realise their expected benefits</p> <p>Linked impact(s)</p> 	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an 	<p>Six-monthly</p> <p>For \$200k+ Projects (based on cost of opportunity development</p>	<p>Will commence June 2021 at which point there will have been a full six-month window following implementation of the Coordinated Infrastructure Procurement and WLASS Water Services projects.</p> <p>The Audit & Risk Committee have asked management to provide a list of projects for review in the first half of 2021.</p>

Priority	Performance measure	Target	Outcome (progress toward target)
	assessment of whether projected benefits have been realised)	and ongoing investment) Within 15 months 90% of projected quantifiable benefits are realised	
<p>Ensure existing services are meeting the needs of councils</p> <p>Linked impact(s)</p> 	<p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils	Not currently measurable: While management regularly meet with council Chief Executives (and other senior staff) and receive informal feedback as part of those meetings, a survey will be undertaken in the second half of the financial year to ensure each service offering is meeting the needs of councils.
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p>Linked impact(s)</p> 	<p>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	Six per annum	<p>Two initiatives have arisen during the year to date, from the Transformational Focus and Legal Services groups.</p> <p>WLASS engages regularly with the Shared Services Working Party (comprising council Corporate Services Managers / Chief Financial Officers), and other functionally based working groups. The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p>

3 WCLASS Financial Position

3.1 Summary

Summary financial results for the six months to 31 December 2020 are:

	2021 actual \$000	2021 forecast \$000	Variance \$000 (Actual v Budget)	2021 budget \$000 (Full Year)
Total income	2,315	3,919	(1,604)	6,205
Total operating expenditure	1,618	2,492	(874)	6,372
Net surplus before tax	698	1,427	(729)	(183)
Cash on hand	1,301	n/a	n/a	647

Revenue and expenditure are both less than anticipated, with two projects occurring slightly later than anticipated. Flying related to the LiDAR project was deferred at the end of last summer because of COVID-19 and this has had a flow-on effect. Similarly, flying related to the new regional aerial photography contracts is commencing at the start of 2021 rather than late 2020. Overall timing of both these projects remains in line with expectations. While the net surplus is currently less than forecast, this is expected to reverse over the remainder of the year with the latest forecast indicating a full-year profit of \$189k.

The cash position is:

	Cash balance @ 1/07/2020 \$000	Cash surplus / (deficit) \$000	Cash balance @ 31/12/2020 \$000
Company Administration	75	293	368
RITS	23	43	65
Working Parties Projects	20	91	111
Information Technology	10	22	32
Energy Management	133	10	143
Shared Valuation Data Service (SVDS)	233	47	280
Road Asset Technical Accord (RATA) & Waters Collaboration	145	-118	27
Waikato Regional Transport Model (WRTM)	19	258	277
Waikato Building Conesnt Group (WBCG)	236	59	295
Mayoral Forum	-23	4	-19
WCLASS Water Services	0	-12	-12
Accounts Receivables	-1,491	-117	-1,608
Accounts Payables	1,747	-406	1,341
Total	1,127	174	1,301

Note: Cash balances for each workstream vary from the actual cash position as a result of accounts receivable / payable which are not tracked on an activity by activity basis.

Invariably the cash balance has arisen because actual expenditure has been less than anticipated. It is expected to reduce over the coming six months. We will be reforecasting in March and will assess the likely year end cash position for each workstream. The Company Administration surplus is mainly due to the full year's membership charges being invoiced at the beginning of the financial year.

3.2 Statement of Financial Performance

Waikato Local Authority Shared Services Statement of Financial Performance For the six months ending 31 December 2020				
	Financial year 2021 YTD Actuals	Financial year 2021 YTD Forecast	Financial year 2021 YTD Budget	Financial year 2020 YTD Actuals
Revenue				
SVDS Data & Software Sales	266,751	270,295	235,955	246,630
Interest	7	6	1,000	15
Other Revenue				
User Charges	2,048,689	3,648,701	2,708,304	2,444,962
Total Other Revenue	2,048,689	3,648,701	2,708,304	2,444,962
Total Revenue	2,315,447	3,919,002	2,945,259	2,691,607
Expenditure				
Depreciation and amortisation expense	10,868	11,602	8,225	34,065
Personnel costs	321,198	287,864	353,525	183,498
Other expenses	1,285,762	2,192,869	2,454,671	2,227,745
Total Expenditure	1,617,828	2,492,335	2,816,421	2,445,308
Net Profit	697,619	1,426,667	128,838	246,299

3.3 Statement of Cashflows

Waikato Local Authority Shared Services As at 31 December 2020 For the six months ending 31 December 2020		
	Financial year 2021 YTD Actuals	Financial year 2020 YTD Actuals
Cashflows from Operating Activities		
Interest Received	7	2,369
Receipts from Other Revenue	2,059,188	5,289,918
Payments to Suppliers and Employees	(1,898,160)	(5,725,847)
Taxes Paid	0	998
Goods & Services tax (net)	35,150	113,849
Net cash from operating activities	196,184	694,474
Cashflows from Investing Activities		
Capital enhancements	0	0
Purchase of PPE	(13,611)	(13,103)
Purchase of investments	0	0
Net cash from investing activities	(13,611)	0
Net increase in cash, cash equivalents and bank accounts	172,730	(331,816)
Opening cash and cash equivalents and bank overdrafts	1,127,986	1,459,803
Closing cash, cash equivalents and bank accounts	1,300,716	1,127,986
Summary of Bank Accounts		
BNZ - Call a/c	28,921	0
BNZ - Transaction Account	1,271,795	1,127,986
Closing Balance of Bank	1,300,716	1,127,986

3.4 Statement of Financial Position

**Waikato Local Authority Shared Services
Statement of Financial Position
As at 31 December 2020**

	Financial year 2021 Actual at 31/12/2020	Financial year 2020 Actual at 31/12/2019
Assets		
Current Assets		
Bank		
Call Account	28,921	28,902
Transaction Account	1,271,796	2,111,764
Total Bank	1,300,717	2,140,667
Accounts Receivable		
Accounts Receivable	897,371	185,680
Accounts Receivable Accruals	710,705	170,704
GST	0	31,934
IRD - RWT Tax		
RWT On Interest	0	998
RWT On Payments	0	(2,584)
Total IRD - RWT Tax	0	(1,586)
Total Accounts Receivable	1,608,075	386,732
Prepayments	0	6,900
Total Current Assets	2,908,792	2,534,298
Non-current Assets		
SVDS - Original Cost	3,065,316	3,065,316
WRTM - Original Cost	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195
IT equipment	24,350	5,592
Accumulated Depreciation	(5,334,214)	(5,301,152)
Office Furniture	7,956	0
Total Non-current Assets	61,458	67,806
Total Assets	2,970,250	2,602,104
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	147,341	172,376
Accounts Payable Accrual	5,000	305,521
Total Accounts Payable	152,341	477,897
Credit Card Balance	2,472	0
Revenue in Advance	1,093,486	587,159
ACC Prepayments	0	(77)
Employee Entitlements	1	8,635
GST	92,518	0
Total Current Liabilities	1,340,819	1,073,615
Total Liabilities	1,340,819	1,073,615
Net Assets	1,629,432	1,528,490
Equity		
Contributed Capital	2,957,001	2,957,001
Retained Earnings	(1,327,569)	(1,428,511)
Total Equity	1,629,432	1,528,490

3.5 Policies

The accounting policies on which the preceding financial statements have been prepared are consistent with those used in preparing the Financial Statements for the year ended 30 June 2020, included in the company's [Annual report](#).

4 Governance arrangements

During the period, the Directors of WLASS were:

Director	Representing
Peter Stubbs	Independent Chair
David Bryant	Hamilton City Council
Gareth Green	Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Chris McLay (appointed 25 September 2020)	Waikato Regional Council
Vaughan Payne (resigned 25 September 2020)	Waikato Regional Council
Rob Williams	Hauraki, Matamata-Piako and Thames-Coromandel District Councils

5 Financial forecasts

Latest financial forecasts are contained in the company's 2021 Statement of Intent issued for shareholder comment in February 2021.

6 Nature & scope of activities

The principal initiatives operating under the WLASS umbrella are:

- Aligned resource consent planning
- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Asset Technical Accord (RATA)
- Regional Infrastructure Technical Specifications
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG)
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Transportation Model (WRTM)
- WLASS Water Services (WWS)

Aligned resource consent planning

This toolkit provides regional consistency and best practice processes in the administration of resource consenting. It is used by nine councils (Taupo and Otorohanga are not currently participating, and Waikato Regional Council processes different types of resource consents from the territorial local authorities). WLASS controls the documentation on the WLASS website, and the Waikato Resource Consent forum manages the process for making updates and amendments to the templates and documents in the toolkit.

Energy management

WLASS entered into a three-year Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. Across the programme EECA provided funding of \$210,000. Implemented projects have delivered 3.62m kWh in energy reduction annually (as against a target of 2.5m kWh), saved \$446,000 per annum.

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and the nine participating councils.

Health & safety pre-qualification

WLASS contracts with RJ Safety Consulting (previously SHE Software), to manage the Local Government Health & Safety Contractor Pre-qualification Scheme on behalf of councils. Twenty councils and one CCO are now using the scheme with approximately 1,600 contractors registered, which enables them to be pre-qualified to work for any of the participating councils.

Further detail on these activities and the councils involved in each can be found on the WLASS website at <http://www.waikatolass.co.nz/>.

Joint procurement initiatives

WLASS is a party to numerous joint procurement contracts between the company, shareholding councils and suppliers. Councils choose whether to be a party to a particular contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional councils to join later.

The most significant suite of contracts comprises the Professional Services Panel, involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019.

In 2019 standard regional procurement policies, templates and procedures were developed for use by councils and procurement training provided to council staff.

LiDAR

WLASS is managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. Ground survey commenced in December 2020 with aerial survey commencing in January 2021. The survey operations are expected to be complete by May 2021 and the full data set to be publicly available by October 2022. The project involves funding from ten councils plus several commercial companies and the Provincial Growth Fund (via LINZ).

Regional Asset Technical Accord (RATA)

RATA was initially established as a centre of excellence for road asset planning in 2014.

The original aim of RATA was to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. This aim remains but in 2019 the business unit expanded its activity into waters asset management. By leading asset management best practice, RATA enables better decision-making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

Waipa District Council employs RATA staff who are then contracted to provide services to WLASS.

Regional Infrastructure Technical Specifications (RITS)

The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure. Prior to developing RITS, each Council had its own technical specifications for infrastructure resulting in different standards having to be met across the Waikato region. RITS provides a single regional guide, making business easier.

The RITS is published on the WLASS website (<http://www.waikatolass.co.nz/>), and ongoing maintenance of the document is the responsibility of a Project Co-ordinator, managed by WLASS.

Shared Valuation Data Service (SVDS)

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating councils. In the first half of 2020, the transition to a software-as-a-service arrangement with a new provider was completed further reducing cost to councils.

Waikato Building Consent Group (WBCG)

The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The activity transferred to WLASS on 1 July 2016 and now comprises eight councils.

The WBCG has developed a common quality assurance system with associated supporting documentation that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

On 1 July 2020, WLASS assumed responsibility for managing the regions IQP and Producer Statement registers for the benefit of councils.

Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. Photographs are captured periodically (~every 5 years). Most recently contracts were executed in December 2020 to undertake the latest programme.

Waikato Regional Transportation Model (WRTM)

The WRTM became fully operational in February 2010. It provides accurate information to councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region and is jointly funded by the NZTA.

WRTM is making a significant contribution to strategic planning surrounding land use and infrastructure within the region and has been involved in regionally and nationally significant investigations including the Waikato Expressway Network Plan, the Waikato Regional Land Transport Strategy and Regional Policy Statement and transport impact assessments in relation to the development of Ruakura.

WLASS Water Services (WWS)

In the second half of 2020 the company agreed to subsume the previous Shared Services Partnership activity (involving Hamilton City and Waipa and Waikato District Councils), into its suite of services available to other councils. Eight councils accepted indicative proposals to take up one or more of the sampling and analysis, trade waste management and Smart Water services available. Onboarding the councils will occur in the first half of 2021.

Document No: A522366

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: Insurance Update Report for the Insurance Year to 31 October 2021

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to brief the Committee on Council's 2020-21 insurance arrangements currently in place.

Background

- 2.1 Council is a member of the Waikato Local Authority Shared Services (WLASS) Insurance Collective which has a membership of ten councils in the greater Waikato area. Council has been part of the Insurance Collective under the umbrella of WLASS since its inception in June 2012.

Commentary

- 3.1 For the Insurance Policies taken out under the WLASS Collective arrangement, AON New Zealand (AON) acts as the Insurance Brokers.
- 3.2 There have been many benefits of being a member of the Insurance Collective including reduced premiums through greater buying power and continued reassessment of Council's insurance requirements.
- 3.3 The Insurance Policies taken out under the WLASS Collective arrangement were renewed on 31 October 2020 for a 12 month period to 31 October 2021.
- 3.4 The Public Liability and Professional Indemnity Policy was renewed earlier for the year ending 30 June 2021 through Marsh Insurance Brokers, with placement in the London Combined Liability Market.
- 3.5 The table below summarises the insurance policies currently in place along with a brief description of the coverage and respective excess arrangements:

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Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
Material Damage	Covers all risks to identified buildings, contents such as computers, books and furniture. Also covers above ground infrastructural assets such as treatment plants and reservoirs and other community assets such as playgrounds and statues. Coverage is provided under two policies; Fire Only and Excluding Fire.	Replacement value covered \$105,470,984 Fire Limit \$15 million	Premiums \$91,526 Fire Service Levy \$18,550 Natural Disaster Premium \$39,197 Residential Buildings Earthquake Commission \$2,036 Total \$151,309.	Deductible \$10,000. Landslip or Subsidence \$25,000. Natural disaster 2.5% of material damage site value with a minimum of \$10,000 each site.
Infrastructure Insurance (40% Placement)	Physical loss to insured assets caused by a Natural Catastrophe Event including: Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal and Geothermic Activity and Subterranean Fire. [Insured assets are underground, water supply, waste water, stormwater assets and bridges and retaining walls which are part of the road network].	Declared value \$110,221,910.	Premium \$44,059	Deductible \$500,000 to be applied 100% to the full loss in any one event, prior to the 40% claim settlement adjustment from Central Government Sublimit \$30 million
Infrastructure 60% Primary Layer	Additional primary layer cover is also in place to cover the first \$10 million layer of the government's 60% share of a natural hazard claim. This policy would respond to claim for smallish event which the government chooses not to cover. Shared limit with the other eight WLASS councils.	Declared value \$110,221,910	Premium \$10,349	Deductible \$500,000 to be applied 100% to the full loss in any one event, prior to the 60% claim settlement adjustment from Central Government
Business Interruption	Covers consequential loss resulting from physical loss or damage to Council owned property such as loss of rental income if a	Shared Limits: increased cost of working \$10	Premium \$2,671 Natural Disaster	All deductibles apply to the combined Material Damage

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Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
	building burns down. The policy has both shared limits and sub limits specific to each member Council.	million and claims preparation \$2.5 million. WDC Council Specific Limits: Loss of revenue \$1,339,000, Loss of rental income \$321,000 for a 24 month indemnity period.	Premium \$1,777 Total \$4,448	and Business Interruption loss.
Commercial Motor Vehicle	Cover for the motor vehicle fleet and provides for third party property and bodily injury.	Fleet value insured \$1,597,170. Third party property and bodily injury and in aggregate \$20,000,000.	Premium \$23,250 Fire Service Levy \$521 Total \$23,771	Each and every claim 1% of the vehicle's value with a minimum of \$500. Except for drivers aged 21 years and under \$1,000.
Statutory Liability	Covers defence costs, fines, reparations and penalties in respect of prosecutions than can give rise to a criminal offence and arise out of an inadvertent breach of most NZ laws.	For Fines, Reparations and Defence costs \$1 million.	Premium \$4,938	Excess \$10,000, except for claims under the Health and Safety Act and Resource Management Act \$25,000.
Employer's Liability	Provides cover to the employer in respect of personal injury claims brought by employees not within the scope of ACC.	Policy limit is \$1 million in the aggregate for loss and \$1M in aggregate for defence costs	Premium \$1,169	Employers liability \$1,000
Fidelity/Crime	Provides cover for loss of Council's money or money Council is responsible for (including by electronic funds transfer), arising out of the fraudulent actions of employees or external parties.	Policy limit is \$2 million any one claim and in aggregate	Premium \$4,720	Each and every claim including costs \$50,000
Machinery Breakdown	Policy covers risks that are excluded from the Material Damage policy (Excluding Fire policy). The types of perils covered are breakdowns within a machine, rather than	Sum insured \$4,628,694	Premium \$12,189	Plant and Machinery valued up to \$100,000; Excess \$1,000, valued between \$100,001 and

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Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
	external to machine, for instance an unforeseen fault that causes sudden damage to the machine and/or other processes or equipment around it.			\$200,000; \$2,000, valued more than \$200,001; \$5,000.
Cyber Insurance Policy	Covers costs and expenses incurred as a result of a malicious electronic attack which causes unauthorised use or access to your computer systems including data contained within it. Coverage can include forensic IT investigation costs, extortion costs, business interruption, legal liability to third party including defence costs, regulatory fines and penalties (where insurable at law), public relations/crisis communications and restoration/recollection of data.	Any one claim and in the aggregate (excluding damages) \$1 million. Any one claim and in the aggregate for damages \$500,000.	Premium \$3,161	Excess \$25,000 for each and every claim.
Aviation Hull (UAV) Policy	Accidental physical loss or damage to specified Unmanned Aerial Vehicle (Drones), their spare parts and accessories, and legal liability for bodily injury or property damage to third parties arising from their use.	The Hull, spares and equipment. Third party legal liability \$10 million	Premium \$501	Hull and spare parts: 1% of sum insured subject to a minimum of \$500 for each and every claim. Third Party Legal Liability: \$Nil
Standing Timber (Forestry Cover)	Loss or damage to standing timber at Insured forestry locations.	Firefighting \$250,000, Removal of debris and replanting \$15,700 and claims preparation \$10,000.	Premium \$357	Each and every claim 1.5% sum insured, subject to a minimum excess of \$10,000 and maximum excess of \$2,500,000.
Airport Owners and Operators Liability	Legal liabilities arising in connection with the ownership, operation and management of an airport as a result of an accident.	\$10,000,000 limit for each accident for bodily injury/property damage any one occurrence	Premium less discount \$1,250	Excess \$2,500 each and every claim

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Policy	Description	Values Covered	Premiums (Excluding GST)	Excess
Public Liability and Professional Indemnity Insurance. (Insurance Year to 30 June 2021)	<u>Public Liability</u> Protection for legal liability in connection with the business and arising from occurrences resulting in personal injury or property damage. <u>Professional Indemnity</u> Protection for legal liability in respect of a breach of a professional duty by way of negligent act, error or omission, including defence costs and expenses.	<u>Public Liability</u> \$300 million for any one claim and in aggregate <u>Professional Indemnity</u> \$300 million any one claim and in aggregate. \$500,000 in respect of the Weathertightness extension to the policy.	Premium and placement fee \$32,145	<u>Public Liability</u> Excess \$5,000 each and every claim including costs <u>Professional Indemnity</u> Excess \$30,000 each and every claim including expenses. Weathertightness Excess \$50,000
Environmental Impairment Insurance (Insurance Year to 30 June 2021)	Protection for legal liability as a result of a claim for property damage, clean up or natural resource damage resulting from pollution that is at, on, under or migrating from the Insured premises.	\$1 million each claim and every policy aggregate	Premium \$1,459	Excess \$25,000 each claim. In respect to wastewater treatment plants \$100,000

3.6 Infrastructure Insurance

- 3.7 Infrastructure insurance covers catastrophe type risks such as earthquakes or flooding and provides cover for 40% of the infrastructure assets value. Currently Central Government will provide cover for the remaining 60% of the value of infrastructure assets. This is subject to their deductible which is calculated as a percentage of the Net Capital Value for the council region and is also subject to their discretionary cover of the first \$10 million of any claim. There is therefore some risk around this 60% contribution from Central Government.
- 3.8 To mitigate this uncertainty, additional insurance cover for Infrastructure Primary layer has also been purchased that provides the first \$10 million of a further 60% of a natural hazard claim. This effectively replaces the discretionary Central Government involvement for the first \$10 million for natural hazard claim above the excess level. This policy was relatively low cost and provides greater certainty around the majority of natural disaster perils to which we are exposed.
- 3.9 For the Insurance Collective, modelling was carried out for earthquake risk centered in and around Hamilton, with the results giving a mean "Maximum Probable Loss" scenario in the range of \$238 to \$253 million. The Waikato Region is considered to be a relatively low risk area for earthquakes. Based on this result, the collective has opted for a group loss limit of \$300 million and within that individual loss limits were determined for each member council, with Waitomo District Council being \$30 million.
- 3.10 In the event of multiple councils being affected by one event, there would be no contingent liability of one council to another, each council would be treated as independent and any claim would be settled on a separate basis.
- 3.11 Further to that, in the extremely unlikely event that damage from one event is greater than the \$300 million "Shared Pool" loss limit, the amount claimable under the policy is in proportion to the Council's share of the total loss from the event.
- 3.12 The District's bridges and retaining walls are being covered under the Infrastructure policy.
- 3.13 Although they are actually above ground assets, the coverage is for flooding and earthquake, the most likely perils these assets could suffer.

3.14 Public Liability and Professional Indemnity

- 3.15 The public liability and professional indemnity insurance covers the 12 month period from 30 June 2020.
- 3.16 Public liability insurance provides protection for legal liability in connection with the business arising from occurrences resulting in personal injury or property damage.
- 3.17 Professional indemnity insurance provides protection for legal liability in respect of any breach of a professional duty arising from a negligent act, error or omission.
- 3.18 Environmental impairment liability provides protection for legal liability as a result of a claim for property damage, clean up or natural resource damage resulting from pollution that is at, on, under or migrating from the insured premises. Previously this cover was provided as an extension to the PL & PI policy but has now been separated into its own policy.
- 3.19 The policy is through the London Market Local Government Liability Program arranged through JLT and provides cover of \$300 million for any one claim and in aggregate.

3.20 The premiums paid for the 2020/21 was \$33,604, whereas for 2019/20 year it was \$22,197, including the placement fee. Included in the 2020/21 premium is \$1,459 for Environmental impairment liability cover.

3.21 The reason for the premium increase is that the liability space continues to deteriorate for councils and will remain challenging while joint and several liability laws remain in place. The presence of litigation funders also lead to a high uncertainty of future litigation risk.

3.22 Insurance Market Conditions

3.23 Since the renewal for the 2019/20 insurance year, the insurance market has hardened as evident in increased premiums and excesses. Total insurance costs for Council has increased by \$44,497 from \$250,428 for 2019/20 to \$294,925 for 2020/21.

3.24 The Material Damages and Business Interruption policy overall cost increase was 6.2%, whereas the declared value increased by 1.3%.

3.25 Across the two Infrastructure Policies premium increases totaled \$23,344, representing an 84% increase. Within that 40% placement policy increased by 146% but was offset by a small decrease in the 60% Primary Layer, which covers the first \$10 million claim should central government decline the claim. In addition to the premium increase the excess has also increased from \$250,000 to \$500,000 due to the increase in declared value exceeding \$100 million, with the addition of bridges and retaining walls.

3.26 As indicated in bullet point 3.20 above premiums for Public Liability and Professional Indemnity and Environmental Impairment liability covers has increased by 51% and separating the Environmental Impairment Liability cover into a separate policy, when prior to that it was an extension is also indicative the insurers see greater risk in this area.

3.27 Insurances for Rural Halls

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

3.29 Set out in the table below are the rural halls committees that use this arrangement.

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

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

Suggested Resolution

The business paper on the Insurance Update Report for the Insurance Year to 31 October 2021 be received.

ALISTER DUNCAN
GENERAL MANAGER – BUSINESS SUPPORT

5 May 2021

Document No: A521924

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: **Progress Report: Three Waters Reform Project Delivery – 31 March 2021 – Preparation for Reform – Tranche 2**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to provide an updated progress report on Three Waters Reform (TWR) Project Delivery (Tranche 1) for the period ended 31 March 2021.
- 1.2 This paper will also provide an update on Preparation for Reform (Tranche 2).

Background

- 2.1 WDC has received \$3.5M of Central Government funding for Water and Wastewater projects, to be expended by 31 March 2022. The Funding Agreement attaching to that requires, inter alia, a rigorous reporting regime, with the first quarterly report submitted on 2 February and the second quarterly submitted on 16 April 2021.
- 2.2 The period covered by this second quarterly report is 1 November 2020 to 31 March 2021 for actuals on approved TWR projects, 1 July 2020 to 31 March 2021 for LTP spend (2020/21 Annual Plan). The report also covers project forecasts out to 31 March 2022.
- 2.3 In mid May 2021 Cabinet will make decisions on the reform proposals, specifically the number of new water entities their core design, and boundaries. Council must decide in late 2021 to 'opt-in' or 'opt-out' of the designated water entity.

Commentary

- 3.1 A copy of the detailed progress report, in the format required by DIA, is attached to and forms part of this business paper.
- 3.2 Projects are reported separately for Water and Wastewater (required by DIA) even though they may be run as one project in practice e.g., P2020-13 and P2020-019 -Back-up Generators.
- 3.3 The report template comprises three sections – Inputs, Commentary and LTP Information.

3.4 Inputs

3.5 The Inputs Section for each project covers:

- Project Funding – crown funding and payment portions
- Cash Position – actuals and forecasts
- Worker Hours – actuals and forecasts
- Project Output - actuals and forecasts

Note: Territorial Summary/Inputs shows overall funding and master checks – rounding errors to be resolved due to amounts under \$10,000 rounding incorrectly - DIA is yet to correct this issue.

3.6 Forecasts are inputted by month, based on best estimate of project costs and outputs. WDC will need to deliver against these and provide commentary on any variation to actuals.

3.7 Funding requests are allocated quarterly based on expenditure milestones being met. The report will display a warning if a negative cash position is forecasted so that the appropriate adjustments can be made before submitting the report.

3.8 Commentary

3.9 The Commentary Section covers:

- Risks – Top 5 and 1 Mandatory
- Conditions
- Commencement status
- Programme costs
- Reform funding
- Scope and Progress

3.10 The following risks have been identified (in order of priority):

- Completion of programme by 31 March 2022 (mandatory date set by DIA)
- Internal staff capacity
- Contractor and goods availability
- Unforeseen expenditure
- Poor contractor performance
- Health and Safety procedures not followed.

3.11 A more specific risk has been identified around supply of goods, this is now included with the contractor risk applying specifically to goods as well as services.

3.12 Conditions specific to individual project funding:

- A requirement to consult with other Councils on procurement of SCADA.

3.13 LTP Information

3.14 The LTP Information Section covers:

- FY19/20 Actuals
- FY20/21 Annual Plan
- FY21/22 LTP
- Monthly LTP spend of related projects.

3.15 The information provided will allow DIA to track expenditure against WDC's Annual Plan budget and TWR funding to ensure both are spent to create a net stimulus for the community.

3.16 Therefore, all the figures are calculated only from relevant actuals or budgets e.g., unplanned renewals are not considered relevant (confirmed by DIA) so are not included.

3.17 The amounts shown in the Nov-20 Column as YTD are actual expenditure.

3.18 Preparation for Reform – Tranche 2

3.19 There are four workstreams identified for Tranche 2, the first three are currently active:

- Communication and Engagement
- Transition
- Integration
- Implementation

3.20 A substitution request has been submitted with the quarterly report to the DIA for \$25,000 to be taken from Project 20 – Contract and Project Management and used for Project 23 – Preparation for Reform. This will cover the fee to join phase 2 of the Taituarā (formerly SOLGM) group.

3.21 The purpose of joining this group is to co-ordinate with Waikato and Bay of Plenty councils to develop a regional approach to the reforms and ensure a robust due diligence process is used to make final decisions on participation in the water reform. There are 11 participating councils currently and 5 additional councils to be confirmed for phase 2.

3.22 Communication and Engagement

3.23 A Three Waters Steering Group Committee workshop was attended by Elected Members and WDC staff in Rotorua on 26 March 2021. The workshop covered proposed entity design, high level transition process, Treaty rights and the next steps in the reform programme.

3.24 A nationwide public information and education campaign lead by Central Government will commence in May 2021.

3.25 The DIA will provide a workbook in July to each council with the 'opt-in' and 'opt-out' scenarios based on the data provided in the RfI's submitted 1 February 2021.

3.26 Taituarā propose to offer a communication and engagement programme for all stakeholders, a workforce communication programme will also be provided.

3.27 Transition

3.28 Taituarā propose to set up a shadow entity with early phased transition. They will also provide a risk and opportunity register and transformation proposals for procurement.

3.29 Taituarā will outline a plan to harmonise rates and charges in a phased approach.

3.30 Initial modelling has been completed by WDC removing 3 waters from council balance sheets.

3.31 Integration

3.32 WDC is currently preparing for the 3 Waters Asset Revaluations for June 2021. The current valuation is as at June 2018, this information forms part of the RfI data provided to the DIA in February 2021.

3.33 Taituarā propose to develop an overall plan including procurement, contracts, and asset management.

3.34 Implementation

3.35 At the Three Waters workshop the message given was as roles move to the transitional entities they would be backfilled. The estimates are that 4000 jobs are required to run the new entities and governing bodies.

3.36 Taituarā propose to develop a workforce programme, and assess councils' data preparedness for setting up the new entity.

Suggested Resolution

The Progress Report: Three Waters Reform Project Delivery – 31 March 2021 – Preparation for Reform – Tranche 2 be received.



TONY HALE
GENERAL MANAGER – INFRASTRUCTURE SERVICES

24 April 2021

Attachment: WKT-09 Waitomo Q2 Report (A521751)

Three Waters Stimulus Funding - Cash Flow Profile

Territorial Summary/Inputs

Territorial Authority	Waitomo District Council
Territorial Code	WKT-09
Reporting date	Apr-21
Reporting period	Quarter 2
Total funding allocated	3.50
Total cofunding	0.03
Total estimated programme costs	3.53
Upfront payment	1.75
Total final payments	0.04
Milestone payment total	1.71

KEY

Primary/forecast inputs
Actuals inputs

Master checks

Master check	Warning	
Spend = Cost	(0.03)	Spend exceeds funding
Cofunding check	0.03	Not all cofunding spent
Upfront funding	-	Ok
Final payments	0.01	Not all final allocated
Total Crown funding	-	Ok
Capex/Opex	0.01	Too much capex/opex/other allocated
Cash position	-	Ok

Territorial contact

Project Manager	Charmaine Ellery
Email	Charmaine.Ellery@waitomo.govt.nz
Phone	07 878 0849
Lead Engineer	David Locke
Email	David.Locke@waitomo.govt.nz
Phone	07 878 0831

Project Inputs

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

1 Project Name	TWR Security of supply P2020-001
Project Type	WATER - Water security / fencing

Start date	Dec-20	Capex	0.08
End date	Apr-21	Opex	
Total upfront payment	0.04	N/A	
Total final payment	0.00	Check	Ok
Total project spend	0.08		
Total project funding	0.08		
Check	-		

Project Spend

Spend from Crown funding	\$NZ'm					0.01	0.03	0.03	0.01									0.08
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm					0.01	0.03	0.03	0.01									0.08

Project Funding

Upfront payment portion	\$NZ'm	0.04																0.04
Crown funding required	\$NZ'm		0.02			0.02												0.04
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm					0.00												0.00
Total project funding	\$NZ'm	0.04	-	0.02	-	-	0.02	-	-	-	-	-	-	-	-	-	-	0.08

Cash position

Opening cash position	\$NZ'm	-	0.04	0.04	0.06	0.06	0.05	0.04	0.01	-	-	-	-	-	-	-	-	-
Project spend	\$NZ'm	-	-	-	-	(0.01)	(0.03)	(0.03)	(0.01)	-	-	-	-	-	-	-	-	-
Project funding	\$NZ'm	0.04	-	0.02	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-
Closing cash position	\$NZ'm	0.04	0.04	0.06	0.06	0.05	0.04	0.01	-	-	-	-	-	-	-	-	-	Ok

Worker hours

Opening cash position	Hours					40.00	63.00	80.00	40.00									223.00
Project spend	# or %					250.00	600.00	250.00	80.00									1,180.00
Project funding	# or %																	-
Closing cash position	# or %																	-

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

2 Project Name		TWR Critical spares WTP P2020-002																	
Project Type		WATER - Water Treatment Plant upgrades																	
Start date	Mar-21	Capex	0.15																
End date	Oct-21	Opex																	
Total upfront payment	0.08	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.15																		
Total project funding	0.15																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.05	0.03			0.05		0.03		0.15	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.05	0.03			0.05		0.03		0.15	
Project Funding																			
Upfront payment portion	\$NZ'm		0.08															0.08	
Crown funding required	\$NZ'm									0.04				0.04				0.07	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm													0.00				0.00	
Total project funding	\$NZ'm		0.08							0.04				0.04				0.15	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.03	0.01	0.05				0.01	0.01	0.01	
Project funding	\$NZ'm		0.08							(0.05)	(0.03)			(0.03)					
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.08	0.03	0.01	0.05			0.01	0.01	0.01	0.01	0.01	
																		Ok	
Worker hours	Hours																	-	
Number of WTP upgrades #	# or %																	-	
Physical works % complete	# or %									0.30	0.10			0.30				1.00	
m3/day processing capacity	# or %																	-	

3 Project Name		TWR Additional monitoring capacity P2020-003																	
Project Type		WATER - Water Treatment Plant upgrades																	
Start date	Mar-21	Capex	0.14																
End date	Jul-21	Opex																	
Total upfront payment	0.07	N/A																	
Total final payment	0.00	Check	0.01																
Total project spend	0.14																		
Total project funding	0.13																		
Check	(0.01)																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.0300	0.0800	0.0250						0.1350	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.0300	0.0800	0.0250						0.1350	
Project Funding																			
Upfront payment portion	\$NZ'm		0.07															0.07	
Crown funding required	\$NZ'm									0.07								0.07	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																	0.00	
Total project funding	\$NZ'm		0.07							0.07								0.13	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.07	0.07	0.07	0.07	0.07	0.07	0.14	0.11	0.03	0.01	0.01	0.01	0.01	0.01	0.01	
Project funding	\$NZ'm		0.07							0.07									
Closing cash position	\$NZ'm		0.07	0.07	0.07	0.07	0.07	0.07	0.14	0.11	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
																		Ok	
Worker hours	Hours									80.00	160.00	40.00						280.00	
Number of WTP upgrades #	# or %									1.00	2.00	1.00						4.00	
Physical works % complete	# or %																	-	
m3/day processing capacity	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

4 Project Name		TWR SCADA storage to cloud P2020-004																	
Project Type		OTHER - SCADA upgrades or new																	
Start date	Feb-21	Capex	0.28																
End date	Sep-21	Opex																	
Total upfront payment	0.14	N/A																	
Total final payment	0.00	Check	0.01																
Total project spend	0.28																		
Total project funding	0.27																		
Check	(0.01)																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.01				0.08	0.10	0.09		0.28	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.01				0.08	0.10	0.09		0.28	
Project Funding																			
Upfront payment portion	\$NZ'm		0.1375															0.14	
Crown funding required	\$NZ'm									0.0688				0.0660				0.13	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm													0.00				0.00	
Total project funding	\$NZ'm		0.14							0.07				0.07				0.27	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.14	0.14	0.14	0.14	0.14	0.14	0.21	0.20	0.20	0.27	0.19	0.09			-	
Project funding	\$NZ'm		0.14							(0.01)			(0.08)	(0.10)	(0.09)			-	
Closing cash position	\$NZ'm		0.14	0.14	0.14	0.14	0.14	0.14	0.21	0.20	0.20	0.27	0.19	0.09				Ok	
Worker hours	Hours									40.00				160.00	160.00	80.00		440.00	
Number of sites #	# or %													1.00	2.00	1.00		4.00	
Physical works % complete	# or %																	-	
N/A	# or %																	-	

5 Project Name		TWR Pump station renewals (Water supply) P2020-005																	
Project Type		WATER - Pump station upgrades																	
Start date	Jun-21	Capex	0.05																
End date	Dec-21	Opex																	
Total upfront payment	0.03	N/A																	
Total final payment	0.00	Check	0.00																
Total project spend	0.05																		
Total project funding	0.05																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm																	0.05	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm																	0.05	
Project Funding																			
Upfront payment portion	\$NZ'm		0.03															0.03	
Crown funding required	\$NZ'm																	0.03	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																	0.00	
Total project funding	\$NZ'm		0.03															0.05	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02		0.03	0.03	0.01	
Project funding	\$NZ'm		0.03														(0.02)	-	
Closing cash position	\$NZ'm		0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02		0.03	0.03	0.01	Ok	
Worker hours	Hours														320.00		320.00	640.00	
Number of PS upgrades #	# or %														1.00		1.00	2.00	
Physical works % complete	# or %																	-	
N/A	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

6 Project Name		TWR Backflow prevention P2020-006																		
Project Type		WATER - Boundary backflow preventors																		
Start date	Dec-20	Capex	0.75																	
End date	Mar-22	Opex																		
Total upfront payment	0.38	N/A																		
Total final payment	0.01	Check	Ok																	
Total project spend	0.75																			
Total project funding	0.75																			
Check	-																			
Project Spend																				
Spend from Crown funding	\$NZ'm						-	0.05	0.02	0.04	0.07	0.07	0.08	0.07	0.07	0.05	0.05	0.07	0.09	0.02
Spend from cofunding	\$NZ'm																			
Total project spend	\$NZ'm		-	-	-	-	0.05	0.02	0.04	0.07	0.07	0.08	0.07	0.07	0.05	0.05	0.07	0.09	0.02	
Project Funding																				
Upfront payment portion	\$NZ'm		0.38																	
Crown funding required	\$NZ'm									0.19			0.18							
Cofunding required	\$NZ'm																			
Final payment portion	\$NZ'm																			0.01
Total project funding	\$NZ'm		0.38	-	-	-	-	-	-	0.19	-	-	0.18	-	-	-	-	-	-	0.01
Cash position																				
Opening cash position	\$NZ'm		-	0.38	0.38	0.38	0.38	0.38	0.33	0.31	0.27	0.20	0.31	0.23	0.16	0.27	0.22	0.17	0.10	0.01
Project spend	\$NZ'm		-	-	-	-	-	(0.05)	(0.02)	(0.04)	(0.07)	(0.07)	(0.08)	(0.07)	(0.07)	(0.05)	(0.05)	(0.07)	(0.09)	(0.02)
Project funding	\$NZ'm		0.38	-	-	-	-	-	-	-	-	0.19	-	-	0.18	-	-	-	-	0.01
Closing cash position	\$NZ'm		0.38	0.38	0.38	0.38	0.33	0.31	0.27	0.20	0.31	0.23	0.16	0.27	0.22	0.17	0.10	0.01	-	
Worker hours																				
Opening cash position	Hours																			
Project spend	# or %									240.00	560.00	560.00	560.00	560.00	560.00	540.00	800.00	1,000.00	200.00	
Project funding	# or %																			
Closing cash position	# or %																			
Total project spend																				6,140.00
Total project funding																				25.00
Closing cash position																				1,175.00
Worker hours																				
Opening cash position	# or %																			
Project spend	# or %																			
Project funding	# or %																			
Closing cash position	# or %																			

7 Project Name		TWR WTP Piopio Improvements P2020-007																		
Project Type		WATER - Water Treatment Plant upgrades																		
Start date	Nov-21	Capex	0.05																	
End date	Mar-22	Opex																		
Total upfront payment	0.03	N/A																		
Total final payment	0.00	Check	Ok																	
Total project spend	0.05																			
Total project funding	0.05																			
Check	-																			
Project Spend																				
Spend from Crown funding	\$NZ'm																			
Spend from cofunding	\$NZ'm																			
Total project spend	\$NZ'm		-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01	-	0.01	0.02	
Project Funding																				
Upfront payment portion	\$NZ'm		0.03																	
Crown funding required	\$NZ'm																			
Cofunding required	\$NZ'm																			
Final payment portion	\$NZ'm																			0.00
Total project funding	\$NZ'm		0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.00	
Cash position																				
Opening cash position	\$NZ'm		-	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.01	0.03	0.02	
Project spend	\$NZ'm		-	-	-	-	-	-	-	-	-	-	-	-	(0.01)	(0.01)	-	(0.01)	(0.02)	
Project funding	\$NZ'm		0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.00	
Closing cash position	\$NZ'm		0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.01	0.03	0.02	-	
Worker hours																				
Opening cash position	Hours																			
Project spend	# or %																			
Project funding	# or %																			
Closing cash position	# or %																			
Total project spend																				400.00
Total project funding																				-
Closing cash position																				1.00
Worker hours																				
Opening cash position	# or %																			
Project spend	# or %																			
Project funding	# or %																			
Closing cash position	# or %																			

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

8 Project Name		TWR Piopio water supply intake improvements P2020-008																	
Project Type		WATER - Water Treatment Plant upgrades																	
Start date	Apr-21	Capex	0.05																
End date	May-21	Opex																	
Total upfront payment	0.03	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.05																		
Total project funding	0.05																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm																	0.05	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm																	0.05	
Project Funding																			
Upfront payment portion	\$NZ'm		0.03															0.03	
Crown funding required	\$NZ'm																	0.02	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																	0.00	
Total project funding	\$NZ'm		0.03							0.02	0.00							0.05	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.03	0.03	0.03	0.03	0.03	0.03	0.05	0.05	0.03	0.01	0.01	0.01	0.01	0.01	0.01	
Project funding	\$NZ'm		0.03							0.02	0.00								
Closing cash position	\$NZ'm		0.03	0.03	0.03	0.03	0.03	0.03	0.05	0.05	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
																		Ok	
Worker hours	Hours										80.00	80.00						160.00	
Number of WTP upgrades #	# or %																	-	
Physical works % complete	# or %										50%	50%						100%	
m3/day processing capacity	# or %																	-	

9 Project Name		TWR Maniaiti Benneydale UV install P2020-009																	
Project Type		WATER - Water Treatment Plant upgrades																	
Start date	Feb-22	Capex	0.03																
End date	Mar-22	Opex																	
Total upfront payment	0.02	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.03																		
Total project funding	0.03																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm																	0.03	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm																	0.03	
Project Funding																			
Upfront payment portion	\$NZ'm		0.02															0.02	
Crown funding required	\$NZ'm																	0.01	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																	0.00	
Total project funding	\$NZ'm		0.02														0.01	0.00	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.03	0.02	
Project funding	\$NZ'm		0.02														0.01	0.00	
Closing cash position	\$NZ'm		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.03	0.02	-	
																		Ok	
Worker hours	Hours																40.00	80.00	
Number of WTP upgrades #	# or %																	-	
Physical works % complete	# or %																0.33	0.67	
m3/day processing capacity	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

10 Project Name		TWR Mokau WTP upgrade design and install P2020-010																
Project Type		WATER - Water Treatment Plant upgrades																
Start date	Mar-21	Capex	0.125															
End date	Jul-21	Opex																
Total upfront payment	0.06	N/A																
Total final payment	0.00	Check	0.01															
Total project spend	0.13																	
Total project funding	0.12																	
Check	(0.01)																	
Project Spend																		
Spend from Crown funding	\$NZ'm								0.01	0.01	0.04	0.04	0.04					0.13
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm								0.01	0.01	0.04	0.04	0.04					0.13
Project Funding																		
Upfront payment portion	\$NZ'm		0.06															0.06
Crown funding required	\$NZ'm								0.03		0.03							0.06
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm										0.00							0.00
Total project funding	\$NZ'm		0.06						0.03		0.03							0.12
Cash position																		
Opening cash position	\$NZ'm																	
Project spend	\$NZ'm			0.06	0.06	0.06	0.06	0.06	0.06	0.08	0.07	0.04	0.04	0.01	0.01	0.01	0.01	0.01
Project funding	\$NZ'm		0.06							(0.01)	(0.01)	(0.04)	(0.04)					
Closing cash position	\$NZ'm		0.06	0.06	0.06	0.06	0.06	0.06	0.08	0.07	0.04	0.04	0.01	0.01	0.01	0.01	0.01	0.01
																		Ok
Worker hours	Hours								40.00	40.00	160.00	160.00	160.00					560.00
Number of WTP upgrades #	# or %																	-
Physical works % complete	# or %										0.33	0.33	0.33					100%
m3/day processing capacity	# or %																	-

11 Project Name		TWR Mokau WTP backwash treatment P2020-011																
Project Type		WATER - Water Treatment Plant upgrades																
Start date	Mar-21	Capex	0.15															
End date	Jul-21	Opex																
Total upfront payment	0.08	N/A																
Total final payment	0.00	Check	Ok															
Total project spend	0.14																	
Total project funding	0.15																	
Check	0.01																	
Project Spend																		
Spend from Crown funding	\$NZ'm									0.0100	0.0450	0.0450	0.0500					0.1500
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm									0.0450	0.0450	0.0500						0.1400
Project Funding																		
Upfront payment portion	\$NZ'm		0.08															0.08
Crown funding required	\$NZ'm								0.04		0.04							0.07
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm											0.00						0.00
Total project funding	\$NZ'm		0.08						0.04		0.04							0.15
Cash position																		
Opening cash position	\$NZ'm																	
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.12	0.12	0.08	0.07	0.02	0.02	0.02	0.02	0.02
Project funding	\$NZ'm		0.08								(0.05)	(0.05)	(0.05)					
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.12	0.12	0.08	0.07	0.02	0.02	0.02	0.02	0.02	0.02	0.02
																		Ok
Worker hours	Hours									20.00	160.00	160.00	160.00					500.00
Number of WTP upgrades #	# or %																	-
Physical works % complete	# or %										0.33	0.33	0.33					1.00
m3/day processing capacity	# or %																	-

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

12 Project Name		TWR Water and wastewater planning and design P2020-012																
Project Type		PRGRM - Programme management																
Start date	Mar-21	N/A	0.10															
End date	Jun-21	N/A																
Total upfront payment	0.05	Other/Reform																
Total final payment	0.00	Check	Ok															
Total project spend	0.10																	
Total project funding	0.10																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm																0.10	
Spend from cofunding	\$NZ'm																-	
Total project spend	\$NZ'm	-	-	-	-	0.01	0.01	0.03	0.05	-	-	-	-	-	-	-	-	0.10
Project Funding																		
Upfront payment portion	\$NZ'm	0.05																0.05
Crown funding required	\$NZ'm																0.05	
Cofunding required	\$NZ'm																-	
Final payment portion	\$NZ'm																0.00	
Total project funding	\$NZ'm	0.05	-	-	-	-	0.05	-	0.00	-	-	-	-	-	-	-	-	0.10
Cash position																		
Opening cash position	\$NZ'm	-	0.05	0.05	0.05	0.05	0.04	0.08	0.05	-	-	-	-	-	-	-	-	-
Project spend	\$NZ'm	-	-	-	-	(0.01)	(0.01)	(0.03)	(0.05)	-	-	-	-	-	-	-	-	-
Project funding	\$NZ'm	0.05	-	-	-	-	0.05	-	0.00	-	-	-	-	-	-	-	-	-
Closing cash position	\$NZ'm	0.05	0.05	0.05	0.05	0.04	0.08	0.05	-	-	-	-	-	-	-	-	-	Ok
Worker hours	Hours																200.00	
% complete	# or %																1.00	
N/A	# or %																-	
N/A	# or %																-	

13 Project Name		TWR Back-up Power supplies WTPs P2020-013																
Project Type		WATER - Water Treatment Plant upgrades																
Start date	Feb-21	Capex	0.15															
End date	Sep-21	Opex																
Total upfront payment	0.08	N/A																
Total final payment	0.00	Check	Ok															
Total project spend	0.15																	
Total project funding	0.15																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm																0.15	
Spend from cofunding	\$NZ'm																-	
Total project spend	\$NZ'm	-	-	-	-	-	0.01	-	0.05	0.05	0.05	-	-	-	-	-	-	0.15
Project Funding																		
Upfront payment portion	\$NZ'm	0.08																0.08
Crown funding required	\$NZ'm																0.07	
Cofunding required	\$NZ'm																-	
Final payment portion	\$NZ'm																0.00	
Total project funding	\$NZ'm	0.08	-	-	-	-	-	-	0.07	-	0.00	-	-	-	-	-	-	0.15
Cash position																		
Opening cash position	\$NZ'm	-	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.10	0.05	0.01	0.01	0.01	0.01	0.01	0.01	-
Project spend	\$NZ'm	-	-	-	-	-	-	(0.01)	-	(0.05)	(0.05)	(0.05)	-	-	-	-	-	-
Project funding	\$NZ'm	0.08	-	-	-	-	-	-	0.07	-	0.00	-	-	-	-	-	-	-
Closing cash position	\$NZ'm	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.10	0.05	0.01	0.01	0.01	0.01	0.01	0.01	0.01	Ok
Worker hours	Hours																500.00	
Number of WTP upgrades #	# or %																1.00	
Physical works % complete	# or %																-	
m3/day processing capacity	# or %																-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

14 Project Name		TWR Te Kuiti WWTP Sludge press lifting equipment P2020-014																	
Project Type		WASTE - Wastewater Treatment Plant upgrades																	
Start date	Mar-21	Capex	0.05																
End date	May-21	Opex																	
Total upfront payment	0.03	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.06																		
Total project funding	0.05																		
Check	(0.01)																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.02	0.02	0.02						0.06	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.02	0.02	0.02						0.06	
Project Funding																			
Upfront payment portion	\$NZ'm		0.03															0.03	
Crown funding required	\$NZ'm									0.02								0.02	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm									0.00								0.00	
Total project funding	\$NZ'm		0.03							0.02	0.00							0.05	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.02						-	
Project funding	\$NZ'm		0.03							(0.02)	(0.02)	(0.02)						-	
Closing cash position	\$NZ'm		0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.02								Ok	
Worker hours	Hours									80.00	80.00	80.00						240.00	
Number WWTP upgrades #	# or %																	-	
Physical works % complete	# or %									0.33	0.33	0.33						1.00	
m3/day processing capacity	# or %																	-	

15 Project Name		TWR Te Kuiti WWTP Sludge pond P2020-015																	
Project Type		WASTE - Sludge removal from ponds #																	
Start date	Mar-21	Capex																	
End date	Mar-22	Opex	0.150																
Total upfront payment	0.08	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.15																		
Total project funding	0.15																		
Check	0.00																		
Project Spend																			
Spend from Crown funding	\$NZ'm										0.0150	0.0200	0.0200	0.0120	0.0120	0.0120	0.0120	0.1490	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm										0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.149	
Project Funding																			
Upfront payment portion	\$NZ'm		0.08															0.08	
Crown funding required	\$NZ'm																	0.07	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																	0.00	
Total project funding	\$NZ'm		0.08													0.04	0.04	0.150	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.05	0.03	0.02	0.01	0.04	0.03	
Project funding	\$NZ'm		0.08								(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.05	0.03	0.02	0.01	0.04	0.03	0.02	0.05	
Worker hours	Hours										80.00	100.00	100.00	90.00	90.00	90.00	90.00	980.00	
Number of ponds desludged #	# or %										500.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	5,500.00	59,500.00	
Volume of sludge removed (m3)	# or %																	-	
N/A	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

16 Project Name		TWR Additional monitoring capacity P2020-16																	
Project Type		WASTE - Wastewater Treatment Plant upgrades																	
Start date	Apr-21	Capex	0.15																
End date	Jul-21	Opex																	
Total upfront payment	0.08	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.15																		
Total project funding	0.15																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.03	0.09	0.03						0.15	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.03	0.09	0.03						0.15	
Project Funding																			
Upfront payment portion	\$NZ'm		0.08															0.08	
Crown funding required	\$NZ'm								0.04		0.04							0.07	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm										0.00							0.00	
Total project funding	\$NZ'm		0.08						0.04		0.04							0.15	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.12	0.09		0.01	0.01	0.01	0.01	0.01	0.01	
Project funding	\$NZ'm		0.08							0.04									
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.08	0.12	0.09		0.01	0.01	0.01	0.01	0.01	0.01	Ok	
Worker hours		Hours								80.00	160.00	80.00						320.00	
Number WWTP upgrades #	# or %									1.00	2.00	1.00						4.00	
Physical works % complete	# or %																	-	
m3/day processing capacity	# or %																	-	

17 Project Name		TWR Critical spares WWTP P2020-017																	
Project Type		WASTE - Wastewater Treatment Plant upgrades																	
Start date	Mar-21	Capex	0.20																
End date	Apr-21	Opex																	
Total upfront payment	0.10	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.20																		
Total project funding	0.20																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm											0.10	0.10					0.20	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm											0.10	0.10					0.20	
Project Funding																			
Upfront payment portion	\$NZ'm		0.10															0.10	
Crown funding required	\$NZ'm																	0.10	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm										0.00							0.00	
Total project funding	\$NZ'm		0.10							0.10								0.20	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.10						
Project funding	\$NZ'm		0.10							0.10									
Closing cash position	\$NZ'm		0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.10						Ok	
Worker hours		Hours																-	
Number WWTP upgrades #	# or %																	-	
Physical works % complete	# or %																	-	
m3/day processing capacity	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

18 Project Name		TWR Pump station renewals (Wastewater) P2020-018																	
Project Type		WASTE - Pump station upgrades																	
Start date	Jul-21	Capex	0.16																
End date	Dec-21	Opex																	
Total upfront payment	0.08	N/A																	
Total final payment	0.00	Check	(0.00)																
Total project spend	0.16																		
Total project funding	0.16																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm								0.02				0.06			0.04	0.04	0.16	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm								0.02				0.06			0.04	0.04	0.16	
Project Funding																			
Upfront payment portion	\$NZ'm		0.08															0.08	
Crown funding required	\$NZ'm												0.08					0.08	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																0.00	0.00	
Total project funding	\$NZ'm		0.08														0.00	0.16	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.07	0.01	0.09	0.05	0.01	0.01	
Project funding	\$NZ'm		0.08																
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.07	0.01	0.09	0.05	0.01	0.01	0.01	Ok	
Worker hours		Hours											80.00		80.00	80.00		240.00	
Number of PS upgrades #	# or %												1.00		1.00	1.00		3.00	
Physical works % complete	# or %																	-	
N/A	# or %																	-	

19 Project Name		TWR Backup power supply WWTPs P2020-19																	
Project Type		WASTE - Wastewater Treatment Plant upgrades																	
Start date	Feb-21	Capex	0.15																
End date	Sep-21	Opex																	
Total upfront payment	0.08	N/A																	
Total final payment	0.00	Check	Ok																
Total project spend	0.15																		
Total project funding	0.15																		
Check	-																		
Project Spend																			
Spend from Crown funding	\$NZ'm									0.01			0.05	0.05	0.04			0.15	
Spend from cofunding	\$NZ'm																	-	
Total project spend	\$NZ'm									0.01			0.05	0.05	0.04			0.15	
Project Funding																			
Upfront payment portion	\$NZ'm		0.08															0.08	
Crown funding required	\$NZ'm												0.07					0.07	
Cofunding required	\$NZ'm																	-	
Final payment portion	\$NZ'm																0.00	0.00	
Total project funding	\$NZ'm		0.08														0.00	0.15	
Cash position																			
Opening cash position	\$NZ'm																		
Project spend	\$NZ'm			0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.10	0.05	0.01	0.01	0.01	0.01	0.01	
Project funding	\$NZ'm		0.08																
Closing cash position	\$NZ'm		0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.10	0.05	0.01	0.01	0.01	0.01	0.01	0.01	Ok	
Worker hours		Hours									160.00	160.00	160.00					480.00	
Number WWTP upgrades #	# or %																	-	
Physical works % complete	# or %										0.33	0.33	0.33					1.00	
m3/day processing capacity	# or %																	-	

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

20 Project Name		TWR Project and Contract Management P2020-20																
Project Type		PRGRM - Programme management																
Start date	Dec-20	N/A																
End date	Mar-22	N/A																
Total upfront payment	0.16	Other/Reform																0.33
Total final payment	0.00	Check																(0.01)
Total project spend	0.33																	
Total project funding	0.33																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm		0.00496	-	0.00411	-	0.01000	0.02000	0.05000	0.04000	0.02500	0.02500	0.02500	0.02500	0.02500	0.02500	0.02500	0.32907
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm		0.00496	-	0.00411	-	0.01000	0.02000	0.05000	0.04000	0.02500	0.02500	0.02500	0.02500	0.02500	0.02500	0.02500	0.32907
Project Funding																		
Upfront payment portion	\$NZ'm	0.16																0.16
Crown funding required	\$NZ'm							0.08							0.08			0.16
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm																	0.00
Total project funding	\$NZ'm	0.16	-	-	-	-	-	-	0.08	-	-	-	-	-	0.08	-	0.00	0.33
Cash position																		
Opening cash position	\$NZ'm	-	0.16	0.16	0.16	0.16	0.16	0.15	0.13	0.08	0.12	0.10	0.08	0.06	0.04	0.02	0.07	0.05
Project spend	\$NZ'm	-	(0.00)	-	(0.00)	-	(0.01)	(0.02)	(0.05)	(0.04)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Project funding	\$NZ'm	0.16	-	-	-	-	-	-	-	0.08	-	-	-	-	-	-	0.08	-
Closing cash position	\$NZ'm	0.16	0.16	0.16	0.16	0.16	0.15	0.13	0.08	0.12	0.10	0.08	0.06	0.04	0.02	0.07	0.05	0.03
																		Ok
Worker hours	Hours		12.20	-	10.10	-	20.00	80.00	190.00	100.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	70.00
% complete	# or %		0.01	-	0.01	-	0.02	0.08	0.19	0.10	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07
N/A	# or %																	-
N/A	# or %																	-

21 Project Name		TWR Asset data collection P2020-021																
Project Type		OTHER - Asset data and GIS improvements/update/maintenance																
Start date	Apr-21	Capex																
End date	Dec-21	Opex																0.11
Total upfront payment	0.06	N/A																
Total final payment	0.00	Check																0.00
Total project spend	0.11																	
Total project funding	0.11																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm							0.01	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01		0.11
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm							0.01	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01		0.11
Project Funding																		
Upfront payment portion	\$NZ'm	0.06																0.06
Crown funding required	\$NZ'm								0.03				0.03					0.06
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm														0.00			0.00
Total project funding	\$NZ'm	0.06	-	-	-	-	-	-	-	0.03	-	-	0.03	-	0.00	-	-	0.11
Cash position																		
Opening cash position	\$NZ'm	-	0.06	0.06	0.06	0.06	0.06	0.06	0.05	0.04	0.05	0.04	0.03	0.05	0.04	0.03	0.02	0.02
Project spend	\$NZ'm	-	-	-	-	-	-	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	-	-
Project funding	\$NZ'm	0.06	-	-	-	-	-	-	-	0.03	-	-	0.03	-	0.00	-	-	-
Closing cash position	\$NZ'm	0.06	0.06	0.06	0.06	0.06	0.06	0.05	0.04	0.05	0.04	0.03	0.05	0.04	0.03	0.02	0.02	0.02
																		Ok
Worker hours	Hours						320.00	320.00	320.00	320.00	320.00	320.00	40.00	40.00	105.00			2,105.00
% complete	# or %						0.15	0.15	0.15	0.15	0.15	0.15	0.02	0.02	0.05			1.00
N/A	# or %																	-
N/A	# or %																	-

Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	

22 Project Name		TWR Track access repairs WTP and WWTP P2020-022																
Project Type		WATER - Water security / fencing																
Start date	Feb-21	Capex	0.08															
End date	Jul-21	Opex																
Total upfront payment	0.04	N/A																
Total final payment	0.00	Check	Ok															
Total project spend	0.08																	
Total project funding	0.08																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm								0.01	0.02	0.05	-						0.08
Spend from cofunding	\$NZ'm																	-
Total project spend	\$NZ'm								0.01	0.02	0.05							0.08
Project Funding																		
Upfront payment portion	\$NZ'm		0.04															0.04
Crown funding required	\$NZ'm								0.04									0.04
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm										0.00							0.00
Total project funding	\$NZ'm		0.04						0.04			0.00						0.08
Cash position																		
Opening cash position	\$NZ'm																	
Project spend	\$NZ'm			0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.05	-	-	-	-	-	-	-
Project funding	\$NZ'm		0.04							(0.01)	(0.02)	(0.05)	-	-	-	-	-	-
Closing cash position	\$NZ'm		0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.05								Ok
Worker hours	Hours								59.00	80.00	200.00							339.00
Length (metres)	# or %								1,164.00	1,000.00	2,500.00							4,664.00
N/A	# or %																	-
N/A	# or %																	-

23 Project Name		TWR Reform preparation Taituara/SOLGM phase 2																
Project Type		REFRM - Preparation for Reform																
Start date	May-21	N/A																
End date	Jul-21	N/A																
Total upfront payment	0.01	Other/Reform	0.03															
Total final payment	-	Check	(0.01)															
Total project spend	0.03																	
Total project funding	0.03																	
Check	-																	
Project Spend																		
Spend from Crown funding	\$NZ'm																	-
Spend from cofunding	\$NZ'm																	0.03
Total project spend	\$NZ'm								0.03									0.03
Project Funding																		
Upfront payment portion	\$NZ'm		0.01															0.01
Crown funding required	\$NZ'm								0.01									0.01
Cofunding required	\$NZ'm																	-
Final payment portion	\$NZ'm																	-
Total project funding	\$NZ'm		0.01						0.01									0.03
Cash position																		
Opening cash position	\$NZ'm																	
Project spend	\$NZ'm			0.01	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-	-	-	-	-
Project funding	\$NZ'm		0.01							(0.03)	-	-	-	-	-	-	-	-
Closing cash position	\$NZ'm		0.01	0.01	0.01	0.01	0.01	0.01										Ok
Worker hours	Hours																	-
% complete	# or %																	-
N/A	# or %																	-
N/A	# or %																	-

Three Waters Stimulus Funding - Cash Flow Profile Commentary

Pre-work / Long term commentary

Question #	Initial Update				
Top 5 Risks and Contractor Claims					
	Risk # (Highest to lowest)	Risk Name	Impact	Likelihood	Commentary on mitigants
1	Mandatory	Completion of programme by 31 March 2022	High	Medium	Project and/or Contract Manager (PM/CM) for each project Project Control Group (PCG) setup Delivery Planning (DP) in place
2	1	Internal staff capacity	High	Medium	Engaging consultants Recruitment of roles
3	2	Contractor and goods availability	High	Medium	Discussion with contractors early during scoping and planning to check availability
4	3	Unforeseen expenditure	Medium	Low	Project plans in place sign-off process Detailed scoping of complex projects, e.g. SCADA
5	4	Poor contractor performance	Medium	Low	Contract Manager - currently scoping, contract being drafted Use contractors with proven reliability
6	5	Health and Safety procedures not followed	High	Low	Contract terms and conditions Site audits of Health and Safety (H+S) compliance

Conditions agreed upon in delivery plan	
Condition	Commentary
7	Consult with other Councils on SCADA Curently attending Waikato/BoP working group on SCADA upgrades
8	Condition [i.e. consult on water meters]
9	[Condition] No smart metering projects
10	[Condition] [Commentary]
11	[Condition] [Commentary]

Pre-work commencement status		
Roadblock	Status	Commentary
12	RMA	[Select] [Commentary]
13	Building Consent	[Select] [Commentary]
14	Other Consents (i.e. CARs, iwi, Heritage)	[Select] [Commentary]
15	Design	Yet to commence Project 7 - Scoping for wastewater connection prior to design Project 10 - Initial scope drafted Project 13 & 19 Scoping and design consultant engaged
16	Procurement	RFP in preparation Projects 1, 5, 6, 12, 13, 14, 19, 21, 22, 23 have requests prepared
17	Main Contract	Contract evaluation Project 6 - Backflow installation contract being drafted Project 23 - Contract Management contract being drafted

Quarterly commentary

18	Programme costs	Commentary on Government Funded programme
19		Commentary on LTP programme
20	Reform funding	Reform Funding Activities
21		RFI funding (\$60k)
22	Scope and Progress commentary	Commentary
23		Media Announcements

Quarter 1 (January 2021) Update

Top 5 Risks and Contractor Claims		
Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	Medium	PM assigned to each project, project plans in place PCG meeting weekly to promptly address escalations DP weekly meeting to track progress and action plans
Internal staff capacity	High	3-waters planning and contract drafting consultants engaged Recruitment in sign-off phase
Contractor and goods availability	Medium	Local and specialist contractors scoped for availability Commencement of some works due to local contractor availability
Unforeseen expenditure	Medium	Project plans going through 2 phase sign-off process High value and complex projects evaluated through Tender Sub Committee
Poor contractor performance	Low	Terms and conditions drafted for Contract Management Contractor templates specifically for 3 waters reform projects setout clear requirements for delivery of projects
Health and Safety procedures not followed	Low	Contract templates include H+S requirements H+S audits to be undertaken by PM or CM

Conditions agreed upon in delivery plan	
Condition	Commentary
Consult with other Councils on SCADA	Will utilise one of the councils in the group (e.g. Western Bays) to audit SCADA upgrade approach
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status		
Roadblock	Status	Commentary
RMA	In Preparation	Project 8 (Piopio Water Supply Improvements) - checking allowed activities under current consent
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	[Select]	Project 7 - Site visit to begin draft design Project 10 - Project meeting onsite 9 Feb to scope design work Project 13 & 19 consultant to book site visits (2 days)
Procurement	RFP issued	Projects 1, 5, 6, 12, 13, 14, 19, 21, 22 quotes requested
Main Contract	Contract negotiation	Project 6 - Contract ready for closed tender process Project 23 - Contract Management contract being drafted

Programme costs commentary
Limited expenditure to date, Project 1 - one site commenced early due to contractor availability
Spend on track, some overspend on wastewater pump renewals due to increased complexity of the renewal.

Reform funding commentary
N/A
N/A

Scope and Progress commentary
Project 1 commenced
General media release on the \$3.5M funding for 3 waters, Published in Waitomo News on Thurs 17/12/2020

Quarter 2 (April 2021) Update

Top 5 Risks and Contractor Claims

Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	High	Dependant on risks below
Internal staff capacity	Medium	Recruitment successful for Treatment Plant Technician, Environmental Technician, Network Engineer. Successful contractor recruitment for Project/Contract management, data collection technicians, in progress for WWTP Service Technician/s.
Contractor and goods availability	High	Accuflo Manifolds delivery not met due to supply issue, smaller weekly deliveries secured. Close monitoring of supply required. Capacity issues for specialist contractors causing delay, has not impacted completion dates.
Unforeseen expenditure	Medium	Increased pricing of plant and equipment - reduced additional monitoring and critical spares project outputs.
Poor contractor performance	Low	Contract templates including specific requirements for 3 Waters reform programme in place. Any procurement exemptions approved by Tender Submission Committee.
Health and Safety procedures not followed	Low	Procurement policy includes Health Safety requirements. Contract/Project Management contract in place to conduct H+S audits on site.

Conditions agreed upon in delivery plan

Condition	Commentary
Consult with other Councils on SCADA	Knowledge base increasing from work with SCADA forum. Baseline document and the upgrade will be discussed with SCADA specialist made available through forum.
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status

Roadblock	Status	Commentary
RMA	[Select]	Initial discussions with WRC activities can be completed within the allowed conditions. WDC and contractor (yet to be engaged) to confirm physical works proposed are within allowed conditions.
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	Underway	Project 10 - Mokau upgrade design & install - hydraulic modelling and P&ID drawings in progress Project 12 - Reticulation design and planning - design drawings phase 1 completed Projects 13 + 19 - Back-up Generators - Scoping report completed, suppliers to provide quotes for equipment and install. Project 4 - SCADA to cloud - Scoping work extended, baseline document in progress with Control Box.
Procurement	RFP issued	Projects 3 + 16 -Additional monitoring WTP + WWTP - equipment priced, installation quote to be provided. Projects 1 - Security of supply and Project 22 Track improvement- in phase 2 , all sites quoted. Project 14 - equipment ordered due June (delayed was April), building alterations scoped. Project 5 - Pump station renewals WTP - prices received
Main Contract	Contract negotiation	Project 6 - Backflow installation tender evaluation delayed due to probity checks Project 20 - Contract/Project Management agreement signed. Project 21 - Asset data collection - staff to commence training week of 20 April

Programme costs commentary

Project under spend compared to forecast: Project 20 - delay with securing contractor for project/contract management.
LTP spend tracking well overall some delay in spending due to internal capacity and scoping of SCADA. Forecasted spend

Reform funding commentary

Request submitted to allocate funding from Project 20 Contract/Project Management to Project 23 Reform Preparation
[Commentary]

Scope and Progress commentary

Works in progress - fencing, track repair, asset data collection devices and process in place, manifolds in stock, generator
Drafted media release for backflow installation project, final version and individual letters to be confirmed once contract

Quarter 3 (July 2021) Update

Top 5 Risks and Contractor Claims		
Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	[Select risk]	[Commentary]
Internal staff capacity	[Select risk]	[Commentary]
Contractor and goods availability	[Select risk]	[Commentary]
Unforeseen expenditure	[Select risk]	[Commentary]
Poor contractor performance	[Select risk]	[Commentary]
Health and Safety procedures not followed	[Select risk]	[Commentary]

Conditions agreed upon in delivery plan	
Condition	Commentary
Consult with other Councils on SCADA	[Commentary]
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status		
Roadblock	Status	Commentary
RMA	[Select]	[Commentary]
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	[Select]	[Commentary]
Procurement	[Select]	[Commentary]
Main Contract	[Select]	[Commentary]

Programme costs commentary
[Commentary on spend to date how its tracking to plan and explanations for under/over spend]
[Commentary on spend to date how its tracking to plan and explanations for under/over spend]

Reform funding commentary
[Commentary]
[Commentary]

Scope and Progress commentary commentary
[Commentary on progress during period, i.e. consents gained, work done etc... Progress towards scope and any major
[Any major media announcements or upcoming opportunities for media announcements, with estimated timing i.e.

Quarter 4 (October 2021) Update

Top 5 Risks and Contractor Claims

Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	[Select risk]	[Commentary]
Internal staff capacity	[Select risk]	[Commentary]
Contractor and goods availability	[Select risk]	[Commentary]
Unforeseen expenditure	[Select risk]	[Commentary]
Poor contractor performance	[Select risk]	[Commentary]
Health and Safety procedures not followed	[Select risk]	[Commentary]

Conditions agreed upon in delivery plan

Condition	Commentary
Consult with other Councils on SCADA	[Commentary]
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status

Roadblock	Status	Commentary
RMA	[Select]	[Commentary]
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	[Select]	[Commentary]
Procurement	[Select]	[Commentary]
Main Contract	[Select]	[Commentary]

Programme costs commentary

[Commentary on spend to date how its tracking to plan and explanations for under/over spend]
[Commentary on spend to date how its tracking to plan and explanations for under/over spend]

Reform funding commentary

[Commentary]
[Commentary]

Scope and Progress commentary commentary

[Commentary on progress during period, i.e. consents gained, work done etc... Progress towards scope and any major
[Any major media announcements or upcoming opportunities for media announcements, with estimated timing i.e.

Quarter 5 (January 2022) Update

Top 5 Risks and Contractor Claims

Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	[Select risk]	[Commentary]
Internal staff capacity	[Select risk]	[Commentary]
Contractor and goods availability	[Select risk]	[Commentary]
Unforeseen expenditure	[Select risk]	[Commentary]
Poor contractor performance	[Select risk]	[Commentary]
Health and Safety procedures not followed	[Select risk]	[Commentary]

Conditions agreed upon in delivery plan

Condition	Commentary
Consult with other Councils on SCADA	[Commentary]
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status

Roadblock	Status	Commentary
RMA	[Select]	[Commentary]
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	[Select]	[Commentary]
Procurement	[Select]	[Commentary]
Main Contract	[Select]	[Commentary]

Programme costs commentary

[Commentary on spend to date how its tracking to plan and explanations for under/over spend]
[Commentary on spend to date how its tracking to plan and explanations for under/over spend]

Reform funding commentary

[Commentary]
[Commentary]

Scope and Progress commentary commentary

[Commentary on progress during period, i.e. consents gained, work done etc... Progress towards scope and any major
[Any major media announcements or upcoming opportunities for media announcements, with estimated timing i.e.

Final (March 2022) Update

Top 5 Risks and Contractor Claims

Risk Name	Risk Level	Commentary
Completion of programme by 31 March 2022	[Select risk]	[Commentary]
Internal staff capacity	[Select risk]	[Commentary]
Contractor and goods availability	[Select risk]	[Commentary]
Unforeseen expenditure	[Select risk]	[Commentary]
Poor contractor performance	[Select risk]	[Commentary]
Health and Safety procedures not followed	[Select risk]	[Commentary]

Conditions agreed upon in delivery plan

Condition	Commentary
Consult with other Councils on SCADA	[Commentary]
Condition [i.e. consult on water meters]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]
[Condition]	[Commentary]

Pre-work commencement status

Roadblock	Status	Commentary
RMA	[Select]	[Commentary]
Building Consent	[Select]	[Commentary]
Other Consents (i.e. CARs, iwi, Heritage)	[Select]	[Commentary]
Design	[Select]	[Commentary]
Procurement	[Select]	[Commentary]
Main Contract	[Select]	[Commentary]

Programme costs commentary

[Commentary on spend to date how its tracking to plan and explanations for under/over spend]
[Commentary on spend to date how its tracking to plan and explanations for under/over spend]

Reform funding commentary

[Commentary]
[Commentary]

Scope and Progress commentary commentary

[Commentary on progress during period, i.e. consents gained, work done etc... Progress towards scope and any major
[Any major media announcements or upcoming opportunities for media announcements, with estimated timing i.e.

Three Waters Stimulus Funding - LTP information collection

LTP information				Actual LTP Spend																		
		FY19/20	FY20/21	FY21/22	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
		Actual	Plan	Plan																		
Water Supply																						
Potable water mains / pipes upgraded / renewed or new	\$NZ'm	0.02	0.18	0.19	0.08	0.00	0.00	0.00	0.00													
Water pipe inspections	\$NZ'm	0.00	0.00	0.00																		
Leak detection	\$NZ'm	0.00	0.00	0.00																		
Water Treatment Plant upgrades	\$NZ'm	0.12	0.43	0.06	0.05	0.03	0.00	0.17	0.03													
Pump station upgrades	\$NZ'm	0.00	0.00	0.00																		
Bore upgrades	\$NZ'm	0.00	0.00	0.00																		
New water source added	\$NZ'm	0.00	0.00	0.00																		
Raw water storage	\$NZ'm	0.00	0.00	0.00																		
Treated water storage (refurbished or new)	\$NZ'm	0.00	0.00	0.00																		
Boundary backflow preventors	\$NZ'm	0.08	0.06	0.06	0.05	0.03	0.00	0.00	0.00													
Water meters installed	\$NZ'm	0.00	0.00	0.00																		
Water filling station	\$NZ'm	0.00	0.00	0.00																		
Water security / fencing	\$NZ'm	0.00	0.01	0.00																		
Other	\$NZ'm	0.00	0.00	0.00																		
Total Water Supply		0.22	0.68	0.30	0.18	0.06	0.00	0.17	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater																						
Wastewater pipes upgraded / renewed or new	\$NZ'm	0.00	0.00	0.00																		
Wastewater pipe inspections	\$NZ'm	0.00	0.00	0.00																		
Sludge removal from ponds #	\$NZ'm	0.01	0.06	0.06	0.00	0.00	0.00	0.00	0.00													
Pump station upgrades	\$NZ'm	0.04	0.01	0.01	0.01	0.00	0.00	0.00	0.00													
Wastewater Treatment Plant upgrades	\$NZ'm	0.04	0.04	0.01	0.01	0.00	0.00	0.01	0.00													
Other	\$NZ'm																					
Total Wastewater		0.09	0.10	0.08	0.02	0.00	-	0.02	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm																						
Stormwater pipe inspections	\$NZ'm	0.00	0.01	0.00																		
Stormwater pipes upgraded / renewed or new	\$NZ'm	0.03	0.13	0.13	0.01	0.00	0.00	0.01	0.04													
Stormwater treatment	\$NZ'm	0.00	0.00	0.00																		
Other	\$NZ'm																					
Total Storm		0.03	0.13	0.13	0.01	0.00	-	0.01	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-
Other																						
Asset data and GIS improvements/update/maintenance	\$NZ'm	0.00	0.00	0.02																		
SCADA upgrades or new	\$NZ'm	0.01	0.07	0.03	0.00	0.03	0.00	0.00	0.00													
Hydraulic modelling of network	\$NZ'm																					
Strategy Study or Report	\$NZ'm																					
Co-ordination initiatives undertaken	\$NZ'm																					
Preparation for Reform	\$NZ'm																					
Programme management	\$NZ'm																					
Total Other		0.01	0.07	0.04	-	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$NZ'm	0.35	0.98	0.55	0.21	0.09	0.00	0.20	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-
											0.58	59%										

Document No: A521913

Report To: Audit, Risk and Finance Committee



Meeting Date: 11 May 2021

Subject: Progress Report: WDC Resource Consents – Compliance Monitoring

Type: Information Only

1.0 Purpose of Report

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

2.0 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.

3.0 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 Condition 65 - Ring Drain	Monthly
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 66 – SW2	Monthly
Quarterly	
No. 112639 - Te Kuiti Wastewater Treatment Plant Conditions 7 to 19 (Discharge) Condition 30 (Reasonable Mixing)	December, March, June, September
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 66 – SW1, SW2, SW3	February, May, August, November
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 72 – SW – Ring Drain & Groundwater	February, May, August, November
Six Monthly	
No. 133317 - Te Kuiti Water Treatment Plant Condition 11 (Water Take)	January/July
No. 118813 - Benneydale Wastewater Treatment Plant Condition 16 to 23	January/July

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RESOURCE CONSENT	REPORT DUE
No. 117945 - Benneydale Water Treatment Plant (Backwash)	April/October
No. 140685 - Te Kuiti Landfill (William Street) Condition 63 and 14 DH2/3/4/7 (Oct to March, April to Nov)	May/November
No. 107477 - Piopio Water Treatment Plant Conditions 6 and 9 (Water Take) (Nov-April, May-Oct)	May/November
No. 107478 - Piopio Water Treatment Plant (Backwash) (Nov-April, May-Oct)	May/November
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 62 - LEACHATE	June/November
Annual	
No. 118813 - Benneydale Wastewater Treatment Plant Condition 26 (Discharge to Land and Water)	31st March
No. 120340 - Mokau Closed Landfill Condition 3, 6 & 10	Monitoring Ceased by mutual agreement with WRC (11/2017)
No. 113038 - Te Kuiti Water Treatment Plant Conditions 1 & 2 (Ground Water Take)	1st of May
No. 105054/55/56/57/58/59/60 - Waitomo Stormwater Schedule A (22) Conditions 4,5 & 6	31st May
No. 105054 - Te Kuiti Stormwater Condition 6	31st May
No. 116274 - Benneydale Water Treatment Plant Conditions 2, 3, 4 & 7 (Groundwater Take)	1st of June

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RESOURCE CONSENT	REPORT DUE
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.	1st September
No. 140685 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Consents 78 <i>Independent Peer Reviewer</i>	1st October
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 6 (Groundwater b1 to b7)	September 30 th
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 20 (Discharge)	September 30 th
No. 103287, 103288 and 103289 - Te Kuiti Walker Road - Closed Landfill Discharge to Land, Air and Divert (Nov, Jun)	November <i>(within two months of sampling)</i>
No. 103193 - Benneydale Closed Landfill SH30 Conditions 2, 3 and 5 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)

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RESOURCE CONSENT	REPORT DUE
Biennial	
No. 117290 - Piopio Wastewater Treatment Plant Condition No 7 and 9 (Discharge) (Operations and Management)	September 2014, 2016, 2018, etc.
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 24	June 2015 (<i>and every two years after</i>)
No. 118813 - Benneydale Wastewater Treatment Plant Condition 27 (Management Plan Review)	from 2010 every two years
Other	
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 28 (after 3 years Fish Passage/Migration Barrier Assessment)	Monday, 18 December 2017 (<i>Work in progress</i>)

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

1. **RC 118813, Benneydale WWTP Discharge Conditions 23 - 1st July to 31st December 2020 (Doc A505523).**
 - Partial compliance achieved.
 - There were eight exceedances to the daily discharge threshold of 85 m³/day during the current assessment period. Six exceedances during the month of July 2020, one during November and one on December 2020. Rainfall records are directly proportional to the increment of inflow volume, showing there is a rain infiltration factor on each exceedance to the daily total volumes.
 - WDC has currently contracted a flow and loads consultant.
 - The flowmeter that records discharge to the soakage field will be replaced as part of the three waters reform funding programme.
2. **RC 117290 Piopio WWTP Discharge to water, December 2020 and January 2021 (Doc A505923).**
 - Full compliance achieved.
3. **RC 116844 Benneydale WTP - Surface water take - January 2021 (Doc A506245).**
 - Full compliance achieved.
4. **RC 112639 Te Kuiti Wastewater Treatment Plant Discharge to water, Exceedance Report: E.coli January and February 2021 (Doc A507603).**
 - E.coli results showed one exceedance during December 2020, two exceedances during January 2021 and one exceedance the first week of February 2021.
 - Due to staff capacity and delay in proactive maintenance of the clarifier and UV, weekly cleaning of clarifier and UV wasn't performed in deep.
 - The latest sample taken the following week showed values below trigger limits at 18 MPN/100 ml.
5. **RC 120048, Groundwater Monitoring Report Condition 7: February 2021 (Doc A511705).**
 - Biennial report studying impact of wastewater into groundwater, the potential for effects of the seepage on groundwater and the Mangaokewa Stream.
6. **RC 116844 Benneydale WTP - Surface water take - February 2021 (Doc A513146).**
 - Full compliance achieved.


7. **RC 117290 Piopio Wastewater Treatment Plant Effluent Discharge – February 2021 (Doc A513197).**
- Partial compliance achieved.
 - Total ammoniacal nitrogen values increased again above trigger limits during November at 12.9 mg/l, and after remedial actions were performed, a monitoring sample taken on December 2020 returned below trigger limits at 8.36 mg/l, and remained compliant at 6.59 mg/l during January 2021. However latest test results showed another exceedance during February 2021 at 16.4 mg/l.
 - The Piopio WWTP Plant requires regular maintenance to perform efficiently. Part of the plant's maintenance regime is cleaning of the pods. Due to staff capacity and contractor availability, there have been delays in the proactive maintenance programme.
 - WDC is currently completing a recruitment process for a treatment plant technician.
8. **RC 112639 Te Kuiti Wastewater Treatment Plant Discharge to water, quarterly report, December 2020 to February 2021 (Doc A513304).**
- Partial compliance achieved overall.
 - E.coli exceedance during January and February 2021, values returned to below trigger levels after remedial actions were put in place.
9. **RC 116844 Benneydale WTP - Surface water take - March 2021 (Doc A519280).**
- Full compliance achieved.

Suggested Resolution

The Progress Report: Resource Consent – Compliance Monitoring, 11 February 2020, be received.



TONY HALE
GENERAL MANAGER – INFRASTRUCTURE SERVICES

Document No: A523080	
Report To: Audit, Risk and Finance Committee	
	Meeting Date: 11 May 2021 Subject: Motion to Exclude the Public for the Consideration of Council Business

Purpose

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

Commentary

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

Suggested Resolutions

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

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Annual Report and Summary Annual Report 2020/21 – Audit Engagement, Plan and Timeline	Section 7(2)(c)(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)(a)(1)
2. Progress Report: Health and Safety	Section 7(2)(a) To protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(1)

- 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 – Community Services	Business Paper Author
General Manager – Business Support	Business Paper Author

- 4 This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in the public.



MICHELLE HIGGIE

MANAGER – GOVERNANCE SUPPORT