

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY 22 MARCH 2021** commencing at **9.30am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**

2. **CONFIRMATION OF STATUS OF AGENDA**
Kelvin French from Waikato Local Authority Shared Services will be in attendance to discuss item 7.4

3. **DISCLOSURES OF INTEREST**

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	Cr Janet Gibb
Deputy Chairperson:	Cr Aksel Bech
Membership:	The Mayor, all Councillors and Mrs Maxine Moana-Tuwhangai (Maangai Maaori)
Meeting frequency:	Six-weekly
Quorum:	Majority of members (including vacancies)

Purpose:

The Strategy & Finance Committee is responsible for:

1. Monitoring of Council's strategy, and performance (both financial and non-financial) against the Long Term Plan and Annual Plan.
2. Setting the broad vision and direction of the District, determine specific outcomes that need to be met to deliver on that vision, and develop and monitor strategies to achieve those goals.
3. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
4. Guiding and monitoring Council's interests in Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

In addition to the common delegations on page 10, the Strategy & Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference - Strategy:

1. Develop and agree strategy and plans for the purposes of consultation.
2. Recommend to Council strategy and plans for adoption, including community plans (e.g Blueprints).
3. Monitor and review adopted strategies and plans.
4. To monitor and provide advice on the development and implementation of growth and development strategies, land use, and spatial plans in line with national policy requirements.
5. To enhance the District's economic position by promoting it as a business-friendly and business-enabled location and providing direction on strategic initiatives, plans, projects and potential major developments relating to economic and business development.
6. To monitor and provide direction on engagement with the District's communities in relation to the Council's strategies and plans.
7. To monitor and make decisions on environmental management and sustainability within the District.

8. To receive and consider presentations and reports from stakeholders, government departments, organisations and interest groups on development and wellbeing issues and opportunities within the District.

Terms of Reference – Finance:

9. To monitor Council's financial strategy, and performance against that strategy.
10. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
11. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
12. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for full Council's approval.
13. To monitor Council's investments and Local Government Funding requirements in accordance with Council policy and applicable legislation.

The Committee is delegated the following powers to act:

- Approval of:
 - a. appointments to, and removals from, CCO and CO boards; and
 - b. a mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.
- Approval of proposed major transactions of CCOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Monitor work on Future Proof, Waikato Plan, Growth & Economic Development Strategy and cross-boundary issues.
- Approval of any process for making decisions where additional opex or capex funding, or deferred capex, is required.
- Review and make recommendations to Council in relation to Fees & Charges (after consultation with relevant community boards or committees).
- Review and recommend to Council the adoption of the Annual Report.
- Review and recommend to Council the approval of Development Agreements.
- Approval of transactions in relation to investments in accordance with Council policy.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which exceed the Chief Executive's delegations, but exclude contracts or arrangements that are reserved for the Council or another committee's approval.

- Approval of rating issues where these exceed the delegated authority of officers, or are an appeal against officer decisions. For clarity, this excludes decisions that are required, by law, to be made by the Council.
- Approval to write-off outstanding accounts that exceed officer delegations.
- Approval of funding applications for the Heritage Assistance Fund and Conservation Fund as recommended to the committee by officers or relevant assessment bodies.

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	9 March 2021
Prepared by	Matt Horsfield Democracy Advisor
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Strategy & Finance Committee meeting held on 9 February 2021.

2. RECOMMENDATION

THAT the minutes of the meeting of the Strategy & Finance Committee held on Tuesday 9 February 2021 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

S&F Committee Open Minutes – 9 February 2021

Minutes of a meeting of the Strategy & Finance Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY, 9 FEBURARY 2021** commencing at **9:30am**.

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr AD Bech
Cr JA Church
Cr SL Henderson
Cr SD Lynch
Mrs Maxine Moana-Tuwhangai [*from 9:48am*]
Cr RC McGuire
Cr EM Patterson
Cr JD Sedgwick
Cr NMD Smith
Cr LR Thomson
Cr CT Woolerton

Attending:

Mr J Dawson, Chief Executive, Hamilton & Waikato Tourism

Mr D Whyte (Huntly Community Board Chair)

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Mr C Morgan (General Manager Community Growth)
Ms A Diaz (Chief Financial Officer)
Mr R McCullough (General Manager Service Delivery)
Mr C Bailey (Finance Manager)
Mr J Ebenhoh (Planning & Policy Manager)
Mr B Burnand (Project Manager – Long Term Plan)
Mr M Horsfield (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Cr Woolerston/Patterson)

THAT an apology be received from Cr Eyre and Cr McInally.

CARRIED

S&F2102/01

Post-Meeting Note: The Chairperson advised that Mrs Moana-Tuwhangai had notified her apology for lateness prior to the meeting commencing.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Thomson/Woolerston)

THAT the agenda for a meeting of the **Strategy & Finance Committee** held on **Tuesday, 9 February 2021** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be considered with the public excluded;

AND THAT all reports be received;

CARRIED

S&F2102/02

DISCLOSURES OF INTEREST

Cr Church advised members of the committee that she would declare a non financial conflict of interest in Item 7.2 [*Council Controlled Organisations Annual Reports*] in relation to Waikato District Community Wellbeing Trust Performance Report.

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/Patterson)

THAT the minutes of a meeting of the **Strategy & Finance Committee** held on **Wednesday 25 November 2020** be confirmed as a true and correct record of that meeting.

CARRIED

S&F2102/03

ACTION REGISTER

Agenda Item 5.1

The report was received [*S&F2102/02 refers*] was taken as read. No discussion was held.

REPORTS

Hamilton & Waikato Tourism Six-monthly report to Waikato District Council 17

1 July – 31 December 2020

Agenda Item 6.1

Tabled Item: [Waikato District Council Six monthly update: July-December 2020]

The report was received [*S&F2102/02 refers*]. In speaking to the report and a powerpoint presentation, Mr Dawson highlighted, and responded to questions, on the following matters:

- Visitors expenditure was down but remained the fourth largest domestic regional visitor destination and fifth largest international visitor destination.
- Enhanced domestic marketing with increased online campaigns and publications.
- Coordination with other regions for marketing campaigns as well as Tourism NZ.
- Programmes launched relating to promotional campaigns, trip and travel data and sustainability.
- Revised KPI's with 0% increase goal reflecting impact of Covid-19; conference bookings still being received but on a smaller scale.
- International markets remained in focus with ensurance that New Zealand is safe for travel once borders opened. Online travel webinars still active in overseas markets.
- Room capacity given managed isolation facilities and emergency housing requirements.
 - Example of a temporary campervan village for Fieldays exhibitors discussed.
 - Loss of Air BnB facilities, moving to long-term rentals.
- Freedom camping
 - experiences of other councils in relation to funding;
 - tourism funding expectations with central government.

ACTION: Hamilton & Waikato Tourism to provide an update regarding visitor costs and economic impact of freedom camping once compiled by Department of Conservation (taking into account other councils' experiences).

Mrs Moana-Tuwhangai joined the meeting at 9.48am during discussion on the above item.

Long Term Plan 2021-31 Update

Agenda Item 6.2

The report was received [S&F2102/02 refers] and discussion was held.

The Long Term Plan Project Manager gave a verbal update and the following matters were discussed:

- Main LTP components would be discussed in the next few weeks, with the draft LTP scheduled to be presented for Council's consideration on the 23rd March.
- Impact of Covid-19 – reflected in significant forecasting assumptions and reduced revenue forecast.
- Follow up to the initial Business Survey – staff were working through the logistics on how a follow-up survey could be undertaken.

Treasury Risk Management Policy – Compliance Report at 31 December 2020

Agenda Item 7.1

The report was received [S&F2102/02 refers]. The Chief Financial Officer spoke to the report and noted there was an error in the staff report related to a comment in Item 6 that is not applicable to the report.

The following matters were discussed:

- Interest Rates and Swaps.
- Raising Capital – Not looking to raise capital; though initial steps had been undertaken to attain a credit rating via Fitch and Moodys.
- Media report associated with outstanding unpaid rates for the 2019/20 year.

ACTION: Staff to look into the media report on unpaid rates outstanding for the 2019/20 financial year and report back to the Committee..

Council Controlled Organisations Annual Reports

Agenda Item 7.2

Cr Church declared a conflict of interest in this item and did not participate in the discussion on this item.

The report was received [S&F2102/02 refers] and the Chief Financial Officer outlined the purpose of the CCO reports, and highlighted, and responded to questions, on the following matters:

- Waikato Regional Airport Limited

- Good result despite Covid-19.
- Audit NZ's views on the long-term valuation of investment properties.
- Profitability of airport going forward. Land sales coincided with leasing arrangements.
- Airport was focused on diversifying business opportunities, particularly in light of the impact on travel due to Covid-19.

EXCLUSION OF THE PUBLIC

Agenda 8

Resolved: (Cr Patterson/Lynch)**THAT the public be excluded from the following parts of the proceedings of this meeting.**

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 1 Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 7 Local Government Official Information and Meeting Act 1987	Section 48(1)(a)

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

Item No.	Section	Interest
Item 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.

CARRIED**S&F2102/04**

Open Meeting

To	Strategy and Finance Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	1 March 2021
Prepared by	Sandy Mason Personal Assistant
Chief Executive Approved	Y
Reference #	GOV1318 / 3032753
Report Title	Action Register – March 2021

1. EXECUTIVE SUMMARY

Purpose of this report is to provide the Strategy and Finance Committee with an update on Actions arising the previous meeting.

2. RECOMMENDATION

THAT the report from the Acting General Manager Community Growth be received;

3. ATTACHMENT

Strategy and Finance Committee's Action Register – March 2021

Strategy and Finance Committee's Action Register – March 2021

Meeting Date	Action	Team/Person Responsible	Status Update
9 February 2021	<p>Agenda item 6.1 Hamilton & Waikato Tourism Six-monthly report to Waikato District Council 1 July – 31 December 2020</p> <p>Action: Hamilton & Waikato Tourism to provide an update regarding visitor costs and economic impact of freedom camping once compiled by Department of Conservation (taking into account council's experiences).</p>	Hamilton & Waikato Tourism	<p>Hamilton & Waikato Tourism (HWT) do not have economic impact or costs around freedom camping provided by Department of Conservation (DoC). HWT made the request to DoC Head Office end of last year and it is up to them if they undertake the work.</p> <p>Since this meeting, DoC has now released their Heritage and Visitor Strategy which details actions around visitor connection which may be useful for the Strategy and Finance Committee members: https://www.doc.govt.nz/heritage-and-visitor-strategy</p>
	<p>Agenda Item 7.1 Treasury Risk Management Policy – Compliance Report at 31 December 2020</p> <p>Action: Staff to look into the media report on unpaid rates outstanding for the 2019/20 financial year and report back to the Committee.</p>	Council Financial Control Officer	The article referred to in the meeting has not been circulated.

Open Meeting

To	Strategy and Finance Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	10 March 2021
Prepared by	James Fuller Senior Environmental Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 3033536
Report Title	Consideration of Conservation Fund Applications

1. EXECUTIVE SUMMARY

The purpose of this report is to present the current Conservation Fund applications for the Committee's consideration with a recommendation to Council for approval.

2. RECOMMENDATION

THAT the report from the **Acting General Manager Community Growth** be received;

AND THAT the **Strategy and Finance Committee** recommends to Council that the **Conservation Fund** application of **\$4,900.00** from **M Emms (146C Woodcock Road, Tamahere)** be approved in full;

AND THAT the **Strategy and Finance Committee** recommends to Council that the **Conservation Fund** application of **\$4,700.00** from **K Over (349 Pinnacle Hill Road, Mangatāwhiri)** be approved in full;

AND FURTHER THAT the **Strategy and Finance Committee** recommends to Council that the **Conservation Fund** application of **\$4,999.00** from **C Jackson (1109 Whaanga Road, Raglan)** be approved in full.

3. BACKGROUND

Council has a dedicated fund established through the Conservation Strategy (2004) to contribute to conservation efforts being undertaken on private land within the district. The criteria used to determine if funding applications are appropriate can be found in the Conservation Strategy and the Proposed Waikato District Plan.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

Since the last report on the conservation fund to the Strategy and Finance Committee (2 September 2020), Council staff have received and approved under delegated authority six further applications (under \$1,500.00) from across the district to the value of \$8,984.09.

Three applications have been received requesting over \$1,500.00 each and are described below for the Committee's consideration:

M Emms

The application from M Emms (total of \$4,990.00) is for weed control (\$2,170.00), native plants and planting (\$2,820.00).

K & A Over

The application from K & A Over (total of \$4,700.00) is for spraying weeds (\$300.00), maintenance and repair of the fenced covenanted area, partial fencing of a wetland area (\$700.00), pest control (\$2,000.00) and native plants to place within the covenanted bush and adjacent wetland area (\$1,700.00).

M Jackson

The application from C Jackson (total of \$4,999.00) is for weed and pest control, native plants and planting around a forestry bush area.

4.2 OPTIONS

There are three options summarised below, which may be considered in part or in combination. It is noted that the recommendations set out in Section 2 of this report are unique to each funding application.

Option 1: To approve funding for the applications in full

Option 2: To approve funding for the applications in part

Option 3: To decline funding for the applications

Option 1 is the recommended option for each funding application, as each project aligns with the criteria outlined in the Conservation Strategy (refer to the assessment in Section 5.3).

Option 2 is not appropriate, as it would limit the conservation gains associated with the applicants' works on private landholdings and likely delay ongoing restoration efforts.

Option 3 is not appropriate, as it would retain the funding for future deployment and would result in the slow progress of conservation on private landholdings.

5. CONSIDERATION

5.1 FINANCIAL

The Strategic Planning Team Leader has the delegation to decide on funding applications under \$1,500.00 and these are to be reported to Council. Funding applications over \$1,500.00 require Council consideration and approval. Below is an outline of the funding available.

Total Funding 2020/2021 (as of 1 July 2020)	\$150,936.00
Total Expenditure (as of 8 January 2021)	\$32,106.22
Already Committed (as of 5 March 2021)	\$26,139.15
Net Funding Remaining	\$91,199.63
Proposed funding for these applications	\$14,690.00
Net Funding Remaining if this grant is approved	\$76,509.63

5.2 LEGAL

There are no legal implications of awarding the funds.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The recommendation to grant the proposed funding applications aligns with the Conservation Strategy and the criteria contained therein:

(a) The ecological significance of the site, the degree of threat to it and the likelihood of restoration success;

The three sites contain identified Significant Natural Areas, one of them having a registered conservation covenant (K & A Over) under the district plan. Another proposes to be identified as a QEII National Trust (QEII) conservation covenant (M Jackson). Throughout the district, such sites are threatened by pest plant and animal incursion and stock browsing. The applicants have demonstrated a commitment and effort to controlling pests and weeds in their relative properties and blocks and keeping these areas free of stock. The applicants seek further to establish restoration through the planting of suitable native species.

(b) The priority the council is giving to the habitat type on the site as determined through an assessment of habitat types requiring the greatest assistance and the assistance for various habitat types available from other agencies;

The habitat types vary and include conservation projects relating to covenanted bush maintenance and regeneration, establishing a coastal QEII conservation covenant and gully restoration with stream habitat rehabilitation. All these areas are threatened and underrepresented in the Waikato district and the wider region. They have all been identified and assessed as Significant Natural Areas and therefore recognised in the Proposed Waikato

District Plan. The restoration effort of the landowners aligns with the assistance available from other funding agencies.

Regarding the application from K & A Over, the subject site represents a threatened habitat type, both in the Waikato district and nationally and is legally protected through a Council covenant. Ongoing protection and enhancement of this bush ecosystem and adjacent wetland area are important, given many of these areas within the district have been compromised by land use and development. The applicant will further exclude stock from the wetland area and repair the surrounding bush covenant fences. The proposed works include the removal of un-managed infestations of pests and weeds that evidently target native vegetation or restrict their growth.

M Emms' property includes rehabilitating vegetation areas within a significant gully area and a stream habitat. These areas are important in the Tamahere area and within the more comprehensive Hamilton gully network. Ongoing protection and enhancement of fragmented stream ecosystems are vital, given many have been compromised by land use, development and weed proliferation. No stock grazing is undertaken in the stream network, but there are significant un-managed infestations of pest plants.

On behalf of M Jackson, C Jackson's application relates to a new coastal bush area, which is also regarded as a high priority in terms of biodiversity enhancement due to its scarcity. The area has been identified as a Significant Natural Area under the Proposed Waikato District Plan. The applicant is proposing a QEII conservation covenant to be placed over the forestry site within the property and is also receiving funding from the QEII and Waikato Regional Council, along with the landowner funds to undertake the conservation project. By fencing these areas and undertaking ongoing protection, the fragmented forestry ecosystems with the Waikato district will be enhanced.

Please note that M Jackson has previously applied for funding and been granted funds for pest control on another high-quality coastal bush block with QEII status. This funding application is new and is considered appropriate given the quality of the site, bush and stream(s) contained within it and is supported by other entities, including QEII and Waikato Regional Council.

(c) The extent to which the benefits to private landowners is matched or exceeded by wider community and ecological benefits (e.g. through connecting isolated habitat areas);

All restorations efforts as part of the conservation projects noted in the funding applications will result in comprehensive ecological benefits to adjoining properties and the wider environment.

K & A Over have contributed to conservation efforts by ensuring that stock is excluded from the bush lot, a wetland area and protecting a range of lowland kahikatea, podocarp, mahoe and puriri remnant on-site. Reduced stock numbers on the farm also resulted in improvements in water quality. K & A Over have also undertaken extensive weed control and some pest management in and around the covenanted area.

M Emms has undertaken the restoration of the gully area, undertaken weed control and introduced new native plants. This work complements other efforts undertaken on the wider Tamahere gully network, including community efforts on private and public land.

This report notes that the landowner (M Jackson) has previously applied to Council and the QEII to protect a different area that contains a high ecological value and key endangered plant species. The stock was excluded from grazing within this forestry area and the margins. Council funding was targeted at pest and weed control so the forestry can regenerate and allowing some replanting of propagated seeds.

(d) Landowner willingness, including the degree of long-term commitment and the existence of any legal mechanism securing that commitment;

K & A Over intends to repair old existing fencing, and plant/fence and plant the wetland area at the top of the covenanted bush lot. They have undertaken significant weed control measures and are looking to replant low coverage areas within the covenanted bush area and the wetland area. Providing funding for weed and pest control is likely to benefit the site in terms of bush regeneration. The applicant is demonstrating a commitment to the site and Council's covenanted area.

M Jackson proposes to place a QEII conservation covenant within the property to protect the sub-alpine coastal bush. The area proposed for conservation funding is on the western slope of Mt Karioi and includes the Te Rekereke stream. This area is identified as a Significant Natural Area under the Proposed Waikato District Plan and no submissions having been made on this particular Significant Natural Area (SNA). It is recommended that the full amount of \$4,999.00 requested is granted for partial fencing, plantings, weed and pest control in relation to this coastal habitat. The site adjoins the Department of Conservation (DOC) reserve on the eastern side of Mt Karioi.

(e) The long-term financial implications of managing the site properly;

All of the applicants have committed personal funds to their restoration efforts (fencing, weed and pest control and planting), which are well underway. The proposed measures will help reduce the capital expenditure required overtime. Labour is generally covered by the landowners, being keen on restoring their forestry, bush, wetland and stream areas while minimising invasive weeds and pest species attacking, shading out or restricting the native flora and fauna.

(f) The degree of biodiversity improvement relative to the financial commitment required;

The commitments to date have demonstrable biodiversity improvements without Council funding and these will continue. The fencing proposed weed control and spraying by K & A Over will ensure continued stock exclusion of the bush and the stream allowing native vegetation to be maintained or restore itself.

The biodiversity improvements associated with the M Emms's conservation efforts complement the existing SNA protection of the site and restoration planting is carried out to date. M Emms has provided significant investment in the weeding and management of the site to date. The future weed control proposed will cover terrestrial species on the site. Weeds threaten the natural regeneration of the gully areas by shading and competing for resources. Replanting of the cleared areas, particularly along the stream, will enhance the biodiversity of the overall gully network and its potential to be a nature corridor.

The biodiversity improvements associated with the M Jackson property will be complemented by the proposed legal protection of the site through a QEII conservation covenant and restoration planting carried out to date. The weed and pest control proposed will cover terrestrial fauna and flora species on the site. Pests threaten this coastal forestry area's natural regeneration and associated DOC land by attacking the native trees and bushes.

(g) *The extent of community involvement in the project;*

These applicants are undertaking this work themselves but have sought advice from local community groups where possible and obtained expertise where they have needed it. These resources have included the Landcare New Zealand, QEII National Trust and the Tamahere Walking and Cycling Trust.

There is some opportunity for seed collection (rare species) and propagating on M Jackson's property that could be utilised on other properties in the area.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	The owners of the properties are empowered to undertake conservation on their sites. The conservation fund helps them while they are investing their own's fund and labour in conservation.				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
		Y	Internal
			Community Boards / Community Committees
			Waikato-Tainui / Local iwi (provide evidence / description of engagement and response)
			Households
			Business
		Y	Other Please Specify (QEII National Trust and Waikato Regional Council)

6. CONCLUSION

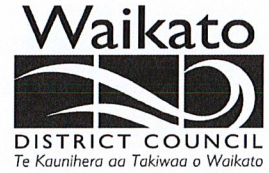
This report has presented background and recommendations on the Conservation Fund applications for Council's consideration and has reported on previously committed Conservation Fund amounts, as per Section 5.1 (Financials table) of this report. The

applications meet the criteria under the Conservation Strategy and will help maintain and enhance the indigenous biodiversity and the life-supporting capacity of indigenous ecosystems of the Waikato district.

7. ATTACHMENT

Conservation Funding Applications

Conservation Fund Application Form



Your Contact Details

Name: Agnes & Kevin Overs _____
 Postal address_349 Pinnacle Hill Road, Bombay, RD1 2675 _____
 Physical address_349 Pinnacle Hill Road, Bombay _____
 Phone _____
 Email _____

Description of Property

Legal owner(s)_as above _____
 Occupier (if different from above) _____
 Legal description_Lots 4 & 5 DP 176436 _____
 Area_25.1329 ha _____
 Valuation Number__03741-63406 _____

General description of project:

Outline the project area on an aerial photograph (one is available from the Council)

Vegetation type (circle one): wetland scrub forest peatland

How big is the project area (hectares)? 1.5650 ha is protected by covenant as shown on survey plan DP 176436 as area 'C'. There is an additional 2.8ha of wetland and bush on the property.

What is special about the area? It has potential for significant wetland restoration.

What do you plan to do? Initially there is a slip area that needs to be planted and fenced to prevent damage to the stream. Further improvements can be considered in consultation with Council.

What are you contributing to the project? To be determined

Are there any other community groups or agencies contributing to the project? Please specify. Not currently

Does this project tie in with similar projects on near-by properties? Please specify. No

What are the long-term management requirements?

What will you do about these long-term requirements?

NOTE: If the assistance is \$5,000 or greater then a conservation covenant registered on the property title is required. This would need to be negotiated with council.

Overall Costs

Fencing	Type of Fence	Length (m)	Cost per metre ¹	Cost
	7 wire	865m	\$15-25 (new & maintenance)	\$1,500
Pest Control	Target Species	Area (ha)	Method of Control	Cost
	Possums & Rats	1.565Ha	Hunting, Trapping and baits	\$3,000.00
Weed Control	Target Species	Area (ha)	Method of Control	Cost
▪ Initial	Ragwort	1.565Ha	Spraying	\$1,200.00
▪ Follow-up			Spraying	\$300.00
Other Costs (please specify, eg planting)				Cost
Plants and planting of 5,983m ²				\$3,000.00
Total Cost				\$9,000.00

Cost Sharing

Source of Funding	Fencing	Pest Control	Weed Control	Other	Total Cost
Council	\$700.00	\$2,000.00	\$300.00	\$1,700.00	\$4,700.00
Landowner	\$800.00	\$1,000.00	\$1,200.00	\$1,300.00	\$4,300.00
Other					
Total					\$9,000.00

Signed (applicant) *John Over*Date *9-12-2020*

Project Assessment (Waikato District Council to complete)

Overall condition of area: Very poor Poor **Good** ExcellentSignificance of area: Low Medium **High** Very High

Will the proposal significantly improve the area / protect something very important / link to other significant areas?

Yes No¹ Including labour

[Type text]

Main benefits of project: The native bush in the covenanted area will regenerate significantly.

Recommended Funding: \$4,700.00

Signed (staff) ✓

Date 24 February 2021



Conservation Fund Application Form



Your Contact Details

Name: MARK & DIANE EMMIS
 Postal address _____
 Physical address 1266 WOODCOCK ROAD TAMAHERE 3283
 Phone _____
 Email _____

Description of Property

Legal owner(s) _____
 Occupier (if different from above) _____
 Legal description LOT 4 DPS 15452
 Area 4.7424 ha
 Valuation Number 04443 / 213.00

General description of project:

Outline the project area on an aerial photograph (one is available from the Council)

Vegetation type (circle one): GULLY wetland scrub forest peatland

How big is the project area (hectares)? APPROX 1.62 ha - 2.00 ha

What is special about the area? NATURAL GULLY SIGNIFICANT NATURAL AREA

What do you plan to do? GULLY RESTORATION - CLEAR WEEDS & PEST SPECIES AND RE PLANT WITH APPROPRIATE NATIVES UNDER ADVICE FROM PETER MORRIS

What are you contributing to the project? \$5,000 PLUS (ONGOING)

Are there any other community groups or agencies contributing to the project? Please specify.
NO

Does this project tie in with similar projects on near-by properties? Please specify.
YES, OTHER PROPERTIES ARE CARRYING OUT RESTORATION WORK

What are the long-term management requirements? WEED & PEST CONTROL FURTHER CLEARING & PLANTING

What will you do about these long-term requirements?
WILL DO WHAT WE CAN OURSELVES AND FUND PERIODIC SPRAYING & CLEARING & PLANTING

NOTE: If the assistance is \$5,000 or greater then a conservation covenant registered on the property title is required. This would need to be negotiated with council.

Overall Costs

Fencing	Type of Fence	Length (m)	Cost per metre ¹	Cost
Pest Control	Target Species	Area (ha)	Method of Control	Cost
	POSSUMS			
	RATS		TOTAL	\$ 500
Weed Control	Target Species	Area (ha)	Method of Control	Cost
▪ Initial	WILLOW		POISONING	\$ 4000
▪ Follow-up	PRICKET		SPRAYING	\$ 2670
	HONEY-SUCKLE			
Other Costs (please specify, eg planting)				Cost
QUOTE FROM PETER MORRIS				\$ 2820
Total Cost				\$ 9,990

Cost Sharing

Source of Funding	Fencing	Pest Control	Weed Control	Other	Total Cost
Council			\$ 2170	\$ 2820	\$ 4990
Landowner		\$ 500	\$ 4500		\$ 5000
Other					
Total					\$ 9,990

Signed (applicant)



Date

17/12/20

Project Assessment (Waikato District Council to complete)

Overall condition of area: Very poor Poor Good ExcellentSignificance of area: Low Medium High Very High

Will the proposal significantly improve the area / protect something very important / link to other significant areas?

 Yes No

Main benefits of project: Increasing native species dominance & indigenous biodiversity, shading stream

Recommended Funding: \$4,999.00

Signed (staff)



Date

23 February 2021

¹ Including labour

Version 1 - 22/07/16

Conservation Fund Application Form

Your Contact Details

Name: Malcolm Jackson
 Postal address 1109 Whaanga road Ruapuke Raglan
 Physical address as above

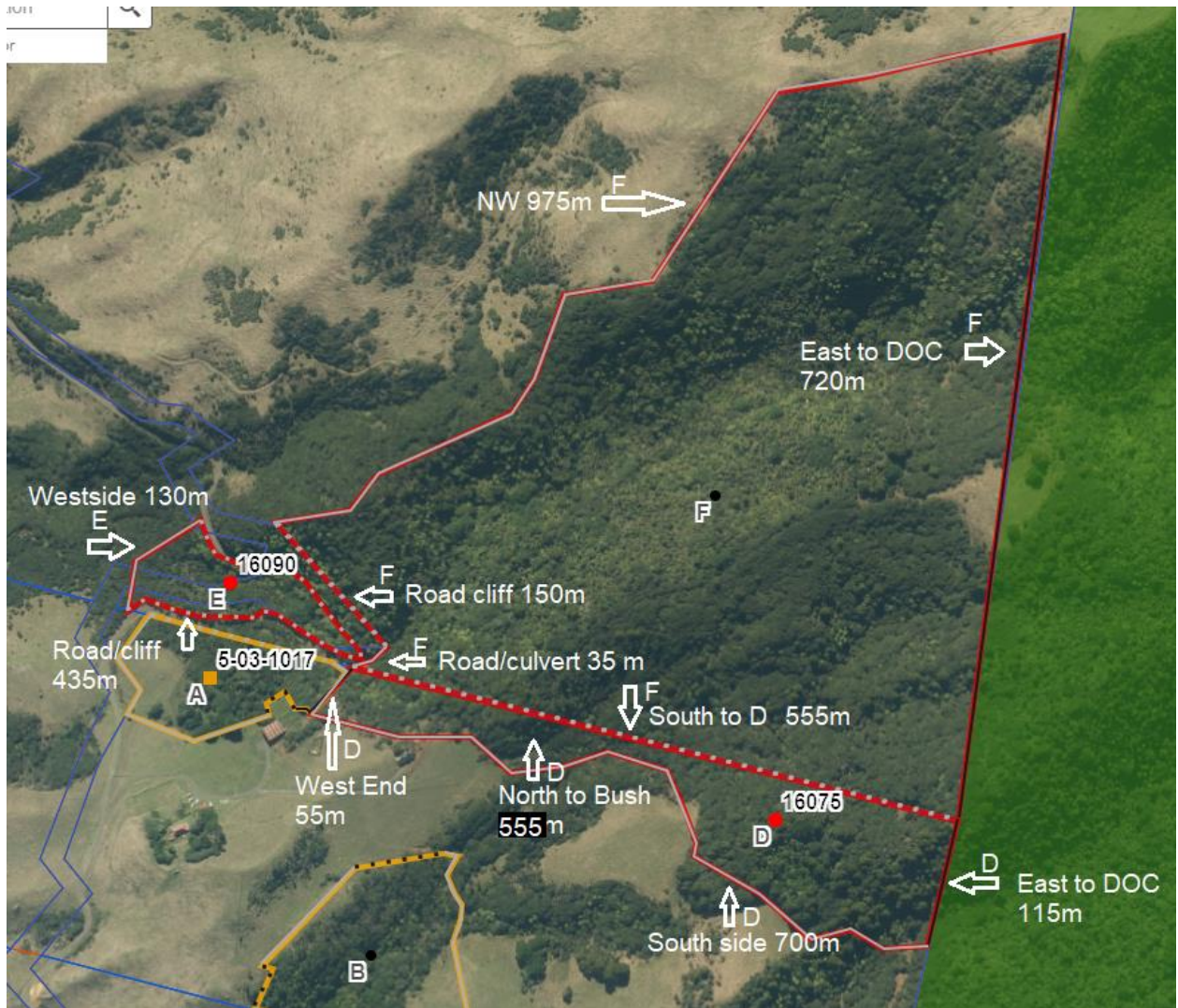


Description of Property

Legal owner(s) Malcolm Jackson
 Occupier (if different from above) _____
 Legal description SA67D72 ,SA50 151, SA50 156
 Area 200ha
 Valuation Number 2004354

General description of project:

Photo supplied by QEII National Trust. Area is D E and F on the photo.



Vegetation type (circle one): wetland scrub **forest** peatland

How big is the project area (hectares)? 32Ha

What is special about the area?

The bush area is on the western slope of Mt Karioi and includes Te Rekereke stream, a national freshwater monitoring site <https://www.lawa.org.nz/explore-data/waikato-region/river-quality/te-rekereke-stream/>. Three smaller tributaries are also included. There are very few locations in the north island where there is continuous vegetation cover from a (sub)alpine to coastal habitat type. This area therefore forms a rare and vital ecological link between forest-clad Mt Karioi and the marine-influenced scrub of the coastal cliffs.

In recognition of its importance, this area was fast-tracked for protection by the QEII Trust. Their representative, Robbie Bennet noted that “*The area is Coastal modified primary broadleaf forest. Most of the pre-human canopy species are still present here*” and that “*the covenant area is located in a zone with a LENZ threatened environment classification of Chronically threatened (10-20% indigenous vegetation left – National Priority 1).*”

The defining forest species of this area are *Vitex lucens* (puriri), *Dysoxylum spectabile*, (kohekohe), *Eleocarpus dentatus* (hinau), *Dacrydium cupressinum* (rimu), *Prumnopitys ferruginea* (miro), *Laurelia novae-zealandiae* (pukatea), and *Fuchsia excortica* (kotukutuku). Several very old specimens of these species are present. Towards the sea, the conifers are scarcer and *Leptospermum scoparium* (manuka), *Kunzea robusta/amathicola* (kanuka), *Corynocarpus laevigatus* (karaka), *Entelea arborescens* (whau), *Sophora chathamica* (coastal kowhai), and *Carmichaelia australis* (native broom) become more prevalent.

This area is a habitat for several threatened species: particularly members of the myrtle family including *Lophomyrtus bullata* (ramarama) Threatened – Nationally Critical; *Metrosideros robusta*, (northern rata), *Metrosideros perforata* (Akatea), *Metrosideros fulgens* (climbing rata), *Metrosideros diffusa* (white rata), *Metrosideros carminea* (carmine rata), *Kunzea robusta* and *Kunzea amathicola* (kanuka) Threatened – Nationally Vulnerable, *Leptospermum scoparium* (manuka) At Risk – Declining. Additional threatened species, *Solanum aviculare* (poroporo) and *Ptisana salicina* (king fern) are also present, as well as regionally uncommon species such as *Nestegis cunninghamii* (black maire), *Mida salicifolia* (maire taiki), *Pittosporum cornifolium* (perching kohukohu), *Arthropteris tenella* (climbing fern) and *Pseudopanax laetus*.

Because this area has historically been accessed by sheep and cattle, the understory in some areas has been reduced. The recruitment of the more palatable plant species has been prevented by browsing, with the result being that some species are only represented by older individuals. Because the area is relatively small, this means that in a few extreme cases that a species is only represented by a single mature tree, for example titoki (*Alectryon excelsis*), *Metrosideros robusta* (northern rata) and *Pseudopanax laetus*. The solution to this is a combination of fencing to prevent browsing by stock, and a programme of targeted seed collection and replanting from those species that are currently underrepresented. This is vital for maintaining the currently high levels of floristic diversity in this area, which is threatened by die-off of mature trees and low levels of recruitment among palatable species. Seed collection and replanting will enable the bush to recover to the point of being self-sustaining.

The property is identified within the Waikato District Council Policy overlays a having ‘Outstanding Natural Features’, ‘Outstanding Natural Landscape’, and being a ‘Significant Amenity Landscape’. This particular bush block is identified as a Significant Natural Area by Waikato District Council. The area, once fenced, will protect and preserve two thirds of this stream valley, which connects Karioi to the Tasman. It is a key section within an unbroken sequence of vegetation from an altitude of 756m down to sea level.

What do you plan to do?

Fencing from stock

Fencing the 32Ha with 8 wire cattle proof fence will stop trampling, preserve the waterway (Te Rekereke stream) and enable some natural regeneration.

Pests

There are possums, although they are well controlled on Karioi reserve by DOC. We will use Timms traps for possums.

There are wild cats and abandoned cats which we plan to control with Timms traps and possibly professional culling. Malcolm does not have a cat.

Wasps: The wasp population has increased exponentially in the last two or 3 years. We will use vespex wasp poison in the area to control wasps. This has to be done several times a year ongoing.

Mustelids: Karioi Maunga protection group traps stoats in the DOC reserve. We are working with them on a plan to control stoats in this area, by providing traps for them to monitor.

Pigs have been a big problem in the Te Rekereke stream for years. They are illegally released into nearby areas on a regular basis. They uproot vegetation and eat vulnerable plants like king fern. We will contract a professional pig culler to shoot the pigs.

Weed control

In the small streams on the S side there are some woolly nightshades which we are removing by pulling, slashing, and poisoning with basal x tree.

There is also blackberry in small patches near the proposed fence line. At the W side there is a big infestation of eleagnus and tecomaria which we are poisoning, cutting and excavating. There will be regrowth to control for the next few seasons. We will control the blackberry by hand (scrub bar), poison the eleagnus and tecomaria regrowth.

There is a gorse patch also, which has been cut with scrub bar. Ongoing control will be needed.

Planting

There is a good canopy over 80% of the area, but due to stock browsing, many species have already been lost. We are going to collect seeds of understorey species that should be present in this kind of coastal forest, such as toropapa (*Aleuosmia macrophylla*), matata (*Rhabdothamnus solandri*), pate (*Schefflera digitata*), raukawa (*Raukaua edgerleyi*), turepo (*Streblus heterophylla*), and others.

Also members of threatened myrtle family (eg rata, ramarama) and slow growing canopy species: *Beilschmedia tawa*, *Vitex lucens*, *Dysoxylum spectabile*, (Kohekohe), *Eleocarpus dentatus* (Hinaiu), *Laurelia novae-zealandiae* (Pukatea), and *Fuchsia excortica* (Kotukutuku).

When gorse and blackberry along the edges of the bush have been killed, we will plant groups of resilient plants to make a buffer and to prevent weed regrowth. These will be species well-suited to more exposed conditions, such as toetoe (*Austroderia fulvida*), manuka (*Leptospermum scopiarum*), ngaio (*Myoporum laetum*), whau (*Entelea arborescens*), ti (*Cordyline australis*), tauhinu (*Pomaderris amoena*), and other species. The seed sources are either on the bush itself or other forest areas on the property. Over 2021 and 2022 we will collect seeds which will be grown by Wayne Bennett at Forest Flora nursery.

What are you contributing to the project?

Malcolm and family are contributing, labour, tools, seed collection, some materials and funds.

Are there any other community groups or agencies contributing to the project?

Please specify.

QEII Trust and Waikato Regional Council is supporting the project by providing funding towards the fence cost. DOC and Regional Council have a joint programme to control Dally pine (*Psoralea*) on other parts of the property.

Does this project tie in with similar projects on near-by properties? Please specify.

Malcolm put two nearby bush areas in QEII Trust covenants last year. The regrowth in these newly fenced areas is amazing. Photo updates have been sent to Waikato District Council.

This new area adjoins the DOC reserve Mt Karioi at the Eastern side.

Karioi Maunga project are controlling pests on the mountain, Malcolm supports their work by allowing the volunteers access across his property to traplines.

Neighbours further south are also planting and protecting areas of their forest and waterways.

Malcolm is a member of the Ruapuke beach care group which is planting natives at Ruapuke beach.

What are the long-term management requirements?

Weeds need to be controlled year-round, because there are patches of invasives like woolly nightshade, Dally pine, blackberry and inkweed. There is a patch of gorse at the edge of the bush. It will need follow up of initial scrubcutting.

Pests are an ongoing problem. Pigs, stoats, rats, possums, wild cats, wasps all need long term work to bring them under control.

What will you do about these long-term requirements?

Specialist weed control will be done by contractors. Malcolm and family will trap and poison rats, possums, wasps and cats. Specialist culler will be contracted to control, hopefully eradicate pigs and cats. We hope to join forces with Karioi Maunga group to trap stoats as a continuation of their traplines on the maunga. We would provide the traps.

NOTE: If the assistance is \$5,000 or greater then a conservation covenant registered on the property title is required. This would need to be negotiated with council.

Overall Costs



Fencing	Type of Fence	Length (m)	Cost per metre ¹	Cost
	8 wire cattle and sheep proof	1820m	\$26 (due to terrain and difficult access, using more posts)	47,220
fenceline clearing (some by chainsaw and spade to avoid vulnerable native trees, some with bulldozer in more open areas)	\$1200		Chainsaw clearing Bulldozer clearing	\$1200
Pest Control	Target Species	Area (ha)	Method of Control	Cost
possums	possum	32	Timms traps 10 @\$62.10	
Rats	rats	32	10 Philproof bait dispensers at \$15.65 each and 8Kg Ditrac bait	\$156.65 \$115.00

¹ Including labour

			\$115 20 rodent traps @\$31.05 each to set along tracks	\$620.10
Wild cats	Wild cats	32	Timms traps (2 at \$62.10)	\$124.20
pigs		32	Professional culling (includes shoot cats on sight) \$600 per visit	\$1200
stoats	stoats	32	Goodnature traps 8 (4 along each of two main ridges) and refills	\$800
Wasps	Paper, german, common wasps	32	Vespex stations and bait two to three applications per season \$149.20 per year ongoing	\$300
Weed Control	Target Species	Area (ha)	Method of Control	Cost
▪ Initial	Blackberry, woolly nightshade	Patches at edges and in one creek	Brushcutter for blackberry, Xtree basal for woolly nightshade Annually for 3 to 4 years at \$600 per year	\$1800
▪ Follow-up	Dally pine, Eleagnus, tecomeria	patches	Grazon spray yearly for 4 years@ \$300 each	\$1200
Other Costs (please specify, eg planting)				Cost
Collect seed (volunteer labour) and grow plants \$5.00 per plant, 600 plants over 3 years				\$3000
Total Cost				

Cost Sharing

Source of Funding	Fencing	Pest Control	Weed Control	Other	Total Cost
Council		\$2,000.00	\$1,999.00	\$1,000.00	4,999.00
Landowner	27,055.50	2316.85	2000	3000	34,372.35
Regional council	14,243.00				14243.00
QEII National Trust	7121.50	1000	1000		9,121.50
Total	48,420.00	3316.85	3000	3000	57,763.85

Signed (applicant) Below

Date

Project Assessment (Waikato District Council to complete)

Overall condition of area: Very poor Poor **Good** Excellent

[Type text]

34

Significance of area: Low Medium **High** **Very High**

Will the proposal significantly improve the area / protect something very important / link to other significant areas?

Yes No

Main benefits of project: Protection and restoration of an important coastal forestry block

Recommended Funding: \$4,999.00, discuss with S&F

Signed (staff)

✓ 

Date March 2021

Signature page below

			20 rodent traps @\$31.05 each to set along tracks	\$620.10
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QEII National Trust	7121.50	1000	1000		9,121.50
Total	48,420.00	3316.85	3000	3000	57,763.85

Signed (applicant) *M. Jordan*

Date 26/2/21

Project Assessment (Waikato District Council to complete)

Overall condition of area: Very poor Poor Good Excellent

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	1 March 2021
Prepared by	Julie Dolan Economic and Community Development Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 3032754
Report Title	Update on Economic and Community Development Work Programme – March 2021

1. EXECUTIVE SUMMARY

The Economic and Community Development Manager will be in attendance to give a verbal update on the work programme attached.

2. RECOMMENDATION

THAT the report from the General Manager Community Growth be received.

3. ATTACHMENT

Table of Economic and Community Development activities, incorporating programmes from Recovery and proposed Blueprints and Community Aspirations.

APPENDIX I

Community Resilience Programme	
Activity	Partners and contributions
<p>Community-Led development</p> <p>The Community-Led Development Officer (Lianne van den Bemd) will be based in Pokeno one day per week to commence the promotion of future community-led development training for the town and surrounding areas. This programme will look to engage with community groups to build up their capability to govern, secure financial assistance, build trust deeds and to manage future community projects. This programme will support communities to manage some of their own Blueprint or community aspirations.</p>	<p>Community Waikato</p> <p>Partnering to deliver training to our community groups</p>
<p>Tuakau and surrounding areas Community-Led Development training commences on 27 March. Promotion for this programme has already commenced.</p> <p>Discussions are taking place with Trust Waikato and Department of Internal Affairs to support the Port Waikato Community where there has been a request for the Community-Led Development Programme.</p>	<p>Trust Waikato and Department of Internal Affairs</p>
<p>The Community-Led Development Officer is currently working with Kainga Ora as part of their Community-Led Development programme for the Te Kauwhata area and Lakeside Development. The focus will be on existing or new community groups and possible capability building for some groups who may want to be involved in community or Blueprint aspiration programmes.</p>	<p>Community Waikato and Kainga Ora</p>
<p>Work continues with the Huntly Museum to support their request to release funds.</p>	<p>Community Waikato</p>

Community Resilience Programme	
Activity	Partners and contributions
Work continues with a Huntly business who is looking to donate money to a community organisation serving mainly Huntly West. A proposal will go to the Infrastructure meeting this month.	Huntly Friendship House
<p>Youth engagement and employment</p> <p>As a member of the Waikato Plan Youth Programme, the Youth Advisor (Joe Wilson) continues to promote youth initiatives and youth programmes at a regional level and liaises between regional and district organisations to support increase in youth engagement across the district.</p>	Waikato Plan partners, Ministry of Education, Wintec and youth providers
A Youth Hui in Raglan has been created by the Youth Advisor and will take place on 10 March. The impact of COVID-19's reduction in tourists may result in less youth employment opportunities in the town that historically youth have relied upon. The hui will bring together representatives of youth and employers.	Raglan Youth representatives and Raglan Businesses Waikato Plan partners
The Ara Taiohi Youth Leadership Programme is a national youth leadership training programme and the Waikato District had three youth leaders on the programme. The Youth Advisor will continue to promote this training and look to host it in different towns across the district to grow youth leadership and mentoring across our towns.	Hamilton City, Waikato Plan partners
Work continues with Tuakau and Meremere Youth groups to identify youth activities and engagement.	

Economic Development Programme	
Activity	Partners and contributions
<p>Promoting Waikato for investment</p> <p>The Economic Development team have been working with Te Waka and Waikato Tourism to ensure the Waikato district continues to promote itself as part of the wider regional investment promotion. Preparation for opening of borders to international investors is part of that promotion.</p> <p>The Economic Development team continue to work on Open Waikato to promote the district to investors.</p>	<p>Te Waka and Waikato Tourism</p> <p>Te Waikato Regions Councils Economic Cluster</p>
<p>Business Pop-up Business School</p> <p>The Economic Development Advisor (Mitch King) has brought in a specialist business consultant organisation to support business creation and sustainability for businesses across the Waikato district. As at the time of writing this report, over 70 people had subscribed to the Business Training and Development Programme.</p>	<p>Ministry of Social Development, Genesis and Business Pop-Up</p>
<p>Business Growth</p> <p>The Economic Development team continues to engage with new investors into the district and will be the point of contact for any new large investor, supporting them through both Council process and regional partnership support.</p>	<p>Te Waka, Hamilton City Council</p>

Business leadership and development	
Activity	Partners and contributions
<p>Economic and Social Survey</p> <p>The Economic and Community Development team will commence with the follow on Economic and Social Survey from 2020.</p> <p>A year on from the first Economic and Social Survey undertaken to measure the impact of COVID during the first national lockdown. The 2021 Economic and Social Survey will be undertaken with the same participants in order to tell the story a year on.</p>	

Open Meeting

To	Strategy & Finance Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	10 March 2021
Chief Executive Approved	Y
Reference #	GOV1318 / 3033532
Report Title	Submission on the Waikato Regional Transport Plan 2021-2051

I. EXECUTIVE SUMMARY

The purpose of this report is to seek approval on Council's submission on the draft Waikato Regional Land Transport Plan 2021-2051 (RLTP).

The Waikato Regional Transport Committee has prepared a draft RLTP for the region, which sets out how we want to see our land transport system developed over the next 30 years. The RLTP was last updated in 2018 as required under the Land Transport Management Act 2003.

The RLTP outlines key transport objectives and priorities for the region and identifies the significant transport improvement activities that we are asking central government to invest in.

Key priorities include: Making sure our transport system is as safe as possible, protecting the efficiency of our strategic transport corridors, providing for the access and mobility needs of our communities and ensuring we are tackling our climate change responsibilities

The submission from Council is attached to this report.

The full draft RLTP can be found by accessing this link:
<https://www.waikatoregion.govt.nz/council/policy-and-plans/transport-policy/rltp/draft-rltp-2021-2051/>

The summary document is attached.

2. RECOMMENDATION

THAT the report from the Acting General Manager Community Growth be received;

AND THAT the Strategy & Finance Committee recommends to Council that the submission on the draft Waikato Regional Land Transport Plan 2021-2051 be approved.

3. ATTACHMENTS

1. Council's Submission on the Draft Waikato Regional Transport Plan 2021-2051
2. Draft Waikato Regional Transport Plan 2021-2051 Summary Document

**SUBMISSION BY WAIKATO DISTRICT COUNCIL ON
THE DRAFT 2021- 2051 REGIONAL LAND TRANSPORT PLAN**

TO: Transport & Infrastructure
Waikato Regional Council
Private Bag 3038
Waikato Mail Centre
Hamilton
3240
Email: transport@waikatoregion.govt.nz

NAME OF SUBMITTER: Waikato District Council
Private Bag 544
Ngaruawahia

Council contact person:
Vishal Ramduny
Strategic Projects Manager
Telephone: 8248633
Email: Vishal.Ramduny@waidc.govt.nz

Waikato District Council ('WDC') commends Waikato Regional Council ('WRC') and the Regional Transport Committee ('RTC') on producing the Draft 2021-2051 Regional Land Transport Plan ('Draft Plan').

Overall, we believe that the document reflects some of the key issues that need to be addressed with regards to land transport in the Waikato region. Some of the programmes and projects will help make communities within the Waikato district and the region better connected and more accessible whilst also contributing towards local and regional economic development.

A point that would not be lost on the WRC is the significant funding challenges that lies ahead with regards to transport infrastructure to support growth. We are making this point in relation to several significant business cases currently underway or are about to commence:

- Northern Waikato | southern Auckland transport connections business case
- Hamilton-Waikato metropolitan transport business case.
- Extension of the Te Huia passenger rail service into Auckland.

It is imperative that significant projects that may come out of these processes are recognised and supported financially by central government.

Additionally, WDC is keen to continue advocating for funding from central government to extend rail electrification from Pukekohe (in southern Auckland) to Tuakau and Pokeno (in the northern Waikato). This will be a logical extension to the current Papakura to Pukekohe electrification project which will further integrate communities within this sub-region. We therefore seek WRC support on this matter in our advocacy with Auckland Council and central government.

WDC is also keen to progress a business case for a train station at Te Kauwhata as part of next stage of the Te Huia service and we look forward to working with WRC to progress this once the business case for the further extension of the Te Huia service into Auckland is completed.

Notwithstanding the above, we would like to take the opportunity offered by this consultation process to provide some comments on the Draft Plan.

General Comments

In general, WDC is particularly pleased with the following aspects of the Draft Plan:

- It recognises interregional planning activities that support integrated land uses and transport investment in the Future Proof sub-region and the Hamilton to Auckland Corridor.
- It recognises the vision for rapid and frequent transit plan for the Hamilton-Waikato metropolitan area as per the Hamilton-Waikato Metropolitan Spatial Plan.

- It recognises key economic development/strategic corridors such as the completion of the Waikato Expressway and short to longer term improvements to SH1 between Cambridge and Paerua including the SH1/29 intersection. It has a strong focus on road safety.
- It aims at providing better transport options by supporting the Hamilton-Waikato Mode Shift Plan.
- It is committed to reducing carbon emissions through a greater focus on public transport; and
- It recognises the value of partnerships and working together to ensure integrated land use and transport outcomes.

WDC is also pleased that the Draft Plan recognises further northern Waikato public transport connection opportunities, and we look forward to working with WRC on implementing these.

We are also supportive of all the roading projects relevant to the Waikato district which has been identified in the Draft Plan.

WDC would like to highlight that funding is limited in the 2021-2031 LTP period and delivery on the RLTP 10-year priorities in particular road safety will be challenging.

Specific Comments

WDC would like WRC to consider making the following amendments to the Draft Plan.

Section	Matter	Suggested Amendment
Programme Implementation – Access and Mobility	Te Huia Start Up Passenger Rail Service	Reword to “Te Huia Start-Up Passenger Rail Service <i>and associated improvements</i> ”. This will ensure that it incorporates subsequent stages of the start-up service.
Growth in the Hamilton to Auckland Corridor	Page 35 of the Draft Plan states: “ <i>we are also seeing growth pressures in locations that haven’t been planned for,</i>	At the risk of this document becoming outdated or pre-empting the outcome of the hearing process WDC

	<i>for example Ohinewai. This has the potential to adversely impact the efficiency of the primary State Highway 1 Corridor between Hamilton and Auckland.</i>	recommends that the document does not refer to Ohinewai as an example because decisions from the hearing process on the proposed development is imminent. All affected and interested parties have provided evidence on this matter and the outcome of the statutory process should be respected.
Section 3 – Key transport issues under the section titled “Rail Corridor Issues”		The Draft Plan should mention (as an issue) that rail investment decisions made in Auckland to date (especially with regards to the electrification of rail) has not to date factored links to key northern Waikato towns (Tuakau and Pokeno) and that greater advocacy is required with both Government and Auckland Council on this matter.
Section 3 – Key transport issues	Page 35 under the sub-section titled “Passenger Rail”.	We suggest amending the sentence to read: The start-up rail service, Te Huia, is due to start in 2021, and will provide a regular passenger rail connection between Hamilton, Huntly and Auckland. Beyond this, there is a strong case to investigate further enhancements of the service as well as for rapid rail in this corridor.

Section 4.4 – Road Safety Template	Page 92 Key implementation measures, MI8 RCAs to implement the Safe Network Programme around the region	WDC has been unable to fund this in the 2021-2031 long term plan. This will need to be 100% funded by NZTA or have an enhanced Funding Assistance Rate (FAR).
Projects	Appendix 6 – Transport activity class tables, Table 6 Road to Zero.	After a meeting with WDC elected members on 7 December 2020, Waka Kotahi NZTA advised that it is planning to install a roundabout at the intersection of SH23/39 at Whatawhata in this coming NLTP. WDC would like to see this project included in table 6, Road to Zero (noting that funds are still to be committed to this project).

Thank you for the opportunity to provide feedback on the Draft 2021-2051 RLTP. WDC would welcome being able to talk to its submission at the hearing.

WHAT WORK WE'RE PROPOSING FOR THE WAIKATO REGION

NGĀ MAHI E TŪTOHUTIA ANA MŌ TE ROHE O WAIKATO

This map shows some of the key transport projects that we are asking the Government to fund over the next three years.

Completing the Waikato Expressway and extending the Expressway from Cambridge to the SH1/29 intersection at Piarere is a key priority, recognising the regional and national economic and safety benefits that this will bring.

Both regionwide and targeted Road to Zero safety improvements are also a priority that will make Waikato roads safer.

Other priorities include the Te Huia start up passenger rail service between Auckland and Hamilton, transport projects to enable the Peacocke area in Hamilton to develop, and improvements to roads and cycleways within Hamilton and other towns to support growth and provide greater transport options. Completing improvements on SH3 such as the Awakino Tunnel bypass is another important project for the region.

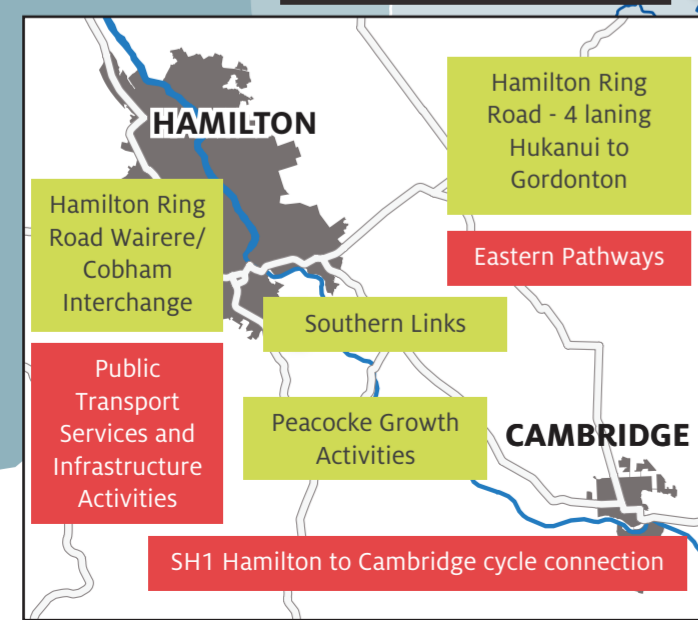
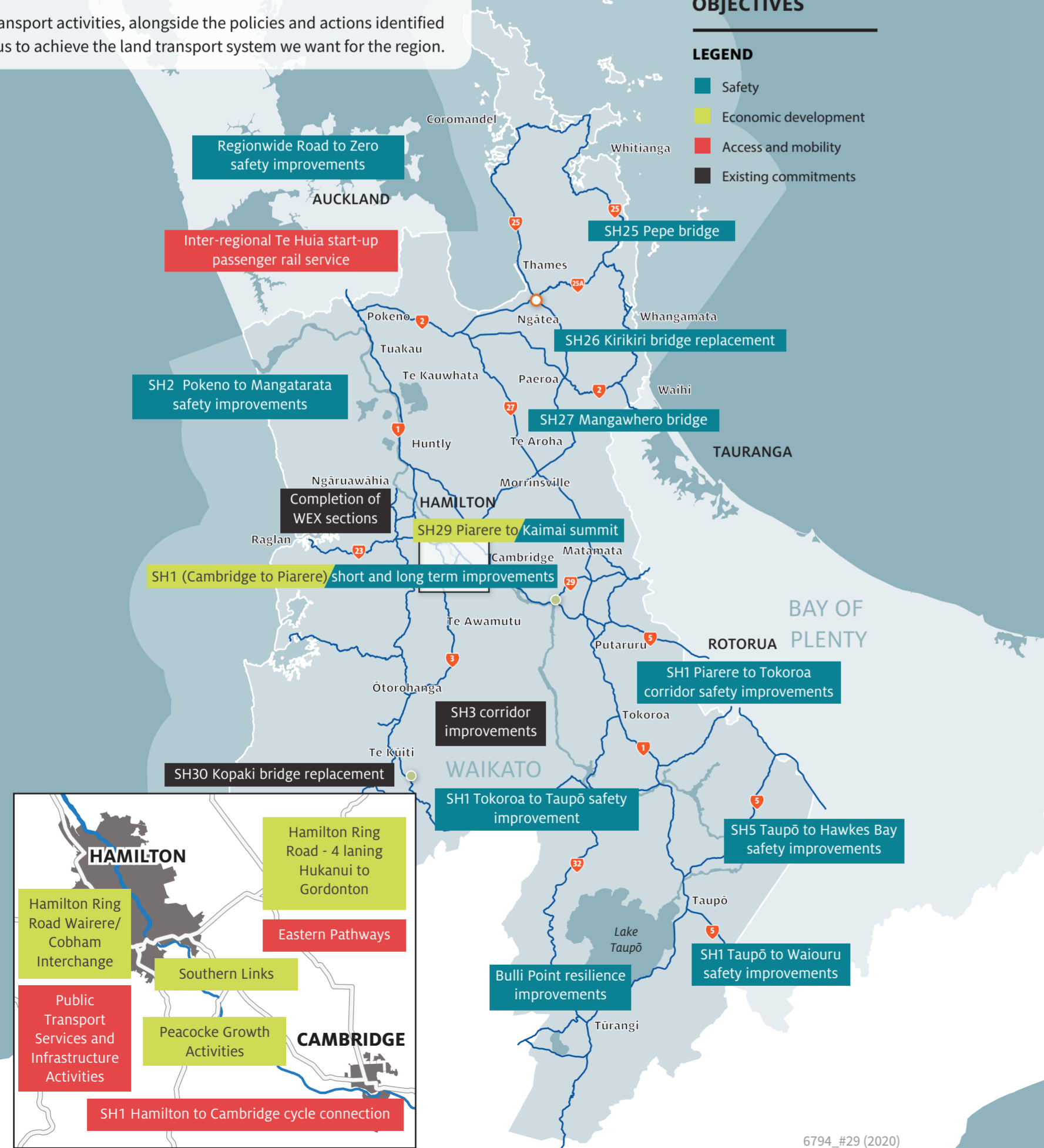
The RLTP also supports important projects outside the Waikato, for example supporting rail improvements in Auckland to make it faster and easier to move freight and passengers by train to and from Auckland.

This programme of transport activities, alongside the policies and actions identified in the RLTP, will help us to achieve the land transport system we want for the region.

MAP 4 CONTRIBUTION OF REGIONALLY SIGNIFICANT ACTIVITIES TO OBJECTIVES

LEGEND

- Safety
- Economic development
- Access and mobility
- Existing commitments



6794_#29 (2020)

DRAFT 2021-2051 WAIKATO REGIONAL LAND TRANSPORT PLAN

TUHINGA TAUIRA MAHERE WAKA Ā-ROHE O WAIKATO 2021-2051

WE'RE UPDATING OUR PLAN

KEI TE WHAKAHOU MĀTOU I TE MAHERE

The Waikato is in the heart of the upper North Island economic and transport system. Our road and rail corridors are used to connect urban centres and to move freight to and from the Ports of Auckland and Tauranga, Waikato inland ports and logistics hubs and through the rest of the North Island. And, of course, our land transport system is used by the people of the Waikato in their everyday life, whether they're getting from A to B by car, public transport, foot or bike.

The Waikato Regional Land Transport Plan (RLTP) sets out how we want to see our land transport system developed over the next 30 years. It was last updated in 2018, but a lot has changed since then. We are continuing to see rapid growth and development in parts of the region, particularly around Hamilton and the corridor to Auckland (Futureproof sub-region). This is putting pressure on our transport networks requiring us to think about how we provide for growth in our cities. We are still seeing an unacceptable number of road deaths and serious injuries throughout the region, that must be addressed. Over the past three years there has been a lot of planning looking at how to improve land use and transport options for our people and communities. There is also a stronger emphasis on our climate change responsibilities and how to steer us towards a low carbon transport system.

RLTPs are developed every three years. A draft RLTP, prepared by the Waikato Regional Transport Committee – comprising elected members from the region's district, city and regional councils, Waka Kotahi NZ Transport Agency and the NZ Police – is now out for consultation. The draft RLTP outlines the key issues the Regional Transport Committee wants to focus on. The plan also sets out the region's objectives and priorities for land transport, and the significant transport improvement activities that we are asking central government to invest in.

HAVE YOUR SAY!

HOMAI ŌU WHAKAARO

We want your feedback on the draft RLTP, so please take the time to make a submission. You can read the draft RLTP and make your submission online at waikatoregion.govt.nz/RLTPconsultation or via email at transport@waikatoregion.govt.nz

Don't have access to a computer or internet? Copies of the draft RLTP are available at libraries and councils across the region. You can post your submission to: Transport and Infrastructure, Freepost 118509, Waikato Regional Council, Private Bag 3038, Waikato Mail Centre, Hamilton 3240.

What we'd like your views on:

- Do you agree with the high-level vision and objectives for land transport in the Waikato region?
- Have we adequately identified the most pressing transport issues the region is facing over the next 3-10 years?
- Do we have our strategic land transport priorities right?
- Will the strategic policy templates in section 4 of the RLTP deliver on our vision and objectives?
- Do our prioritised significant transport activities reflect our strategic transport priorities and outcomes we are seeking for land transport in the Waikato region?

Submissions close at 11:59pm on 21 March 2021



HE TAIAO MAURIORA

HEALTHY ENVIRONMENT

For more information call Waikato Regional Council on 0800 800 401 or visit waikatoregion.govt.nz

HE ŌHANGA PAKARI

STRONG ECONOMY

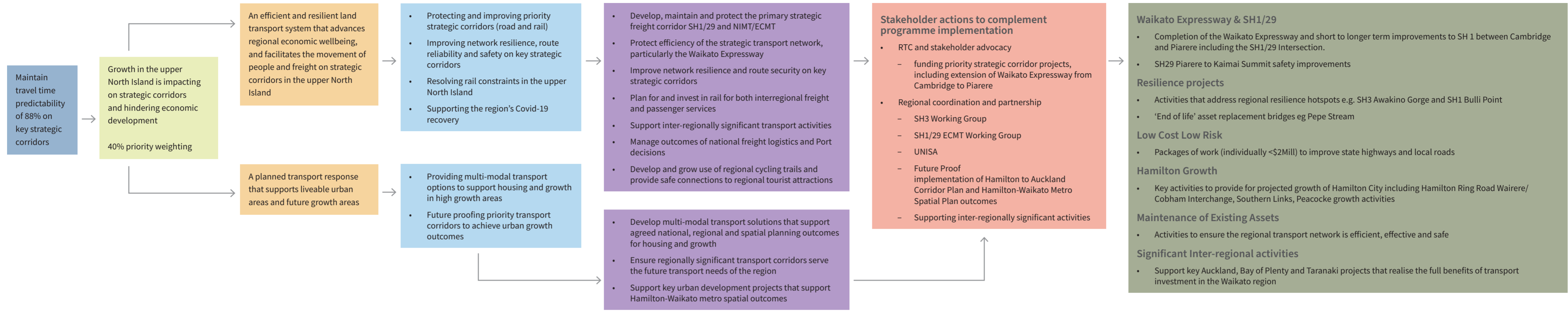
HE HAPORI HIHIRI

VIBRANT COMMUNITIES

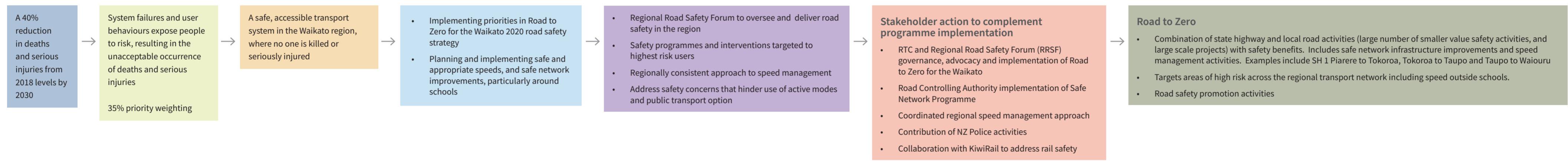
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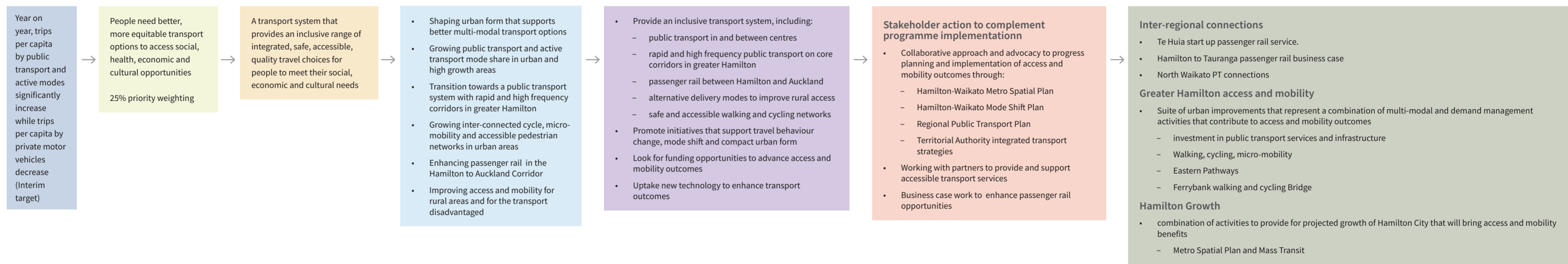
ECONOMIC DEVELOPMENT/STRATEGIC CORRIDORS



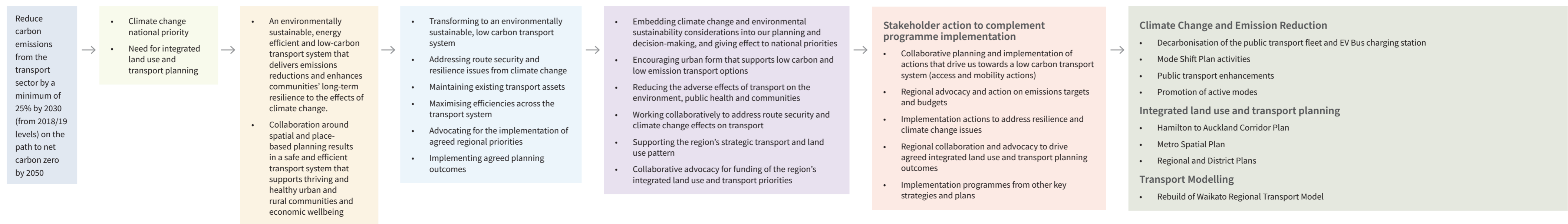
SAFETY



ACCESS AND MOBILITY



UNDERPINNING OBJECTIVES



An integrated, safe and resilient regional transport system that delivers on the well-beings of our diverse Waikato communities

Open Meeting

To	Strategy & Finance Committee
From	Roger MacCulloch General Manager Service Delivery
Date	22 March 2021
Prepared by	Samantha Baker Community Venues and Events Team Leader
Chief Executive Approved	Y
Reference #	S&F2021
Report Title	Hall Catchment and Targeted Rate Review

I. EXECUTIVE SUMMARY

During 2019, the structure of the Service Delivery team was realigned, and the Community Venues and Events Team was created. One of the desired outcomes of this was to build better relationships with our hall committees. Since this time, staff have spent increased time meeting and consulting with hall committees to review their desired rating catchments and targeted rates.

Staff have identified a number of halls which require changes to the catchment areas and have received requests from three halls to increase the targeted rate.

The purpose of this report is to inform of these proposed changes and seek approval to consult, in conjunction with the Long Term Plan, to introduce these changes.

2. RECOMMENDATION

THAT the report from the General Manager Service Delivery be received;

AND THAT the Strategy & Finance Committee approves to undertake targeted consultation with affected parties on the proposed new hall catchment areas and targeted rates in accordance with the Local Government Act 2002.

3. BACKGROUND

Waikato District Council owns 33 Community Halls which are managed by committee made up of members of the community. During 2019, His Worship the Mayor requested the Community Venues and Events team to review the hall catchment areas as he had been approached by a number of our committees in the past, requesting this change.

To get a complete understanding of this issue and others our committees may be facing, the decision was made to hold workshops and start informal targeted consultation with hall committees. This would benefit both committee members and Waikato District Council (WDC) staff members by building rapport, establishing a stronger communication channel and understanding any concerns. Staff also wanted to get a better understanding of health and safety practices, particularly repairs and maintenance of which may include asbestos materials.

On 12th November 2019, a letter was sent to all hall committees advising of planned workshops and requesting feedback on catchment areas. The submission period ended on 24 January after 21 Halls had provided feedback. The result of this consultation showed that 13 of our hall committees believe that changes needed to be made to their catchment areas and 8 were happy with existing areas. Due to the complexity of potential changes, staff prioritised 5 halls which required more immediate attention and have progressed these conversations. It is proposed that these catchment areas are reviewed now with further communication to clarify other proposed changes at a later date. The halls included in stage I of this process are as follows;

- Karioitahi Hall
- Aka Aka Hall
- Otaua Hall
- Naike Hall
- Te Akau Community Complex

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

Stage I Catchment Review

It was evident in the early stages of the engagement period that there were higher priority halls that required immediate amendments to their catchment area. This was because of legacy issues when the WDC/Franklin amalgamation took place in 2010 or due to committees not agreeing on the current hall boundaries. These halls were Karioitahi, Aka Aka and Otaua as well as Naike and Te Akau. It was suggested by the Community Venues and Events Team that the hall boundary review be done in stages to ensure the appropriate level of engagement and communication for each committee. This would ensure this work was done right and would avoid the need for further amendments in the near future.

Karioitahi, Aka Aka and Otaua

All three hall committees have expressed their concerns about their catchment areas for several years. Karioitahi hall lost $\frac{3}{4}$'s of their rated properties through the 2010 amalgamation and this has caused a negative financial impact. With only 54 dwellings remaining in their catchment area and a targeted rate of \$28.74 per dwelling, the hall committee have been unable to undertake the repairs and maintenance required to avoid deterioration of the asset.

Due to Covid-19 disruptions, scheduled meetings and discussions with these Committees were postponed on several occasions. However, WDC staff were able to attend the Karioitahi Hall AGM on Tuesday 4th August 2020 and were able to attain signed proposed maps of all three halls to ensure all three hall committees agreed on the proposed changes.

These proposed changes would see the following increases to dwellings within each catchment.

WDC Hall	Current Number of Properties/Dwellings	Proposed Number of Properties/Dwellings
Karioitahi	54 properties/ 58 dwellings	410 properties/ 336 dwellings
Aka Aka	184 properties/ 212 dwellings	293 properties/ 279 dwellings
Otaua	161 properties/ 193 dwellings	274 properties/ 254 dwellings

In addition to the new proposed boundaries, all three halls have requested that consultation occurs to increase the targeted rate to \$55.00 per household.

WDC Hall	Current Targeted Rate	Proposed Targeted Rate
Karioitahi	\$28.74	\$55.00
Aka Aka	\$35.00	\$55.00
Otaua	\$50.00	\$55.00

Te Akau and Naike

Mayor Allan and Community Venues & Events Team Leader attended a meeting between Te Akau Community Complex Committee and Naike Hall Committee on Tuesday 25th August 2020 to discuss the proposal made by a member of the Te Akau Committee. It was determined that not all committee members had the same view as the information that was provided during the early engagement process. At the meeting, both committees agreed, that 3 properties (5 dwellings) on Te Akau Road should be moved from the Naike catchment area into Te Akau. No changes to the targeted rate was requested.

4.2 OPTIONS

Option 1: Do not proceed with consultation on these issues.

Discussions with stakeholders have suggested that there is a desire to amend the catchments and targeted rates. This option **is not** recommended.

Option 2: Proceed with consultation on these issues.

This option ensures community support of the proposal is reflective of community engagement with the halls.

Staff consider that Option 2 is the preferred option as it will identify if there is desire from the stakeholders to make these amendments.

5. CONSIDERATION

5.1 FINANCIAL

The following table reflects the changes if the proposed targeted rate and catchment changes are adopted.

WDC Hall	Current TR	Current number of properties/catchment area	Current Total (before insurances/expenses)	Proposed TR	TR with proposed changes	Proposed number of properties/catchment area
Karioitahi	\$28.74	54 properties/ 58 dwellings	\$1666.92	\$55	\$18480.00	410 properties/ 336 dwellings
Aka Aka	\$35.00	184 properties/ 212 dwellings	\$7420.00	\$55	\$15345.00	293 properties/ 279 dwellings
Otaua	\$50.00	161 properties/ 193 dwellings	\$9650.00	\$55	\$13970.00	274 properties/ 254 dwellings

Costs deducted prior to remittance payment include:

- Rates
- Insurance
- Repairs and Maintenance
- Building Security/ Fire Alarms

5.2 LEGAL

N/A

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Terms of Reference Management of Halls.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Initial engagement with hall committees completed. Proposing this goes to consultation in conjunction with the Long Term Plan.				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
		√	Internal
		√	Community Boards/Community Committees
			Waikato-Tainui/Local iwi (provide evidence / description of engagement and response)
√			Households
			Business
			Other Please Specify

5.5 CONSULTATION

Public consultation through the Special Consultative Procedure is proposed from the 7 April to 7 May 2021. This is to align with consultation on the 2021-31 Long Term Plan (LTP).

This consultation will be open to the public, but communication will be targeted to those located within the relevant current or proposed catchment. Residents within these areas will be contacted directly to advise of the potential change and the opportunity to submit. Key stakeholders, such as hall committees, will also be contacted. The statement of proposal and feedback form will be available at Council office and libraries.

Submissions be considered, and if requested, heard by the Committee at the LTP hearings scheduled from 25 to 28 May 2021.

6. CONCLUSION

The catchment areas are a legacy issue created in 2010 by the amalgamation of Waikato and Franklin District Councils which now needs to be resolved. In addition to this, targeted rates need to reflect the operational and maintenance cost of these buildings. Approval is sought to commence consultation with key stakeholders to resolve these issues in conjunction with the Long Term Plan.

7. ATTACHMENTS

- Statement of Proposal
- Hall Catchment and Targeted Rate Review Feedback Form



HAVE
YOUR SAY ON
THE PROPOSED
CHANGES

STATEMENT OF PROPOSAL

PROPOSED AMENDMENTS TO
HALL CATCHMENT AREAS AND
TARGETED RATES

waikatodistrict.govt.nz

0800 492 452

This Statement of Proposal is made for the purposes of Section 83 of the Local Government Act 2002.

IT INCLUDES:

- Background to the proposal
- Reasons for the proposal
- Summary of the proposed changes
- 'have your say' details

BACKGROUND

Council owns 33 community halls, which are managed by committees made up of members of the community. Community halls receive funding through a targeted rate which is funded by ratepayers located in the 'catchment' area of a community hall. Targeted rates are paid for by those who receive that activity or service and are in addition to general rates.

Council has been reviewing the catchment area and targeted rate of each hall in the Waikato District. Council has worked with hall committees to identify health and safety practice, repairs and required maintenance on halls. Hall committees provided feedback on changes to catchment areas and targeted rates from November 2019 to January 2020.

Each hall committee has suggested changes to how much ratepayers should fund the hall, based on how much they need to cover their operating costs, and a revised catchment of their hall. These options are presented below.

Five halls have been prioritised at this stage in the process. These halls are:

- Kariotahi Hall
- Aka Aka Hall
- Otaua Hall
- Naike Hall
- Te Akau Community Complex

KEY CHANGES WE'RE PROPOSING TO MAKE

- For Kariotahi, Aka Aka and Otaua Halls, Council is proposing to extend the catchment area and increase the targeted rate to \$55. A minor change is proposed for Te Akau and Naike Halls, where three properties would move from the Naike catchment area into Te Akau.
- Council is also looking at the fees for hiring halls through the 2021-31 Long Term Plan. For more information, go to <https://shape.waikatodistrict.govt.nz/xxxx>



KEY CHANGES FOR KARIOTAHİ, AKA AKA AND OTAUA HALLS

Hall committees have made suggested changes to their targeted rates, based on how much they need to cover their operating costs. Current targeted rates for the five hall catchments have not increased for at least ten years and this has not kept up with increasing maintenance costs. The current catchment of halls also does not reflect current usage. Some halls, such as Kariotahi Hall, lost the rates properties through the 2010 Franklin District Council and Waikato District Council amalgamation, resulting in a significant decrease in funding.

Here's a summary of the key changes we're proposing to make:

What we're proposing

Option 1: Maintain the current catchment areas of the three halls, with no increase in targeted rate. This does not reflect what was requested from the Hall Committees and current target rates will not cover the cost of maintaining these properties.

Option 2: These proposed changes to Kariotahi, Aka Aka and Otaua Halls would see the following increases in targeted rates for dwellings within each proposed catchment:

Hall	Properties within current catchment (Attachment A)	Properties within proposed catchment (Attachment B)
Kariotahi	54 Properties	410 Properties
Aka Aka	184 Properties	293 Properties
Otaua	161 Properties	274 Properties

In addition to the new proposed boundaries, all three halls have requested that consultation occurs to increase the targeted rate to \$55.00 per household from the current targeted rate:

Hall	Current Targeted Rate	Proposed Targeted Rate
Kariotahi	\$28.74	\$55.00
Aka Aka	\$35.00	\$55.00
Otaua	\$50.00	\$55.00

Reasons for the proposal

- Hall committees have requested these changes to fund maintenance and allow for the effective day-to-day operation and management of these council-owned halls.
- In response to prior consultation with hall committees in regards to feedback on catchment areas.

KEY CHANGES TO TE AKAU AND NAIKE HALL CATCHMENTS

This amendment has been requested by the Te Akau and Naike Hall Committee's to reflect current user patterns.

What we're proposing

Option 1: Maintain current catchment area of Te Akau and Naike.

Option 2: Council is proposing to move three properties (five dwellings) from the Naike catchment into Te Akau catchment. No change to the targeted rate is proposed.

SUBMISSIONS CAN BE:

ONLINE:

<https://shape.waikatodistrict.govt.nz/xxxx>



POSTED:

Waikato District Council
Private Bag 544
Ngaruawahia 3742

DELIVERED:

Waikato District Council
Attn: Corporate Planner
15 Galileo Street, Ngaruawahia 3742



EMAILED:

consult@waidc.govt.nz
Subject heading should read:
"Hall Catchment and Targeted Rate Review"

Huntly Office
142 Main Street, Huntly 3700

Raglan Office
7 Bow Street, Raglan 3225

Tuakau Office
2 Dominion Rd, Tuakau 2121

Te Kauwhata Office
1 Main Road, Te Kauwhata 3710

WHAT HAPPENS NEXT?

Council will acknowledge each submission received in writing, either by letter or email.

Following the closing of submissions on 7 May 2021, all submissions will be reviewed. Verbal submissions will be heard and all submissions formally considered at a Council meeting between 25-28 May 2021 (or as soon thereafter as possible).

This meeting is open to both submitters and the public to attend.

IMPORTANT DATES TO REMEMBER:

SUBMISSIONS OPEN – 7 April 2021

SUBMISSIONS CLOSE – 7 May 2021

HEARING OF SUBMISSIONS – 25-28 May 2021

If you have any further queries please contact
Samantha Baker on 0800 492 452.

PLACE HOLDER- MAPS TO FOLLOW



waikatodistrict.govt.nz



[facebook.com/waikatodistrictcouncil](https://www.facebook.com/waikatodistrictcouncil)



0800 492 452



For internal use only:

ECM project #
ECM no. #
Submission #
Customer #
Property #

Hall Catchment and Targeted Rate Review

Submission form (please provide feedback by **5pm Friday 7 May 2021**)

Name

Organisation (If applicable)

Physical address

Postal address Postcode

Email

Catchment area you live in (refer to maps):

A hearing will be held from the 25th-28th May 2021. Would you like to present your submission to Council at the hearing? Yes No

Karioitahi, Aka Aka and Otaua Halls

1. What option for the Karioitahi, Aka Aka and Otaua Halls do you support?

- a) Option 1 – Status quo
- b) Option 2 – Increase of targeted rate and catchment size
- c) Neither
- d) Don't know

2. Why is this your preferred option?

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3. Any additional comments?

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Te Akau and Naike Halls

1. What option for Te Akau and Naike Halls do you support:

- a) Option 1 – maintain current catchment
- b) Option 2 – Minor change to move three properties from Naike catchment into Te Akau
- c) Neither
- d) Don't know

2. Why is this your preferred option?

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3. Any other comments?

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Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	10 March 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Financial performance summary for the period ending 28 February 2021

I. EXECUTIVE SUMMARY

This report presents the year-to-date financial performance against the 2020/21 Annual Plan and those budgets carried forward from the 2019/20 financial year.

The report provides a summary of revenue and expenses, capital expenditure and key reserves balances and covers the eight months to 28 February 2021.

Appended to the report is the Statement of Comprehensive Revenue and Expense (Profit & Loss), Statement of Financial Position (Balance Sheet) with Notes, and the Financial Performance Summary all as at 28 February 2021. The financial statements, rather than comparing actuals to budget, show actuals against the prior year's actuals. Also attached is the Treasury Compliance Report as at 28 February 2021 based on the cashflow forecast as at the same date. Key items to note are:

- **Statement of Comprehensive Revenue and Expense:**
 - Finance income is higher than prior year across all significant areas of income.
 - Finance expenses are running above last year due to higher borrowings. It should be noted that current borrowings are well below planned levels.
 - Personnel costs are in line with prior year because the cost of new approved roles have been offset by vacancies.
- **Statement of Financial Position:**
 - Cash and Cash Equivalents are higher than prior year due to lower than planned capital expenditure and loans not falling due until May 2021.
 - Debtors are higher than prior year due to higher Rates receivables from rates increases and growth in the district. High receivables in respect of wastewater charges are offset by Payables for like amounts.

- Creditors and Other Payables are higher than prior year due to differences in timing of capital expenditure, unpaid wastewater costs (offset by receivables as noted above), and prepaid income from DIA in respect of grants for projects not yet completed.
- Other Liabilities are greater than prior year due to the June 2020 revaluation of derivative financial instruments (an Accounting Standards requirement).
- **Financial Performance Summary**
 - Financial performance and the major reserve balances are as expected, excluding the impact of assets not being vested as planned. YTD capital expenditure is running in line with the previous year and on trend to meet budget, excluding carried forwards and vested assets.
- **Treasury Compliance Report**
 - This report includes cash balances and borrowings as at 28 February 2021 and is based on the latest cashflow forecast. Cash flow so far this year is as forecast and no new borrowing are expected this financial year.
 - There are no non-compliances to report.
 - Debt levels are forecast to be \$95 million at 30 June 2021 compared to the planned amount of \$148 million.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

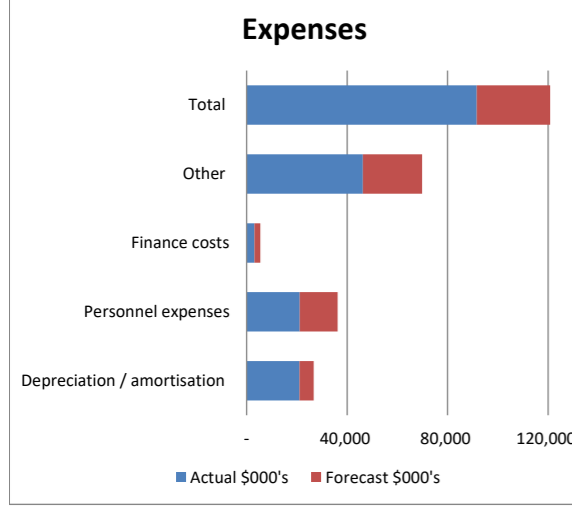
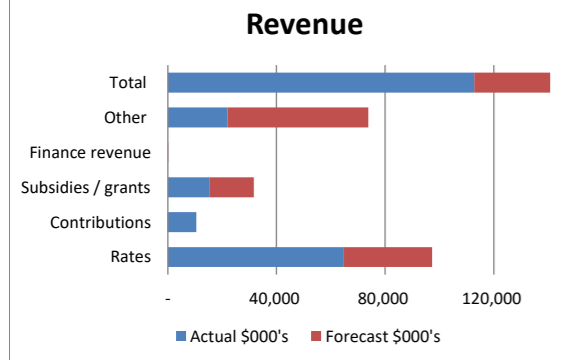
3. ATTACHMENTS

- Financial Performance Summary as at 28 February 2021
- Statement of Comprehensive Revenue and Expense to 28 February 2021
- Notes to the Statement of Comprehensive Revenue and expense to 28 February 2021
- Statement of Financial Position as at 28 February 2021
- Notes to the Statement of Financial Position as at 28 February 2021
- Treasury Compliance Report as at 28 February 2021

AT A GLANCE

Performance to date is as planned, excluding the expected 'revenue' impact of assets not vested as expected
 Income is tracking as planned overall, with Development Contributions well ahead of budgets mostly offset by lower subsidy income due to lower than planned activity levels.
 Capital expenditure YTD is \$32.4 million of which \$5.5 million was incurred in February 2021. This is in line with the previous year and in line with budget expectations.

	Feb-21	Open Bal
	\$000's	\$000's
Reserve Balances Summary		
Restricted reserves	205	201
Council reserves	12,887	23,536
Development contributions	(27,967)	(34,483)
Replacement funds	27,613	24,884
Targeted rate reserves	(13,520)	(12,398)
Total	(782)	1,740
Key reserves (included in balances above)		
	Feb-21	Open Bal
	\$000's	\$000's
Disaster recovery	799	788
Hamilton East Property proceeds	2,308	2,308
Structure plan non-growth reserve	954	927
Northgate development area	(4,844)	(4,662)
Pokeno Structure plan	(6,699)	(9,260)
Tamahere Structure plan	(1,934)	(1,959)
DW water targeted rate	(9,463)	(8,584)
DW wastewater targeted rate	(7,583)	(7,386)
Total	(26,462)	(27,828)



FINANCIAL PERFORMANCE SUMMARY

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For the period ending 28 February 2021

	Actual \$000's	FY Forecast \$000's	% usage	YTD Variance \$000's	Ref.
Revenue					
Rates	64,838	97,284	67%	18	
Development and financial contributions	10,484	6,393	164%	(6,221)	1
Subsidies and grants	15,456	31,608	49%	5,616	2
Finance revenue	39	130	30%	48	
Other revenue	22,030	73,766	30%	27,148	3
Total revenue	112,845	209,181	54%	26,609	
Expense					
Depreciation and amortisation expense	21,051	26,702	79%	(3,250)	4
Personnel expenses	21,102	36,192	58%	3,026	5
Finance costs	3,157	5,494	57%	506	
Other expenses	46,245	69,827	66%	307	
Total operating expenses	91,554	138,216	66%	589	
Surplus (deficit) before tax	21,291	70,965	30%	26,020	

Year-to-date net operating surplus of \$21.2 million is \$26.0 million behind year to date expectations in overall terms.

Items to note are as follows:

Income

- Favourable - Contribution income is above year to date expectations. Approximately \$158,000 relates to older consents with financial contributions, with the remainder continuing to come
- Unfavourable - Subsidies are linked to progress of physical work programmes.
- Unfavourable - The budget allows for \$54 million of roading assets to be vested with Council. \$38 million of this relates to State Highway revocation. The exact timing of transfer is not yet known.

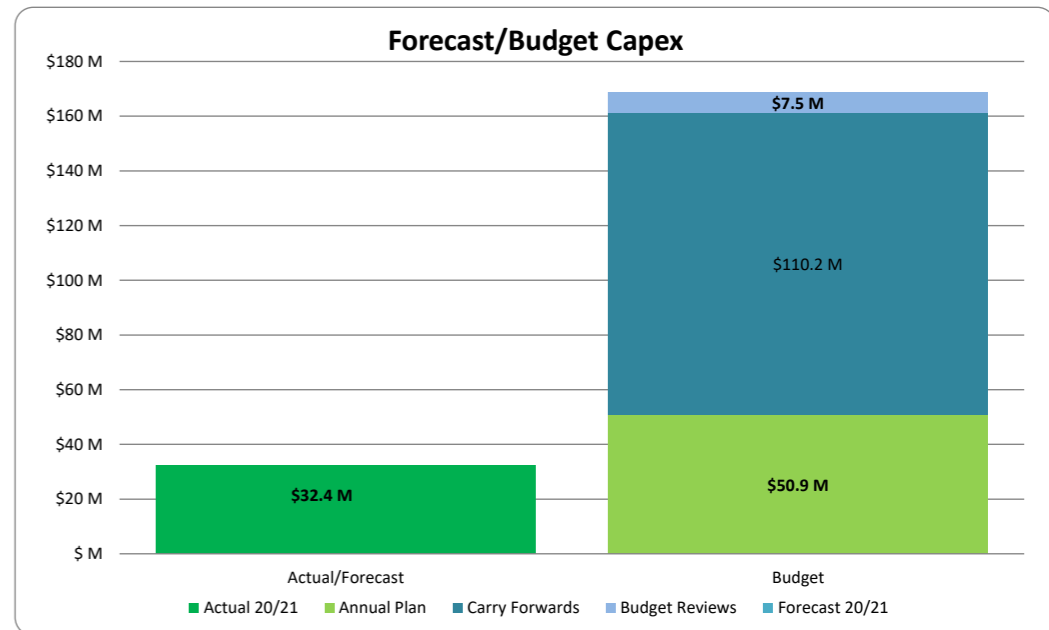
Expense

- Favourable - linked to progress of physical work programmes and capitalisation of fixed assets
- Favourable - impact from vacancies.

Net Operating Surplus (Deficit) Breakdown	Actual \$000's	FY Forecast \$000's	YTD Variance \$000's	Favourable / Unfavourable
Roading	6,393	68,241	39,101	U - Timing of vested asset revenue
Water	2,024	457	(1,720)	F - Watercare transition budget not yet spent, activity levels below expectations
Wastewater	3,200	2,031	(1,846)	F - Watercare transition budget not yet spent, activity levels below expectations
Stormwater	483	(832)	(1,038)	F - Watercare transition budget not yet spent, activity levels below expectations
Sustainable Communities	2,173	3,570	207	U - Timing of grant payments
Sustainable Environment	(269)	(357)	32	U - Minor variances
Governance	6	(749)	(505)	F - Timing of grant payments
Organisational Support	(335)	(1,396)	(595)	F - Low levels of activity expenditure
Total Group of Activities	13,676	70,965	33,635	
General rate usage	7,615	-	(7,615)	F - The general rate income recognised currently exceeds the amount of general rate used. This number adjusts throughout the year relative to activity expenditure
Surplus (deficit)	21,291	70,965	26,020	

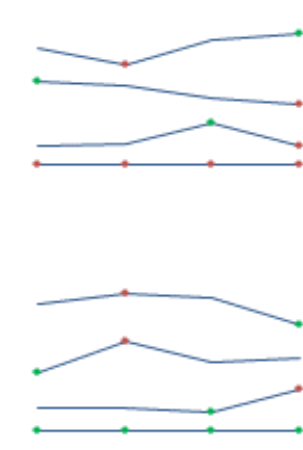
Capital expenditure	Actual \$000's	FY Budget \$000's	% usage
Organisational Support	3.9	13.1	30%
Roading	14.6	101.2	14%
Stormwater	0.4	8.5	5%
Sustainable Communities	6.9	31.7	22%
Sustainable Environment	3.0	3.3	91%
Wastewater	2.5	44.9	6%
Water Supply	1.1	21.0	5%
Total Group of Activities	32.4	223.7	14%

The "FY Budget" shown above relates to the second year of the LTP, including projects undertaken by developers on behalf of council plus any carry forward works from 2018/19. The work programme includes first estimates of the impacts of the Covid-19 lockdown. Vested Assets are also included.



Current Working Capital

Current Assets	\$90,814,875
Cash & cash equivalents	\$37,924,176
Debtors & other receivables	\$51,329,333
Prepayments	\$202,643
Other current assets	\$1,358,723
Current Liabilities	\$62,132,379
Accounts Payable	\$46,773,052
Deposits & Bonds	\$268,021
Accrued expenses	\$15,091,306
Rates in advance	\$0
Working capital	\$28,682,496
Current ratio	1.46



Limit on Total Debt	\$207,400,000
Current Borrowing	\$95,000,000
Anticipated Debt 20/21	\$137,410,000

46% of limit
 \$42 M ↑, 66% of limit

Waikato District Council
Statement of comprehensive revenue and expense
As at 28 February 2021

Note	28 Feb 2021	29 Feb 2020
Revenue		
I Rates, including targeted water supply rates	64,837,799	61,142,120
Development and financial contributions	10,483,648	6,615,287
Subsidies and grants	15,455,517	14,223,926
Finance income	38,591	59,495
Other income	15,253,886	14,067,388
Total income	106,069,440	96,108,217
Expense		
Depreciation and amortisation expense	21,050,822	18,376,960
2 Personnel costs	21,102,247	21,058,264
3 Finance expenses	3,156,758	2,957,141
4 Other expenses	46,244,531	42,122,566
Total expenditure	91,554,358	84,514,931
Operating surplus (deficit) before tax	14,515,083	11,593,286

Waikato District Council
Notes - Statement of comprehensive revenue and expense
As at 28 February 2021

Note	28 Feb 2021	29 Feb 2020
1 <u>Rates, including targeted water supply rates</u>		
General rate	36,948,322	34,987,252
Uniform annual general charge	6,941,819	6,492,457
<i>Total general rates income</i>	<u>43,890,141</u>	<u>41,479,709</u>
Community centres & facilities	539,961	527,828
Wastewater	8,033,907	7,420,672
Refuse & waste management	3,358,258	3,100,820
Metered water supply rates	4,219,359	3,911,797
Other water rates	2,582,184	2,308,959
Stormwater	1,322,613	1,220,166
Community boards	179,453	162,545
<i>Total targeted rates income</i>	<u>20,235,735</u>	<u>18,652,788</u>
plus: Penalties revenue	1,143,850	1,441,901
Total rates revenue	<u>65,269,726</u>	<u>61,574,398</u>
less: Rate remissions	(431,927)	(432,278)
Net rates revenue	<u>64,837,799</u>	<u>61,142,120</u>
2 <u>Personnel costs</u>		
Salaries & wages	20,256,988	20,337,562
Kiwisaver contributions	509,110	484,880
ACC levies	84,096	91,497
Fringe benefit tax	74,368	82,156
Mileage reimbursements	31,161	37,219
Other personnel costs	146,523	24,950
Total personnel costs	<u>21,102,247</u>	<u>21,058,264</u>
3 <u>Finance expenditure</u>		
External interest expense	3,156,163	2,956,577
Interest on reserves	595	564
Total finance expenditure	<u>3,156,758</u>	<u>2,957,141</u>
4 <u>Other expenses</u>		
Audit fees	167,602	134,255
Activity expenditure	45,410,107	41,818,358
Debt write-off	376	3,656
Penalties written-off	354,391	291,762
Treasury administration	26,554	31,076
Asset adjustments	285,501	(156,540)
Total other expenses	<u>46,244,531</u>	<u>42,122,566</u>

Waikato District Council
Statement of financial position
As at 28 February 2021

Note	28 Feb 2021	29 Feb 2020
ASSETS		
Current assets		
	37,924,176	14,898,836
1	51,329,333	43,918,538
	202,643	600,142
2	1,358,723	93,731
	90,814,875	59,511,247
Non-current assets		
3	20,108,402	18,355,982
	560,000	560,000
	4,166,127	4,717,942
4	1,748,692,209	1,840,064,307
	1,773,526,737	1,863,698,231
	1,864,341,612	1,923,209,478
LIABILITIES		
5	62,132,379	44,420,107
6	28,853,679	20,609,709
7	95,000,000	85,000,000
	185,986,058	150,029,815
	1,678,355,554	1,773,179,663
EQUITY		
	1,090,189,396	1,062,038,181
	14,515,083	11,593,286
8	2,522,714	2,466,123
	12,887,093	24,627,141
	204,518	198,960
	27,612,679	22,630,096
	(13,519,863)	(8,294,068)
	(27,967,246)	(43,080,008)
	557,784,059	688,412,498
	14,127,120	12,587,455
	1,678,355,554	1,773,179,663

*The financial statement set out above should be read in conjunction with the notes
set out on the following pages*

Waikato District Council
Notes to the financial statements
As at 28 February 2021

	28 February 2021			29 February 2020		
I Debtors & other receivables						
Accruals		6,924,894			6,028,391	
Rates receivable		36,723,080			34,868,535	
Sundry debtors		9,340,441			3,959,744	
GST refund due (payable)		(262,664)			219,519	
		52,725,751			45,076,189	
Provision for doubtful debts		(1,396,418)			(1,157,651)	
Net debtors & other receivables		51,329,333			43,918,538	
2 Other current assets						
Cattle		102,917			93,731	
Non-current assets held for sale		1,255,806			-	
Total other current assets		1,358,723			93,731	
3 Investments in other entities						
Community loans		58,642			105,559	
Strada Corporation Ltd		700,000			700,000	
NZ Local Government Insuranc		38,250			65,515	
Waikato Regional Airport Ltd		16,743,390			15,176,460	
BNZ - Term deposit		828,946			809,274	
Local Authority Shared Services Ltd						
LASS shares		-			-	
Waikato Regional Transport Mod		112,500			112,500	
Shared Valuation Database Servic		106,674			106,674	
LGFA borrower notes		1,520,000			1,280,000	
Total investments		20,108,402			18,355,982	
4 Property, plant & equipment (PP&E)						
	28 February 2021			29 February 2020		
	Cost / Val'n	Accum dep'n	Book value	Cost / Val'n	Accum dep'n	Book value
Bridges	251,943,707	(3,672,163)	248,271,545	144,230,187	(1,953,841)	142,276,346
Buildings	54,289,893	(1,484,333)	52,805,559	55,367,790	(5,293,893)	50,073,897
Computers	5,570,131	(5,391,044)	179,088	5,570,131	(5,231,134)	338,997
Drainage	2,431,639	(20,049)	2,411,590	2,317,087	(18,891)	2,298,196
Furniture	1,592,395	(1,200,359)	392,036	1,557,829	(1,094,135)	463,694
Land	140,869,800	-	140,869,800	119,921,856	-	119,921,856
Land under roads	109,100,163	-	109,100,163	108,287,653	-	108,287,653
Library books	6,016,871	(5,099,257)	917,614	6,016,871	(4,800,782)	1,216,090
Office equipment	1,404,420	(1,248,614)	155,806	1,404,420	(1,209,577)	194,843
Parks and reserves	48,189,585	(1,610,842)	46,578,742	45,437,207	(1,547,656)	43,889,552
Plant	5,315,602	(3,430,604)	1,884,998	5,135,521	(3,008,093)	2,127,428
Roading	762,803,386	(8,437,747)	754,365,640	1,024,866,892	(7,861,635)	1,017,005,257
Stormwater	72,821,929	(633,534)	72,188,395	62,715,147	(544,467)	62,170,680
Transfer stations	1,838,220	(52,797)	1,785,423	1,728,138	(47,828)	1,680,310
Wastewater	122,774,029	(2,101,486)	120,672,543	117,216,869	(2,023,276)	115,193,593
Water	124,642,050	(2,001,532)	122,640,518	123,455,646	(1,904,295)	121,551,351
Work in progress	73,472,750	-	73,472,750	51,374,565	-	51,374,565
Total PP&E	1,785,076,570	(36,384,361)	1,748,692,209	1,876,603,809	(36,539,502)	1,840,064,307

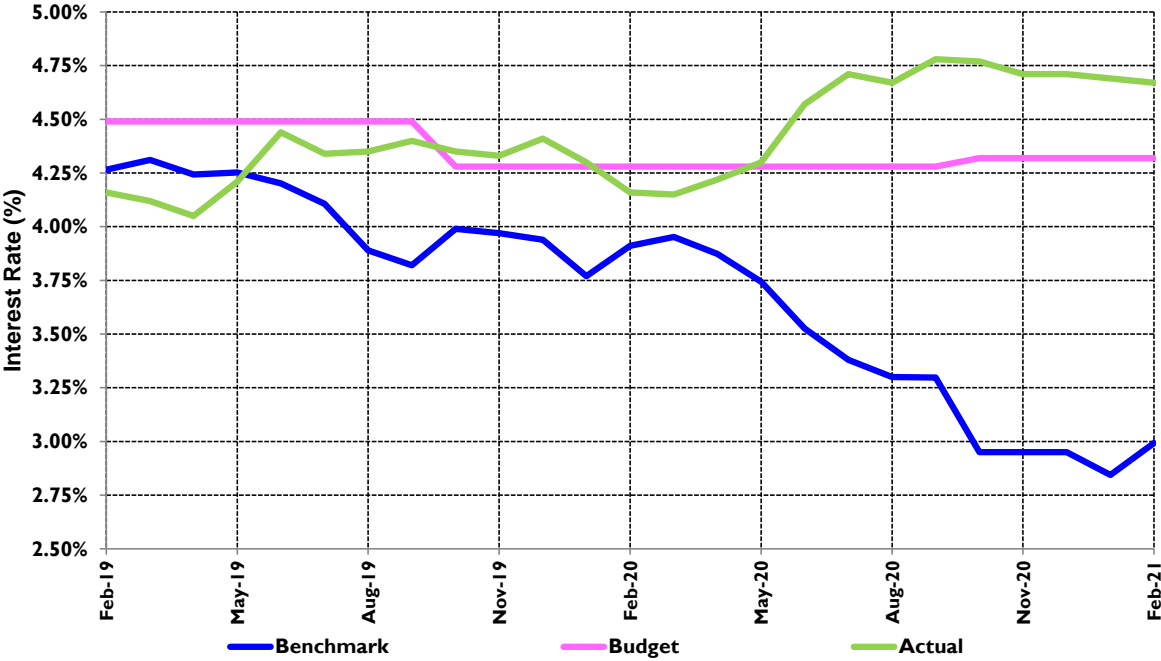
Waikato District Council
Notes to the financial statements
As at 28 February 2021

Note	28 February 2021	29 February 2020	
5 Creditors & other payables			
Trade payables	46,773,052		33,524,061
Deposits & bonds	268,021		314,709
Accrued expenses	15,091,306		10,564,633
Rates in advance	0		16,704
Total creditors & other payables	62,132,379		44,420,107
6 Other liabilities			
Employee entitlements	4,063,190		3,495,600
Provisions	3,175,032		1,447,593
Derivative financial instruments	21,615,456		15,666,515
Total other liabilities	28,853,679		20,609,709
7 Borrowings			
Non current portion of borrowing	95,000,000		75,000,000
Current portion of borrowing			10,000,000
Total borrowings	95,000,000		85,000,000
8 Reserve movements	Balance as at	Movements	Opening
	28 February 2021		balance
Council reserves	12,887,093	10,648,432	23,535,525
Restricted reserves	204,518	(3,873)	200,644
Replacement funds	27,612,679	(2,728,310)	24,884,369
Targeted rate reserves	(13,519,863)	1,122,099	(12,397,764)
Development contributions	(27,967,246)	(6,515,633)	(34,482,879)
per Reserve balance report	(782,819)	2,522,714	1,739,895
Revaluation reserves	557,784,059	-	557,784,059
Fair value through other comprehensive revenue and expense	14,127,120	-	14,127,120
Total other reserves	571,128,360	2,522,714	573,651,075

Waikato District Council

Treasury risk management policy - Compliance report

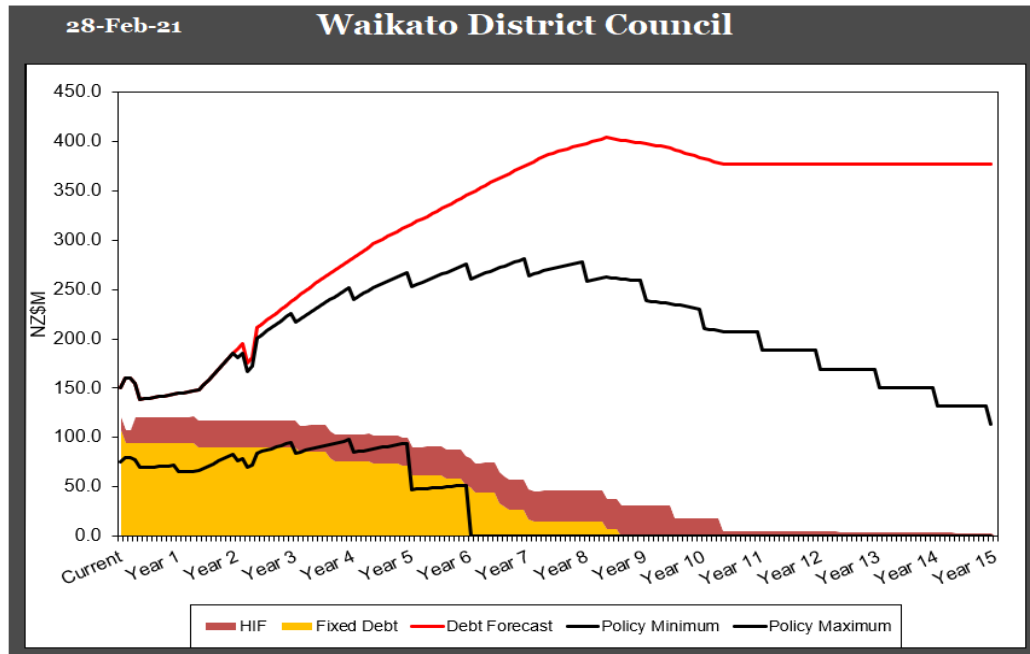
As at 28 February 2021

	Policy criteria	Policy limit	Actual	Within policy?
1	The percentage of net external debt to annual revenue Net external debt = Total annual revenue =	<150% total external debt (net of related borrower notes) less term deposits and available cash / cash equivalents	41.9%	✓
2	Net interest expense on net external debt as a percentage of total annual revenue Net interest expense =	<20%	3.4%	✓
3	Net interest expense on net external debt as a percentage of planned annual rates	<25%	4.8%	✓
4	Liquidity ratio Liquidity =	>110%	156%	✓
5	Interest rate benchmark chart Comparison of actual monthly and year-to-date accrued returns vs investing the entire treasury portfolio at the combined average of the 90-day bill rate and the five-year investor swap rate over the last two years. 			
6	Actual borrowing costs are <= budgeted borrowing costs Current month Year to date	<u>Budget</u> \$457,750 \$3,662,000.00	<u>Actual</u> \$359,225 \$3,156,163	✓ ✓

7	Current interest rate swaps (including forward starts)			
	<u>Amount</u>	<u>Effective date</u>	<u>Termination date</u>	<u>Fixed rate</u>
	\$			(if effective)
	3,000,000	22-Jun-13	22-Mar-23	4.00%
	4,000,000	22-Jun-13	22-Jun-22	3.83%
	2,000,000	21-Mar-16	21-Mar-24	4.94%
	3,000,000	23-Mar-15	23-Mar-24	4.64%
	4,000,000	23-Mar-20	25-Mar-24	4.75%
	3,000,000	23-Mar-15	23-Sep-24	4.53%
	4,500,000	23-Dec-15	23-Sep-24	4.59%
	4,000,000	22-Jun-16	23-Sep-24	4.62%
	3,000,000	20-Oct-20	21-Oct-24	4.78%
	3,000,000	22-Sep-17	23-Sep-24	4.78%
	4,000,000	23-Mar-20	25-Mar-24	4.85%
	3,000,000	20-Oct-20	21-Oct-24	4.86%
	6,000,000	31-Oct-17	31-Jan-27	3.67%
	2,000,000	1-Mar-19	1-Dec-25	3.85%
	2,000,000	25-Sep-17	25-Feb-27	3.67%
	2,000,000	22-Jun-17	23-Jun-25	3.52%
	3,000,000	22-Mar-23	22-Jun-29	
	4,000,000	25-Mar-24	25-Sep-26	
	4,000,000	25-Mar-24	25-Mar-27	
	4,000,000	23-Sep-24	23-Sep-27	
	3,000,000	21-Oct-24	21-Oct-27	
	10,000,000	30-Sep-19	28-Sep-29	3.55%
	5,000,000	30-Jun-20	29-Jun-29	3.63%
	10,000,000	28-Feb-19	27-Feb-26	3.33%
	10,000,000	28-Aug-18	30-Aug-27	3.37%
	10,000,000	28-Feb-18	28-Feb-28	3.33%
	2,000,000	19-Jun-19	19-Mar-28	3.10%
	2,000,000	19-Jun-19	19-Mar-27	3.28%
	119,500,000	Total swaps		
	101,500,000	Total "live" swaps		
		Average interest rate of live swaps		3.90%
8	Forward start period to be no more than 24 months <u>unless</u> there is a match with the expiry date of an existing swap of the same notional amount		5 swaps with start periods > 24 months forward all are matched with existing swaps	
9	<u>Counterparty credit risk - swaps</u>	\$30m		
	NZ registered banks (each)		\$0m	✓
	- ANZ / National		\$0m	✓
	- ASB		\$19.42m	✓
	- BNZ		\$0m	✓
	- HSBC		\$0m	✓
	- Westpac		✓	

10 Council's net external debt should be within the following fixed/floating interest rate risk control limits.:

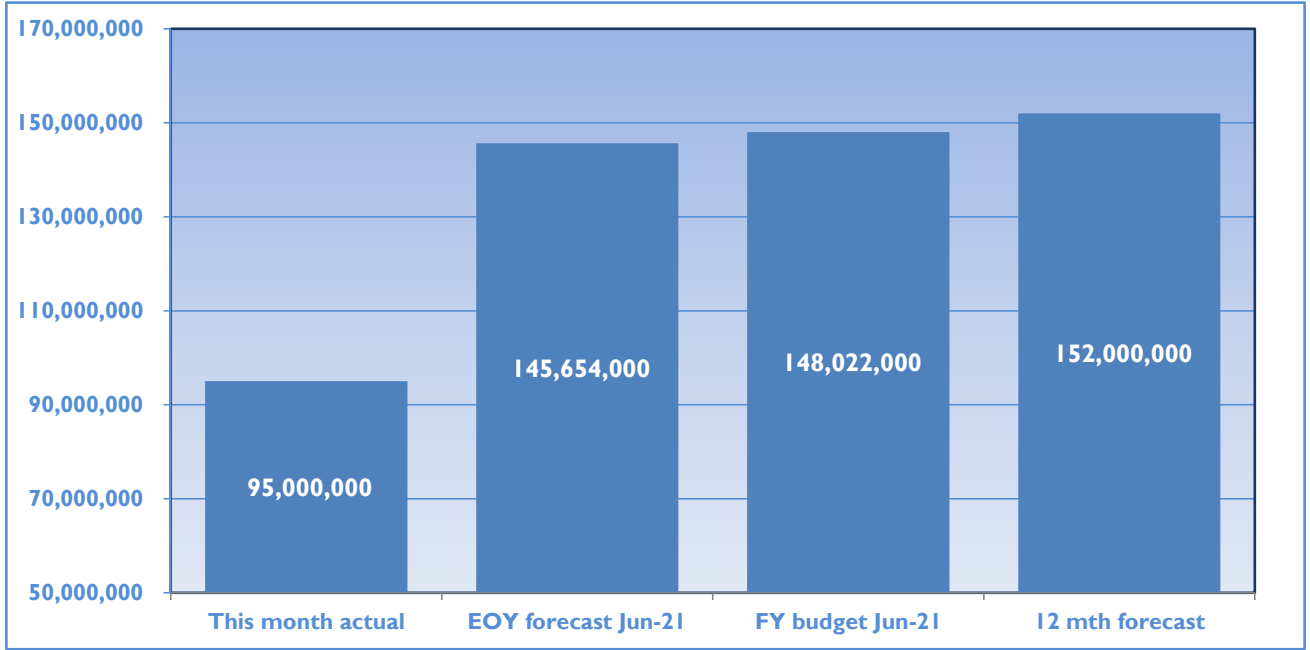
Debt period ending	\$m	Policy criteria	Actual	Within policy
Current	150	50% - 100%	80%	✓
Year 1	145	45% - 100%	83.5%	✓
Year 2	190	40% - 95%	61.6%	✓
Year 3	241	35% - 90%	48.7%	✓
Year 4	283	30% - 85%	36.5%	✓
Year 5	316	15% - 80%	28.5%	✓
Year 6	348	0% - 75%	22.9%	✓
Year 7	377	0% - 70%	12.6%	✓
Year 8	398	0% - 65%	11.6%	✓
Year 9	397	0% - 60%	7.1%	✓
Year 10	382	0% - 55%	4.0%	✓



	Policy criteria	Policy limit	Actual	Within policy?
11	Debt affordability benchmark - limit on debt (actual debt <= limit on debt)	<= \$196.5m	\$95m	✓
12	Balanced budget benchmark (revenue / expenses)	>=100%	104%	✓
13	Essential services benchmark (CAPEX / dep'n - infrastructure)	>=100%	110%	✓
14	Debt servicing benchmark (borrowing costs / revenue) borrowing costs =	<15% finance expenses per statement of comprehensive revenue and expense	3.3%	✓

15 Borrowing at February 2021

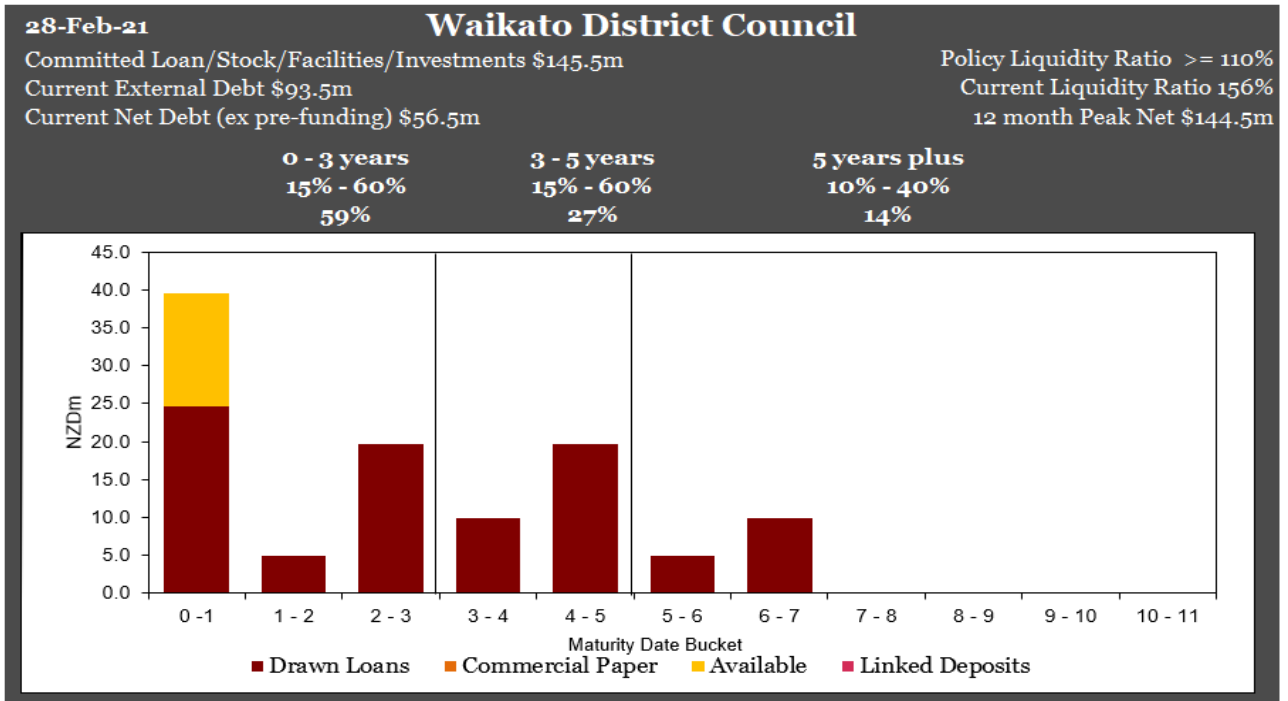
This graph depicts actual borrowing - LGFA plus bank (BNZ).



16	Actual monthly (gross) borrowing is within end-of-year budget	\$148,022,000	\$95,000,000	✓
----	---	---------------	--------------	---

17 The maturity profile of the total committed funding in respect of all loans and committed facilities

0 to 3 years	15% - 60%	59%	✓
3 to 5 years	15% - 60%	27%	✓
5 years plus	10% - 40%	14%	✓



18	Financial assets		\$'000
	<i>Share investments held for strategic purposes</i>		
	Local Authority Shared Services Limited		220
	Waikato Regional Airport Limited		16,743
	Strada Corporation Limited		700
	Civic Financial Services Limited		38
	<i>Investments held to reduce the current ratepayer burden</i>		
	Community loans as below		60
	<i>Short-term investments held for liquidity & working capital requirements</i>		
	Bank & cash balances		287
	Short-term bank deposits		37,000
	Total investments		\$18,048
	For treasury purposes, LGFA borrower notes are netted off against related borrowing		
19	Community loans		
	Borrower	Current balance \$\$	Maturity date
	Tamahere Hall Committee	52,992	Jun-22
	Te Kowhai Hall Committee	7,179	Jun-22
	Opuatia Community Centre (ex Franklin loan)	-	Dec-20
		<u>\$60,171</u>	} both at 5.32% 0%
	Policy criteria	Policy limit	Actual
20	Counterparty credit risk - investments		
	NZ Government	unlimited	\$0m
	NZD resistered supranationals	\$20m	\$0m
	LGFA	\$20m	\$1.52m
	NZ registered banks (each)	\$20m	
	- ANZ / National		\$9.25m
	- ASB		\$9.25m
	- BNZ		\$9.25m
	- HSBC		\$0m
	- Westpac		\$9.25m
			✓
			✓
			✓
			✓
			✓
			✓
			✓
			✓
21	Counterparty credit risk - total		
	NZ registered banks (each)	\$50m	
	- ANZ / National		\$9.25m
	- ASB		\$9.25m
	- BNZ		\$28.67m
	- HSBC		\$0m
	- Westpac		\$9.25m
			✓
			✓
			✓
			✓
			✓

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	10 March 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Operational Budget Reviews

1. EXECUTIVE SUMMARY

This report summarises the issues and results from internal operational budget reviews for the information of the Strategy & Finance Committee.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. BACKGROUND

Council follows a tiered budget review process to support:

- Financial accountability – finding funding solutions at the time of planned expenditure;
- Identification of savings as they arise;
- Improved variance commentary; and
- Removal of duplication of effort.

There are four different levels of budget review, three of which utilise an operational budget review process; movement between budgets within the same cost centre, movement between budgets at the group level, and employment related budget changes.

The fourth type of budget review relates to capital works and non-neutral funding changes (which alter the Annual Plan / Long Term Plan that was adopted and communicated to ratepayers, residents and other stakeholders). These changes are advised to the relevant committee with specific financial resolutions that identify funding solutions/savings.

Where contracts are let under delegated authority and budget changes are required, the tender report includes a resolution to allow funding to be adjusted as identified in that report (i.e. a separate committee report is not required).

The approved process is in place to improve flexibility during the year and aligns with transparency requirements under the Local Government Act 2002.

4. ISSUES AND RESULTS

- 4.1. An organisation-wide budget review process will be conducted in March/April 2021 this year to capture operational variances to mitigate surplus/deficit positions ahead of the financial year end. Invariably budgets differ from actual costs charged, and the purpose of the tiered budget review and operational budget review processes is to manage the impact of these changes without adversely affecting the overall funding position.

The General Accounting Reserve Fund (“GARF”) which is comprised of general rate surpluses from prior financial years is used to manage one-off adverse general rate variances. Through the Long Term Plan process, a commitment was made to:

- a) capture upfront those savings typically generated during the year against salary budgets (mainly from vacancies and timing of replacement); and
- b) capture the anticipated efficiency savings associated with the digital roadmap work.

Therefore, the expectation in the 2020/21 year is that any general rate surpluses will be at a lower level than those experienced previously. The reserve is forecast to have a balance at 30 June 2021 of approximately \$224,000.

- 4.2. A number of budget review memos have gone through either:

- Council Committees where there is a cost impact; or
- The internal review process.

These are summarised on the attachment ‘Summary of Processed Budget Review Memos’. There are four budget review memos that have not been fully reviewed. None of these are expected to have any cost impacts. Targeted rate funding issues are out of scope in these reviews as any decision to increase targeted rates must be consulted on.

5. CONCLUSION

The operational budget review processes to be conducted this financial year may result in a return of funds to GARF. This may be at a lower level than in prior years due to the Long Term Planning process which led to budgets already allowing for major salary and process efficiency savings.

6. ATTACHMENTS

Summary of Processed Budget Review Memos

Summary of Processed Budget Review Memos

Ref No.	Category	Status	Team	Description	Financial impact
BR21001	Tender	Approved	Community Connections	Approve budget to begin Stage 3 (Installation of material) of Onewhero Wastewater Treatment & Disposal System (Contract No. 19/079)	-
BR21002	Memo	Approved	All	Budget Review for Carry Forward Projects	-
BR21003	Memo	Approved	Community Connections	To approve additional budget required for Huntly Grandstand Roof repair	75,330.54
BR21004	Memo	Approved	Roading	Transfer budgets for network need	-
BR21005	Action Sh	Approved	Roading	Budget increase for the Te Awa Cycleway - Hamilton to Cambridge section	2,144,589.00
BR21006	Action Sh	Approved	Solid Waste	Budget increase for the renegotiation of Solid Waste contracts	45,000.00
BR21007	Memo	Approved	Community Connections	Additional budget to complete entrance way works at Raglan Holiday Park	56,000.00
BR21008	Memo	Approved	Roading	Travers Road LCLR budget to be transferred back to WDC management.	-
BR21009	Memo	Approved	Community Connections	Establishing Budget for Cricket Nets project in Ngaruawahia – Funded by Grassroots Trust Grant	48,000.00
BR21010	Memo	Approved	Strategic Property	Transferring all budgets to single account code for purchase of 36 Buckland Road Tuakau. Approved as part of Council Resolution - Infrastructure Committee meeting INF2009/05	-
BR21011	Tender	Approved	Roading	Transfer budget from WDA management to WDC management for the Huntly Rail Amenities project	-
BR21012	Memo	Approved	Legal	Transfer budget from Solicitors to Solicitors RMA	-
BR21013		Approved	Waters	Reversing Savings to projects	-
BR21014		Approved	Waters	Allocating project savings against appropriate projects	-
BR21015	Memo	Approved	Zero Harm	Transfer budget from R&M Contractors to newly created activity code Work Safe, Home Safe	-
BR21016	Memo	Approved	Community Connections	Establishing Budget for Grant received to complete DW Ecological Enhancement project (2 years)	22,600.00
BR21017	Memo	Approved	Community Connections	Creating new account code to track Huntly Rail and Train Station Operational expenditure	-
BR21018	Action Sh	Approved	Solid Waste	Budget increase for the renegotiation of Solid Waste contracts	30,000.00
BR21019	Action Sh	Approved	Community Connections	Actioned council resolutions INF2010/09 and INF2011/08 - Infra committee approved surplus funds from Pokeno Library to be transferred to specific projects with funding shortfall. And reallocation of Boat ramp budget for playground in Whatawhata	-
BR21020	Action Sh	Approved	Solid Waste	INF2011/14 Purchase of land 128 Bollard Road, Tuakau	-
BR21021	Memo	Approved	Community Connections	Separating Budget to undertake Huntly Library Lift Replacement project	-
BR21022	Memo	Pending	Information Management	Amalgamation of various projects into one for the Office 365 migration	-
BR21023	Memo	Pending	Information Management	Amalgamation of various projects into one for the IM, Chat, Team operating project	-
BR21024	Memo	Approved	Solid Waste	Transfer of budget to new projects for Solid Waste initiatives to be 50/50 funded from WM reserve and DW TR Reserve	-
BR21025	Memo	Pending	Roading	Rephase 2020/2021 Roothing capital projects that won't go ahead this financial year	-
BR21026	Action Sh	Approved	Strategic Property	INF2002/13 Huntly Land Exchange matter for Huntly Road and Rail Project (Train Station Stage 1, and Tregoweth Lane road widening projects)	-
BR21027	Memo	Pending	Information Management	Transfer budget into BI Data Warehouse Foundation	-

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	10 March 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Approved Counterparty Review

I. EXECUTIVE SUMMARY

Treasury related transactions can only be entered into with organisations specifically allowed for under Council's Treasury Management Policy.

Counterparties and limits are approved on the basis of long-term and short-term credit ratings of A- and above and A2 or above respectively. Limits are spread across a number of Counterparties to manage credit exposure. Counterparty limits are reported quarterly, while credit ratings are reviewed on an ongoing basis with any material credit downgrades dealt with immediately. The Standard & Poors ratings are reported to the Strategy & Finance Committee every six months and any changes noted.

The current credit ratings (updated 29 September 2020) are shown in the table below:

	Long Term		Short Term		Within Policy?
	S&P	Policy	S&P	Policy	
ANZ Bank	AA-	A-	A-1+	A2	✓
ASB Bank	AA-	A-	A-1+	A2	✓
Bank of New Zealand	AA-	A-	A-1+	A2	✓
HSBC	AA-	A-	A-1+	A2	✓
Westpac	AA-	A-	A-1+	A2	✓

There has been no change since the ratings were last reported.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

NIL

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	10 March 2021
Chief Executive Approved	Y
Reference #	GOV1318 / 3033720
Report Title	Draft Statements of Intent for 2021/22

I. EXECUTIVE SUMMARY

Draft Statements of Intent for 2021/22 from the Waikato District Community Wellbeing Trust (“WBT”), Waikato Local Authority Shared Services Limited (“WLASS”), and Waikato Regional Airport Limited (“WRAL”) are attached for the Strategy & Finance Committee’s consideration. The Council has two months to approve, request changes or reject the Council Controlled Organisations (“CCO”) Statements of Intent (“SOIs”) as a shareholder, with the final SOIs due on or before the 30 June 2021.

The Strategy & Finance Committee is responsible for monitoring CCO operations and making recommendations to Council for any proposed amendments to their activities. The draft SOI’s were all received ahead of 1 March as per legislative requirements, and have been considered at the Audit & Risk Committee through a risk lens.

The proposed direction for both WBT and WRAL is in line with the previous SOIs approved for the current financial year. WLASS is proposing to take a ‘transformational’ project approach and the Chief Executive, Kelvin French will take the committee through the draft SOI.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT pursuant to section 64 of the Local Government Act 2002 the Strategy & Finance Committee will provide feedback on the Council Controlled Organisations draft Statement of Intents for 2021/22 no later than 30 April 2021.

3. BACKGROUND

The CCOs draft SOI’s are attached, setting out the intentions for 2021/22, 2022/23 and 2023/24.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

CCOs are required to prepare a Statement of Intent in accordance with Schedule 8 of the Local Government Act, the purpose of which is to:

- (a) State publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) Provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

The strategic intent for both WBT and WRAL remain largely unchanged from the 2020/21 SOI's which had factored in the impacts of the coronavirus pandemic.

Requests for changes to the direction of a CCO would require adjustments to their underlying strategies and assessment of risk.

4.2 OPTIONS

The Strategy & Finance Committee can (either individually or as a whole):

- a) Recommend approval of the current draft SOI's to Council; or
- b) Request amendments; or
- c) Reject the draft SOI's.

Any feedback must be provided to our CCO's before 30 April.

5. CONSIDERATION

5.1 FINANCIAL

The draft SOI's are not anticipated to impact on Councils Long-term Plan commitments.

5.2 LEGAL

Schedule 8 of the Local Government Act 2002 requires CCO board's to make their SOI publicly available within one month of Council adoption.

6. CONCLUSION

Council has an opportunity to provide feedback on the SOI's before the end of April. Once all shareholders have provided feedback, final SOI's will be issued (or the draft confirmed as final).

7. ATTACHMENTS

- Waikato Local Authority Shared Services Limited draft Statement of Intent 2021/22
- Waikato District Community Wellbeing Trust draft Statement of Intent 2021/22
- Waikato Regional Airport Limited draft Statement of Intent 2021/22



2021 Statement of intent

For the year ended 30 June 2022

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd (WLASS). It outlines the nature and scope of the work it will undertake, the Directors’ accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2022 to 30 June 2024.

Message from the Chair

WLASS has made substantial progress in 2020. We aim to continue that in 2021.

We have been delivering what we said we would. The priority projects set out in last year's Statement of Intent have either been completed or significantly advanced. Some of those projects, notably the Building Consent Shared Services project, have challenged councils to think quite differently about how they deliver services (more on that shortly).

“At its heart WLASS exists to identify, and develop business cases, for ideas that have the potential to transform its shareholder councils.”

Our priority projects have recently led to two new services. WLASS Water Services supports councils by providing water sampling and analysis, trade waste management and water conservation education services. Nine councils are participating in one or more of these services. Through the Coordinated Infrastructure Procurement service, we are working with councils to facilitate a better outcome for them, their communities and suppliers, by identifying opportunities to procure and sequence infrastructure work on a cross-council basis.

At its heart WLASS exists to identify, and develop business cases, for ideas that have the potential to transform its shareholder councils. The goal is to improve the experience of councils' communities and staff, improve performance, reduce costs, and build trust and confidence with central government.

In pursuing the goal in 2020 we did strike challenges.

A good example of these challenges was provided in December 2020, when the board was presented with an indicative business case for a building consent shared services approach with a request for funding to develop a detailed business case for a particular option. While our priority projects all can add significant value, this was the first project that was truly transformational – reimagining how building consent services are delivered and recommending this be delivered on a regional basis.

With this work we struck difficulty in developing the indicative business case, and the work took longer, because of opposition from some staff within councils. In addition, the commitment of chief executives to supporting the development of the detailed business case varied.

From this work WLASS has learned that transformation means different things to different council chief executives. That the pace at which those chief executives wish to move, differs. That some chief executives are excited by the prospect of substantial change within the sector and want the region to lead the thinking on that change, while others are worried by it and feel overburdened already. And that resistance to change is hard wired into the middle management of many of the shareholder councils - like just about every organisation.

WLASS has learned other valuable lessons from this work: the need for better communication, greater focus on helping council chief executives manage the potential for change within their organisation and building more compelling business cases.

My key messages are these:

1. For WLASS to truly achieve its potential, council chief executives must actively support it to develop the best possible business case for each idea, as fast as practicable. And they must impress that support on their staff. The faster we can develop good business cases, the faster those councils who want to can implement the idea.
2. The central government's water and RMA reform agendas provide more, not less, reason to proactively show that, as a region, we are already embracing changes to create a more efficient and effective local government. In doing so, the councils of the region put themselves in a better position to control their destiny rather than have central government make it for them.

For these reasons, WLASS will continue to advance a transformational agenda. We will not shy away from challenging councils to think differently – to think regionally, but knowing that they are able to decide and then act locally, in a way that is best for their communities. Equally, we will continue to progress initiatives as hard and as fast as practicable.

I continue to believe that WLASS provides an excellent vehicle for councils to work together and share the costs of developing ideas to meet the goal, while retaining each council's right to proceed or not.

Peter Stubbs
Chair

Background

WLASS is owned in equal portion by the 12 Waikato local authorities:

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

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. More recently, shareholders embarked on a transformation of the company. The purpose of that transformation was to move the company to a true service delivery agent for, and strategic partner of, the councils. The structural changes of that transformation were completed in late 2019 and bedded-in throughout 2020.

Our vision and the outcomes we are looking for

The 2020 SOI introduced a new performance reporting framework. That framework is set out on the following page.

The framework better reflects the outcomes the transformed company is seeking, for you and your communities, and how we will go about achieving those outcomes. It highlights the company's roles of:

- Ideas laboratory - taking ideas that have the potential to create value, from their genesis through to business case; and
- Service provider to councils.

WLASS is acutely aware of the challenging and changing environment within which councils currently operate. Given this environment it is also 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.

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 increased 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 		<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

Priorities – doing what we said we would do

We want to ensure that Waikato councils are working together the best way possible, for the collective benefit of them and their communities. We want to do this because we believe it is the right thing to do for Waikato. If we achieve this, it will mean a relatively lesser burden on ratepayers, happier communities and council staff and more impactful councils.

In the 2020 Statement of Intent, we told you we had completed the structural changes required to transform the company into a service delivery agent and a true strategic partner to councils.

While we do not see the transformation as 'complete', the 2020/21 financial year has seen those changes embedded and our focus turn to ensuring we do what we said we would: And we have. All five of our priority projects set out in last year's Statement of Intent have either been completed or are under development. This has included:

- Commencing work looking at how building consent services could be improved, culminating in a recommendation that a detailed business case be developed at an estimated cost of ~\$440k;

- Expanding the service offering to include water sampling and analysis, trade waste management and water conservation services. This increases the size of the company, by revenue, by ~40%;
- Completing the project to consider how infrastructure procurement could be coordinated regionally - we have a strategic procurement manager in place, working with council staff to identify and deliver on opportunities; and
- Starting work on developing a regional approach to staff learning and development.

Beyond the priority projects, we have been managing the LiDAR project, which is now underway following a delayed start when the COVID-19 lockdown prevented flying toward the end of last summer. We have also commenced the Waikato OneView project. That project is the next phase of a roadmap toward a regional approach to Geographic Information Systems (GIS) and is looking at establishing Waikato-wide geospatial data sets and a simple way for customers to view that data.

Spotlight on WCLASS Water Services

In the second half of 2020 we agreed to integrate the services of the Shared Services Partnership (made up of Hamilton City and Waipa and Waikato District Councils) into the company's offerings. In doing so Sampling and Analysis, Trade Waste Management and "Smart Water" services will be taken up by eight councils across the region.



This initiative will provide high quality services, consistently, across the region, improve trade waste management practices and improve community wellbeing. It is a great example of how we can work together to benefit our communities in a cost-effective way.

Over the remainder of the financial year, we will be continuing to progress a number of these projects including the building consent shared services opportunity and Waikato OneView. We will be delivering on the coordinated infrastructure procurement and progressing the LiDAR project, with the intention of completing flying over the summer months to capture the data.

At the same time, we have had an eye to the future. With all our priority projects identified last year now either complete or underway, as noted above, the Board has considered and agreed on the next suite of projects, having had particular regard to the environment currently faced by the local government sector. Early development of some of these is already underway. The projects were conveyed to council chief executives in a letter of intent in the second half of 2020. The support received for the ideas confirms we are on the right track. The Board also agreed to add value for councils by undertaking the development of opportunities in a way that fulfils shareholding councils' obligations under section 17A of the Local Government Act 2002 (LGA) for the area being considered. Doing so will do away with each council's need to separately undertake these reviews.

Our priority projects for the coming year are:

1) Shifting landscapes: Refining how and where WCLASS can add most value

Waikato councils are faced with significant change: Expected reform on waters is now clearer and changes to the RMA have been signalled. Councils are grappling with what these changes will mean for their organisations in the future, and what will remain of them when the changes are complete.

WCLASS will continue to support Waikato councils to be the best they can be for their communities. It will also continue to think regionally and support councils to act locally. However, we need to be clear how councils think we best do that given the shifting landscape. How can we add the most value? What

should we focus on that is achievable and actionable? How can we support councils to influence change, to get ahead of the game and create their own destiny?

For the board to answer these questions, it needs to understand from Waikato councils what services councils believe they should ensure are delivered to their communities, and what services they believe:

Spotlight on LiDAR

We are 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 and aerial surveying in January 2021. The full data set will be publicly available by October 2022. 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 project involves funding from eleven councils plus several commercial companies and the Provincial Growth Fund (via LINZ).



- i. only the councils should deliver (noting that all councils are not the same);
- ii. could be delivered by service delivery agents (i.e. CCOs like WLASS);
- iii. could be delivered by third parties; and
- iv. central government should deliver.

This project will provide that understanding. In doing so, it will help clarify the future of local government, provide a touchstone for making better decisions on how councils can most effectively deliver their functions, and provide WLASS with clarity on its part in supporting councils to do so.

2) Digital enablement – creating an omnichannel for your communities

There are rising community expectations of:

- Self-service;
- Digital engagement;
- Instant service;
- Personalised service; and
- Falling costs.

With this, there is a risk of a growing gap between community expectations and council service delivery because each council, acting individually, has limited ability (both expertise and available capital) to:

- 1) 'go digital' and provide 21st century, customer focused, digitally-enabled services; or
- 2) use technology to transform the way they work, manage assets and deliver services.

[sourced (paraphrased) from McGredy Winder & Co Sept. 2017 report to WLASS]

Technology is interwoven to various degrees within each council's business and operational frameworks. Any changes to technology cannot therefore be considered in isolation. However, to address the expectation gap, councils can work together to:

- Provide consistent customer and community experiences across the region;
- Realise significant cost savings and mitigate risks;
- Leverage existing skills, knowledge and experience for better digital outcomes for all;
- Achieve systems and process efficiencies through standardisation, which could lay the groundwork for potential back office shared services;
- Make better use of vendors and influence the market;

- Leverage total IT spend and cross-council resources; and
- Get recognition from central government for generating sustainable value from technology investment.

This will help address perceived problems that:

- Customers are not always able to receive a resolution at their first point of contact with council;
- Staff are not always able to find the information they need to solve customer queries;
- Cross-council knowledge is not shared effectively; and
- Staff knowledge is not retained or captured.

3) Establishing a GIS centre of excellence

For most councils, there is limited ability/need for a full-time resource that has expertise in GIS. However, having access to that resource, as and when required, would be useful to meet internal needs and community enquiries in a timelier manner. There could therefore be value in the creation of a GIS centre of excellence (COE) that provides core data and GIS system management, as well as analytical work, to support the operation of councils.

This is currently planned as the last phase of the GIS roadmap and may be considered contemporaneously with the current Waikato OneView project.

4) Establishing an Asset Management centre of excellence

Waikato councils collectively are responsible for significant assets. They are accountable to the public for ensuring these assets are well managed. Some councils have difficulty in attracting and retaining appropriately skilled staff. Others may simply benefit from a lift toward best practice. Regardless, there is an opportunity to consider establishing a COE, likely reflecting an expansion of RATA's existing capability, to support councils in this area.

Beyond these priority projects we will continue to look at other initiatives that add value. The RATA Advisory Group have been prioritising a suite of ideas and will develop one or more of these over the next 12 months. The various WLASS working parties, comprising representatives from each of the councils, will also continue to look at ways in which their disciplines can be improved.

As you asked, we've changed

The company has changed significantly over the last 24 months. Up until the second half of 2018 it had no employees, and relied solely on a contracted, part-time resource. Today, through the transformation, it has grown to nine employees and a broader team of 35¹. That increase in resourcing reflects the small team engaged to identify initiatives and develop opportunities that are then presented to councils, and the establishment of new services (water sampling and analysis, trade waste management, water education, IQP/producer statement registrations and infrastructure procurement), as a result.

Our governance structure has also been streamlined to be more agile and independent, moving from a board of twelve, to six members including an independent chair.

Fundamentally we have matured. We have:

- Robust processes in place to develop opportunities through to business case;

¹ Including RATA and WLASS Waters Services staff who are employed by Waipa District and Hamilton City Councils respectively, but are wholly contracted to WLASS to provide services to other councils

- Introduced secondment arrangements for council staff to contribute to the development of opportunities, at the same time increasing their capability;
- Established a change management framework to support opportunity development;
- Started moving to a ‘user pays’ approach to service offerings; and
- Shifted the dial to projects that, while posing a greater challenge, are transformational and have the potential to add significant value.

Active council support remains critical

While WLASS has grown, it remains a small company. Council resources to support the company continues to be critical.

The WLASS working parties, comprising representatives from the councils, are an invaluable part of how we work and essential to the company being able to develop opportunities. They have a role in identifying problems to be solved. They have a role in supporting the development of opportunities, by:


- Providing resource;
- Acting as a sounding board; and
- Actively championing *the development* of ideas, including helping WLASS tell the story about why we are developing those ideas.

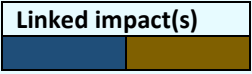

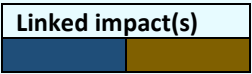
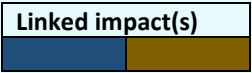
The working parties (and council chief executives and other senior leaders) also have a role in helping prepare their councils for change that might come from opportunities if the council chooses to adopt the solution. Any change management must be leader-led from within the councils themselves.

So, while we have changed, councils must also. WLASS will only be as successful as its shareholding councils allow it to be. You have asked us to go as hard and fast as possible. You have asked us to challenge you to transform how councils could operate. We are doing these things and will not shy away from continuing to promote a transformational agenda, but it will only work if councils, from the top down, embrace the opportunity to change, actively supporting the development of the best business cases possible. We said in last year’s Statement of Intent that councils need to commit to accepting the challenge of changing the way things are done where there is a sound case for doing so. That remains the case. A change in mindset must precede transformation.

Performance measures

Last year’s Statement of Intent introduced a new suite of performance measures. We will continue to track how well we are delivering on our strategic priorities using these.

Priority	Performance measure	Target
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Linked impact(s)</div> 	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Businesses cases are supported by councils (evidenced by take up of the opportunity) 	Projected savings/increased revenue to councils of at least \$300k 75% of councils

Priority	Performance measure	Target
Develop opportunities and deliver projects within agreed budgets and timelines ¹ Linked impact(s) 	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget ➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval 	80% ² 90% ²
Ensure projects realise their expected benefits Linked impact(s) 	<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 assessment of whether projected benefits have been realised) 	Six-monthly For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months 90% of projected quantifiable benefits are realised
Ensure existing services are meeting the needs of councils Linked impact(s) 	<ul style="list-style-type: none"> ➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <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
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice Linked impact(s) 	<ul style="list-style-type: none"> ➤ Across these groups, ideas for future consideration and/or initiatives are identified each year 	Four per annum

- 1 Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.
- 2 Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are considered stretch goals, but achievable. However, we aspire to *always* better, or at least meet, timetables and budgets.

The targets noted above are for the three-year forecast period. They will form the baseline from which we will seek to continually improve.

Transparency and reporting to councils

The company will continue to deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a half-yearly report, including Statements of Financial Performance, Financial Position, and Cashflows and commentary on service performance including an assessment of progress against performance measures; and
- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows and commentary on service performance.

We will continue looking at ways of keeping you informed of how we are progressing. We are part of the Waikato Local Government team and know that we are not currently seen as such by some council staff. We need to work with councils to change that and will therefore be communicating more broadly, and frequently, with council staff.

Governance arrangements

WLASS conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and WLASS policies.

The Board is made up five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of WLASS are:

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

Under the constitution Gavin Ion must resign his position on 30 June 2021, but may be reappointed by the councils he represents for a further 3-year term.

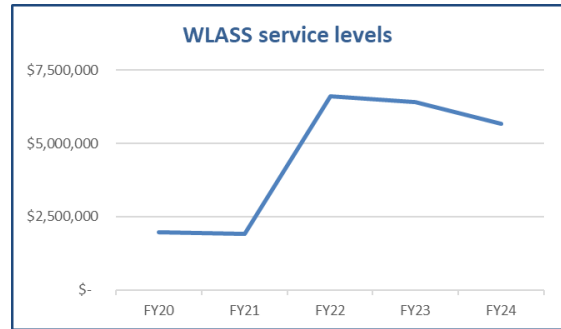
The independent Chair of WLASS receives director fees and reimbursed expenses. Directors representing the councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

Financials

Overview

Service levels

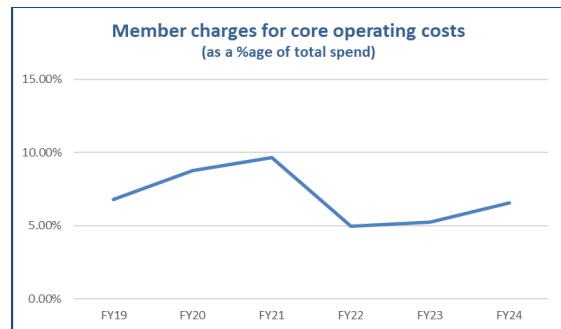
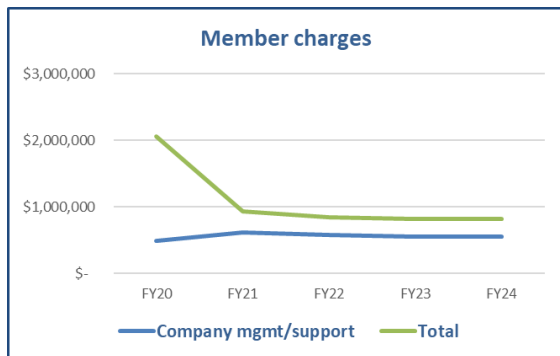
Revenue from service levels significantly increases in the 2022 financial year, being the first full year of activity for Coordinated Infrastructure Procurement and Wlass Water Services. RATA data collection projects commencing in that year also contribute to the increase. As the RATA data collection is completed, overall services fees taper off (although the other services are forecast to continue growing).




Member charges

While service levels are forecast to increase, we are conscious of mitigating the increase in member charges. This reflects the shift toward a user pays basis. Total member charges significantly reduced in the 2021 financial year with Future Proof and Waikato Plan being transitioned to Waikato Regional Council in that year. Charges are expected to remain flat throughout the forecast period.

Member charges to meet core operating costs (company management / support) remain largely flat throughout the forecast period (averaging ~5.6% of total expenditure).




Statement of Financial Performance


Waikato Local Authority Shared Services Company Summary for the forecast financial years ended 30 June 2022-2024					
		2020 SOI		2021 SOI	
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
Income					
Company Management / Support	1,102,910	1,321,190	1,305,020	1,314,765	
Working parties projects	1,145,858	716,183	527,879	535,012	
RITS	31,616	27,000	27,378	27,761	
Information Technology	1,007,000	725,835	77,201	47,862	
Energy Management	70,000	128,000	133,000	134,862	
Shared Valuation Data Service (SVDS)	379,761	388,115	396,654	402,207	
Road Asset Technical Accord (RATA)	1,300,557	2,233,000	1,894,000	1,362,000	
Waikato Regional Transport Model (WRTM)	389,456	1,594,706	1,893,812	454,344	
Waikato Building Consent Group	333,250	654,530	588,438	596,957	
Waikato Mayoral Forum	5,000	5,000	5,000	5,000	
Water Collaboration	440,000	752,500	812,500	577,640	
WLASS Water Services	-	3,038,380	3,082,616	3,121,253	
Total Income	6,205,408	11,584,439	10,743,498	8,579,662	
Operating Expenditure					
Company Management / Support	1,087,487	1,490,824	1,511,894	1,538,327	
Working parties projects	1,165,858	979,195	529,738	536,430	
RITS	31,616	27,000	27,378	27,761	
Information Technology	1,108,531	741,424	61,955	43,962	
Energy Management	124,900	127,900	132,264	134,115	
Shared Valuation Data Service (SVDS)	384,993	351,195	359,899	364,938	
Road Asset Technical Accord (RATA)	1,300,557	2,233,000	1,894,000	1,362,000	
Waikato Regional Transport Model (WRTM)	389,456	1,594,706	1,893,812	454,344	
Waikato Building Consent Group	333,250	563,426	587,334	595,957	
Waikato Mayoral Forum	5,000	5,000	5,000	5,000	
Water Collaboration	440,000	752,500	812,500	577,640	
WLASS Water Services	-	2,878,970	2,827,970	2,903,691	
Total operating expenditure	6,371,648	11,745,140	10,643,744	8,544,166	
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	(166,240)	(160,701)	99,754	35,497	
Depreciation / amortisation					
Company Management / Support	1,864	5,471	5,471	-	
WBCG	0	1,104	1,104	1,000	
WRTM	14,583	14,583	14,583	-	
Total Depreciation / amortisation	16,447	21,158	21,158	1,000	
Earnings before interest and tax (EBIT)	(182,688)	(181,859)	78,596	34,497	
Net Surplus (Deficit) before tax	(182,688)	(181,859)	78,596	34,497	

As for the current financial year, we are budgeting a loss of ~\$181k in the coming year as we continue to use cash reserves to fund some project activity. In the outyears we maintain a small profit level.

Statement of Financial Position

Waikato Local Authority Shared Services					
Financial Position					
for the forecast financial years ended 30 June 2022-2024					
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001	
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000	
Retained Earnings	(2,021,997)	(2,418,218)	(2,600,077)	(2,521,481)	
Plus Current Year Operating Surplus/(Deficit)	(182,688)	(181,859)	78,596	34,497	
TOTAL CAPITAL FUNDS	752,316	356,924	435,520	470,017	
ASSETS					
CURRENT ASSETS					
Prepayments	253,342	178,900	181,405	183,944	
Accounts Receivable	248,216	314,131	579,222	537,175	
Bank	647,330	723,837	568,629	247,924	
GST Receivable / (Payable)	29,628	22,472	21,668	22,901	
TOTAL CURRENT ASSETS	1,178,516	1,239,340	1,350,923	991,945	
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,065,316	0	0	0	
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855	
MoneyWorks Software	1,195	1,195	1,195	1,195	
Accumulated Depreciation	(5,334,200)	(2,283,467)	(2,298,050)	(2,298,050)	
IT Equipment	5,592	19,000	19,000	19,000	
Accumulated Depreciation - IT equipment	(4,521)	(11,096)	(17,670)	(18,670)	
TOTAL NON-CURRENT ASSETS	30,237	22,487	1,330	330	
TOTAL ASSETS	1,208,754	1,261,828	1,352,253	992,274	
LESS CURRENT LIABILITIES					
Accounts Payable	367,565	822,004	830,136	426,767	
Accounts Payable Accrual	35,000	35,000	35,000	40,000	
Employee Benefits	53,872	47,900	51,596	55,490	
TOTAL CURRENT LIABILITIES	456,437	904,904	916,732	522,257	
NET ASSETS	752,317	356,924	435,520	470,017	

Statement of Cashflows

Waikato Local Authority Shared Services					
Statement of Cashflows					
for the forecast financial years ended 30 June 2022-2024					
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
Cashflows from Operating Activities					
Interest Received	2,000	500	507	514	
Receipts from Other Revenue	6,503,168	11,518,024	10,477,900	8,621,195	
Payments to Suppliers	(6,484,401)	(11,222,232)	(10,634,420)	(8,941,180)	
Taxes Paid	0	0	0	0	
Goods & Services tax (net)	36,794	7,156	804	(1,233)	
Net cash from operating activities	57,561	303,448	(155,208)	(320,704)	
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	
Purchase of PPE	0	(13,408)	0	0	
Purchase of investments	0	0	0	0	
Net cash from investing activities	0	(13,408)	0	0	
Net increase in cash, cash equivalents and bank accounts	57,561	290,040	(155,208)	(320,704)	
Opening cash and cash equivalents and bank overdrafts	589,770	433,797	723,837	568,629	
Closing cash, cash equivalents and bank accounts	647,330	723,837	568,629	247,924	
Summary of Bank Accounts					
BNZ - Call a/c	647,330	723,837	568,629	247,924	
Closing Balance of Bank	647,330	723,837	568,629	247,924	

Appendix I: What we do - current 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) – including IQP/Producer Statement registrations
- 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. Councils were slow to engage in the elective component of the new programme notwithstanding we know councils see climate change generally as a significant issue. A lack of engagement has meant that some councils have not gotten the value out of it that they otherwise might have. We will continue to drive this programme and encourage councils to support it. More recently, there has been some activity in undertaking carbon stocktakes which is encouraging.

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. The project's start was delayed with Covid-19. However, flying commenced in January 2021. 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 assets. 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 region's 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. Six 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.

Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

Waikato Local Authority Shared Services Limited (“the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding councils’ right to appoint the Board of Directors.

The primary objectives of the Company are to:

- Develop opportunities that benefit the Waikato region's local authorities; and
- Act as a vehicle to deliver value-added services to those local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Summary of significant accounting policies

Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year, other than the inclusion of policy:

- on operating leases, related to the lease of commercial premises;
- employees; and
- property, plant and equipment.

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Goods and services tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) 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 an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Intangible assets

Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact the amortisation expense recognised in the income statement and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

Impairment of intangible assets

Intangible assets measure at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus deficit.

Revenue

Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding GST, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Operating expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Personnel costs

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Intangible assets Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

Employee benefits liabilities

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These includes salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Reconciliation of equity

Equity is the shareholders interest in WLASS and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

Waikato District Community Wellbeing Trust
Draft Statement of intent
For the year ending 30 June 2022

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

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Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

Introduction

This Statement of Intent (SOI) is presented by the Waikato District Community Wellbeing Trust (the Trust) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees to Waikato District Council, and sets out the objectives, scope of activities undertaken, and performance targets by which the Trust will be measured.

The purpose of this statement of intent is to:

- State publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute;
- Provide a basis for accountability and transparency.

This Statement of Intent covers the year to 30 June 2022 and also includes prospective financial information for the following two financial years.

Jacqui Church (Chair)

Entity information

Legal name

Waikato District Community Wellbeing Trust.

Type of entity and legal basis

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status.

The Trust was established by Waikato District Council (WDC) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of WDC's right to appoint the Trustees.

Waikato District Community Wellbeing Trust

Statement of intent

For the year ending 30 June 2022

Objectives of the Trust

The principal activities of the Trust are undertaken to:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

Governance

The Trust will be governed in accordance with the terms of the Trust Deed.

Objective

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.

Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

Performance measure

1. Undertake an annual legal review of compliance with the Trust Deed; no later than two months after the end of the financial year.

Investment

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund. The Trust will also seek other opportunities and avenues for growing the trust Fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.

Objective

1. To adhere to the Trust's *Management of Investment Portfolio and Distribution Policy*.
2. To review, on an annual basis, the investment mandate and the performance of the portfolio manager.

Performance measure

1. At each quarterly meeting, review compliance with the Trust's *Management of Investment Portfolio and Distribution Policy* during that quarter.

Waikato District Community Wellbeing Trust

Statement of intent

For the year ending 30 June 2022

Fund disbursement

The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and meet the objectives of the Trust Deed.

Objective

1. As per the *Management of Investment Portfolio and Distribution Policy*, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

Performance measures

1. A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set up by the Trustees in accordance with the *Management of Investment Portfolio and Distribution Policy* for the current year
2. Six monthly reports are received from all successful applicants within the required time frames.

Portfolio and distribution policy compliance

Agreed targets

1. Ensure that the real (inflation-adjusted) value of the Fund is protected.
2. Ensure that no more than 10% of the capital is distributed in any one year.
3. Ensure there is diversification of investments
4. The portfolio investment manager will report regularly to the Trustees.
5. The Trustees will annually review the performance of the portfolio manager.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The Trustees are:

Mayor	Allan Sanson
Councillor	Jacqui Church (Chair)
Councillor	Rob McGuire
WDC appointee	Judi Muru
WDC appointee	vacant position

The operation and administration of the Trust are undertaken by staff of WDC. Those staff are: Chief Financial Officer, EA to the Chief Operating Officer, Community Development Coordinator and Financial Accountant.

Main sources of the Trust's cash and resources

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

Prospective statement of financial performance

Prospective performance reports for the years ending 30 June 2021 - 2024

Prospective statement of financial performance

	FY Budget	FY Forecast			
	2020/21	2020/21	2021/22	2022/23	2023/24
	\$	\$	\$	\$	\$
Revenue					
Finance income	241	97	378	378	378
Dividend income from portfolio of investments managed by Kiwi Wealth Limited	-	-	-	-	-
Realised gains on investments	55,464	79,615	41,153	40,952	40,604
Unrealised gains on investments	161,194	403,112	148,490	147,768	146,513
Total revenue	216,899	482,824	190,021	189,098	187,495
Expenses					
Audit fees	7,810	8,627	8,627	8,627	8,627
Portfolio management fees	30,452	31,949	33,480	33,150	32,858
Other expenditure	2,159	1,866	1,905	1,997	2,047
Grants	190,719	122,000	185,481	59,015	33,763
Unrealised losses on investments	-	-	-	-	-
Total expenses	231,140	164,442	229,493	102,789	77,295
Surplus/(deficit) for the period	(14,241)	318,382	(39,472)	86,309	110,200

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

Prospective statement of financial position

Prospective statement of financial position

	FY Budget	FY Forecast			
	2020/21	2020/21	2021/22	2022/23	2023/24
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	9,214	14,528	14,422	14,268	14,474
Other financial assets	4,383,471	4,736,840	4,713,845	4,673,876	4,758,641
Prepaid insurance	408	434	490	503	517
Total current assets	4,393,093	4,751,802	4,728,757	4,688,647	4,773,632
Total assets	4,393,093	4,751,802	4,728,757	4,688,647	4,773,632
Liabilities					
Current liabilities					
Creditors and other payables	202,991	182,178	198,595	72,166	46,941
Accrued expenses	8,166	8,972	8,982	8,992	9,002
Total current liabilities	211,157	191,150	207,577	81,158	55,943
Total liabilities	211,157	191,150	207,577	81,158	55,943
Net assets	4,181,936	4,560,651	4,521,180	4,607,489	4,717,689
Equity					
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	648,626	649,547	740,761	831,184	923,334
Accumulated funds	953,411	1,331,205	1,200,520	1,196,406	1,214,456
Total net assets / equity	4,181,936	4,560,651	4,521,180	4,607,489	4,717,689



Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

Prospective statement of cash flows

Prospective performance reports for the years ending 30 June 2021 - 2024 (cont)

Prospective statement of cash flows

	FY Budget	FY Forecast			
	2020/21	2020/21	2021/22	2022/23	2023/24
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Cash was received from:					
Interest receipts	241	97	378	378	378
Dividends received	-	-	-	-	-
Cash was applied to:					
Payments to donees	(123,056)	(158,217)	(171,556)	(185,481)	(59,015)
Payments to suppliers	(39,806)	(59,250)	(41,210)	(43,554)	(40,569)
Net cash flows from operating activities	(162,621)	(217,370)	(212,388)	(228,657)	(99,206)
Cash flows from investing and financing activities					
Cash was received from (applied to):					
Realised gains from investments	55,464	79,615	41,153	40,952	40,604
Sale (acquisition) of investments	107,220	115,175	171,129	187,551	58,808
Net cash flows from investing and financing activities	162,684	194,790	212,282	228,503	99,412
Foreign exchange translation differences	-	-	-	-	-
Net increase (decrease) in cash for the year	63	(22,580)	(106)	(154)	206
add opening bank accounts and cash	9,151	37,108	14,528	14,422	14,268
Closing bank accounts and cash	9,214	14,528	14,422	14,268	14,474

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

Statement of accounting policies

Basis of preparation

The Board of Trustees has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been applied:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and,
 PBE IPSAS 29 Financial instruments: recognition and measurement.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and services tax

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

Significant accounting policies

Interest and dividend revenue

Interest revenue is recognised as it is earned during the year.
 Dividend revenue is recognised when the dividend is declared.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at the end of the period exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

Grant expenditure

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Board and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.

Income tax

The Trust has charitable status and is exempt from income tax.

Statement of accounting policies (cont)

Bank accounts and cash

Bank accounts and cash comprise cash on hand and deposits held at call with financial institutions.

Investment portfolio

Components of the investment portfolio are classified as financial assets at fair value through surplus (deficit) for the year. The reason for this classification is that the portfolio is comprised of identified financial instruments which are managed together and for which there is evidence of short-term profit-taking.

All financial assets in the portfolio are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus (deficit) for the year.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Forecast assumptions

1. Portfolio income

Kiwi Wealth has estimated an average return on the portfolio of 5% for the remaining six months to 30 June 2021 and 4% per annum for financial years 2022 to 2024 before expenses. The split of the total return between interest, dividends and gains/losses is estimated using proportions calculated from an average of past results while taking into account changes to the components of the portfolio.

2. Expenses

Audit fees are estimated at \$8,627 for each of the four forecast years. Portfolio management fees are assumed at a rate of 0.61% of the opening portfolio value in each year. Other expenditure comprises annual return fees, bank charges, general expenses and audit disbursements.

3. Grants expenditure

It is assumed that for the current (2021) year all outstanding grants will be paid by 30 June 2021. It is further assumed that in subsequent years 80% of the maximum allowable distribution will be approved and fully paid by year end. The maximum allowable distribution is set out in the *Management of Investment Portfolio and Distribution Policy*. Total grants must not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

4. Prepayments

Prepayments represent four months of insurance costs.

5. Creditors and other payables

Creditors and other payables are made up of the amount owing to Waikato District Council and the June portfolio management fee.

It is assumed that the year-end balance owing to WDC is paid in full in the following year.

6. Accrued expenses

Accrued expenses comprise audit fees and disbursements.

7. Equity

The Trust was established with an initial capital contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as at 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2022

The capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund.

The accumulated funds and capital maintenance funds together represent the total net increase in the fund value since the inception of the Trust.

Other financial disclosures

Ratios

The Local Government Act 2002 requires a statement of intent to include the projected ratio of equity to total assets.

The ratio of equity to total assets is forecast as follows:

2020/21	96.0%
2021/22	95.6%
2022/23	98.3%
2023/24	98.8%

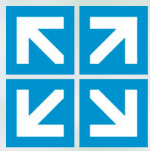
Compensation

The Trustees will not seek any fees or expenses for work undertaken on behalf of Waikato District Community Wellbeing Trust.

Information to be provided to the Trustees

The Trustees will be provided with the following information:

- Within four months of the end of the financial year the audited financial statements plus a summary of how the Trust has performed against its objectives and performance targets;
- Quarterly reports on the performance of investments; and,
- A draft statement of intent for consideration in February of each year.



GROUP STATEMENT OF INTENT - 2021/2022

(FEBRUARY 2021)

INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company and Group for the year ending 30 June 2022 and succeeding two financial years.

COVID-19 and the WRAL Group

The COVID-19 pandemic resulted in world-wide crises: from health, to social and economic devastation. The immediate impact on the WRAL Group was significant, as the business is primarily aviation and tourism-focused and therefore projected revenues dropped substantially. This has necessitated a conservative outlook for recovery over the next three years for the Group.

Fortunately, the Group's existing 10-year strategy already had a focus on non-aeronautical income diversification activities which will continue to be critical to our future. Our property initiatives served us well through the initial COVID-19 crisis period and the recovery through 2021. In the short to medium term, we expect property initiatives will continue to provide a level of support to the Group, minimising future economic volatility, whilst aviation and tourism recover to their pre-COVID levels.

STRATEGIC INTENT

The Group has identified its core purpose and key objectives that recognise the strategic intent of the business:

CORE PURPOSE

- 1) Enabler of air services to the region.
- 2) Operate a first class, safe, sustainable and compliant airport.
- 3) Strategic positioning of the business to enhance capital value.

WRAL: KEY OBJECTIVES

- 1) Operate an efficient, sustainable and resilient airport.
- 2) Enhance the traveller experience.
- 3) Maintain a viable and sustainable aeronautical business.
- 4) Maximise revenue diversification through non-aeronautical business opportunities.



KEY OBJECTIVES OF THE GROUP:

The Group incorporates Hamilton Airport, Titanium Park Limited, Hamilton & Waikato Tourism Limited and Waikato Regional Airport Hotel Limited.

1. Operate an efficient, compliant and resilient airport.
2. Enhance the traveller experience.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. Operate the airport hotel to meet or exceed its investment business case growth targets and customer satisfaction targets and deliver synergies to conferecing and food & beverage around the wider airport precinct
7. Marketing the Hamilton & Waikato region as a visitor destination to domestic visitors.
8. Grow the visitor economy through tourism development and destination management.

Nature and scope of activities to be undertaken:

1. Operate an efficient and compliant airport.

Operate a first class, safe and compliant regional airport by providing for essential projects, together with any compliance expenditure warranted.

2. Enhance the traveller experience.

Maximise traveller satisfaction and airport experience.

3. Maintain a viable aeronautical business.

The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years.

We will:

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Promote the recovery of the general aviation sector.
- Develop and implement a five year plan to give effect to, or seek renewal of the runway extension designation.
- Position and protect the airport as an efficient, cost effective international port of arrival.
- Pursue all new international air service opportunities (both charter and scheduled services) as New Zealand international borders open up.

- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.

4. Maximise revenue diversification through non-aeronautical business opportunities.

Support the development of land within the bounds of a sound, strategic approach to long-term planning for the airport precinct by its subsidiary Titanium Park Limited (TPL).

- TPL will continue marketing for sale, development and optimised investment, all available non-aeronautically strategic land in a planned and co-ordinated approach.
 - In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business upon completion of the Managed Isolation Facility contract.
- ### 5. Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.
- Knowledgeable and capable, high performing and appropriately resourced personnel to ensure sound reporting and accountability, and delivery of the strategic plan.

In pursuing its goals, the Group will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders.
- Be an employer of choice.
- Ensure a safe and healthy workplace environment that complies with legislation.
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence.







PERFORMANCE TARGETS

The following annual performance targets are proposed for the Waikato Regional Airport Limited in relation to its core purpose and key objectives.

Based on Company forecasts	YEAR ENDING 30 JUNE		
	2022	2023	2024
EBITDA excluding land sales	\$3.6m	\$4.0m	\$4.2m
EBITDA including land sales	\$5.7m	\$6.1m	\$5.5m
Net profit after tax <i>no less than</i>	\$1.9m	\$2.0m	\$2.3m
Net operating cash flow (excluding land sales)	\$4.2m	\$5.2m	\$5.2m
Total debt <i>not exceeding</i>	\$29.0m	\$29.0m	\$29.0m
Percentage of non-landing charges revenue <i>at least</i>	60%	60%	60%
Land sales	\$3.7m	\$3.8m	\$2.8m
Interest cover <i>at least</i>	4.0x	4.0x	4.0x

NON-FINANCIAL PERFORMANCE TARGETS

	Health, safety and well-being
	Facilitate Health & Safety meetings every two months with representatives from each entity in the Group
	Zero Work Safe notifiable accidents/injuries
	Independently review and audit the Health & Safety system each year
	Operational compliance
	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.
	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)
	Monitor aeronautical noise and facilitate noise management meetings every four months in accordance with the Noise Management Plan.
	Property (Titanium Park Limited)
	Complete construction of the 5th Stage of Titanium Park's Central Precinct.
	Prepare a private plan change submission to Waipa District Council in relation to the future Northern Precinct Development.
	Hotel operation
	Implement a recovery plan to enable a steady return from a Managed Isolation Facility to normal trading as a hotel and achieve pre-COVID metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.



Statement of accounting policies

The accounting policies adopted by the Group for the year ending 30 June 2022 and succeeding two years are those as adopted in the 2020 Annual Report prepared under Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR). The impact of accounting standards changes is not expected to have a material impact on the Group's financial statements or their comparability with previous results.

Dividend policy

The Directors initially propose that no dividend be paid during the year ending 30 June 2022 given the impact of the COVID-19 pandemic. This will be reviewed in light of actual trading and changes in future outlook.

Information to be provided to Shareholders

- The Annual Report of the Group.
- An interim report circulated to Shareholders each half-year including a Chair's Report, Consolidated Income Statement, Consolidated Balance Sheet and progress against Financial Performance Targets.
- Shareholder briefings held at least twice annually.

Future investment proposals

If the Group wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

Commercial value of the Shareholders' investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2020 shows shareholder equity of \$105m based on recent independent valuations of the Group's property, plant and equipment and investment properties.

Compensation from Local Authorities

There are no known activities of the Company or Group for which the Directors would seek compensation from any local authority.

Major transactions

Shareholders approve major transactions via a special resolution. A major transaction for WRAL is defined as:

- the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- the disposal of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 10% of the value of the company's assets before the transaction.

There are no major transactions being contemplated in the 2021-22 financial year.

Health & Safety and Well-being

The Board and Management will ensure that all requirements to the Health & Safety at Work Act 2015 are maintained.

This will be achieved by the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practice processes. At all times the Group will continue to monitor and review health and safety requirements via monthly reporting.





Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	10 March 2021
Chief Executive Approved	Y
Reference #	GOV1318 / 3033725
Report Title	Council Controlled Organisations' Interim Accounts

I. EXECUTIVE SUMMARY

The attached interim accounts from the Waikato District Wellbeing Trust (WBT), Waikato Local Authority Shared Services Limited (WLASS), and the Waikato Regional Airport Limited (WRAL) are presented in accordance with the requirements of section 66 of the Local Government Act 2002.

WBT

The WBT has achieved a surplus of \$230,554 for the six months compared with a surplus of \$177,526 in the corresponding period of the previous year and a full year budgeted deficit of \$14,241.

Budgets are based on an assumed long term, sustainable return of 5% after the impacts of covid-19 have been taken into account (previously 7.26%). This allows for the expected fluctuations in financial returns and still enables the Trustees to take a longer term view as reflected in their investment and distribution policy. At 31 December 2020, the return on the fund since its inception is 117.7% or 9% on an annualised basis.

Grant payments of \$37,000 were made during the six months and commitments of \$85,000 remain outstanding.

WLASS

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. Similarly, flying related to the new regional aerial photography contracts commenced 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 \$189,000.

WRAL

The attached report indicates that the performance measures stipulated within WRAL's Statement of Intent (SOI) for 2020/21 are likely to be exceeded for the year. When compared against prior period results, performance has been impacted by covid-19, with a 24% decrease

in passenger volume and a net surplus after tax \$1.6 million lower than the same period in 2019.

The overview from the Chair provides a summary of highlights, including not only operating revenue growth but milestones achieved against key strategic initiatives.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Interim Accounts for:
Waikato District Wellbeing Trust
Waikato Local Authority Shared Services Limited
Waikato Regional Airport Limited

Waikato District Community Wellbeing Trust
Statement of financial performance
For the six months ended 31 December 2020

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2020/21	2019/20	2020/21	2019/20
Revenue				
Finance income	48	130	241	180
Realised gains on investments	55,291	27,829	55,464	104,634
Unrealised gains on investments	315,344	162,758	161,194	200,990
Total revenue	370,683	190,717	216,899	305,804
Expenses				
Audit fees				
- Current year	4,314	-	7,810	8,627
Other expenditure	13,815	13,191	32,611	26,526
Grants	122,000	-	190,719	-
Unrealised losses on investments	-	-	-	-
Total expenses	140,129	13,191	231,140	35,153
Surplus (deficit) for the period	230,554	177,526	(14,241)	270,651

Waikato District Community Wellbeing Trust
Statement of financial position
As at 31 December 2020

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2020/21	2019/20	2020/21	2019/20
Assets				
Current assets				
Cash and cash equivalents	1,378	11,399	9,214	37,108
Prepayments	-	-	408	385
Other financial assets	4,842,587	4,372,579	4,383,471	4,449,386
Total current assets	4,843,965	4,383,978	4,393,093	4,486,879
Total assets	4,843,965	4,383,978	4,393,093	4,486,879
Liabilities				
Current liabilities				
Creditors and other payables	231,833	166,931	202,991	188,382
Accrued expenses	139,309	67,904	8,166	56,229
Total current liabilities	371,142	234,835	211,157	244,611
Total liabilities	371,142	234,835	211,157	244,611
Total assets less total liabilities (net assets)	4,472,823	4,149,143	4,181,936	4,242,268
Trust equity				
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	607,125	524,986	648,626	564,702
Accumulated funds	1,285,799	1,044,258	953,411	1,097,667
Total Trust equity	4,472,823	4,149,143	4,181,936	4,242,268

Waikato District Community Wellbeing Trust
Statement of cash flows
For the six months ended 31 December 2020

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2020/21	2019/20	2020/21	2019/20
Cash flows from operating activities				
Cash was received from:				
Interest receipts	47	130	241	180
Cash was applied to:				
Payments to donees	-	(95,529)	(123,056)	(95,529)
Payments to suppliers	(13,212)	(14,248)	(39,806)	(26,819)
Net cash flows from operating activities	(13,165)	(109,647)	(162,621)	(122,168)
Cash flows from investing and financing activities				
Cash was received from:				
Sale of investments	256,281	202,892	55,464	734,113
Cash was applied to:				
Acquisition of investments	(278,847)	(83,728)	107,220	(576,719)
Net cash flows from investing and financing activities	(22,566)	119,164	162,684	157,394
Foreign exchange translation differences	-	-	-	-
Net increase (decrease) in cash for the year	(35,731)	9,517	63	35,226
Add opening bank accounts and cash	37,109	1,882	9,151	1,882
Closing bank accounts and cash	1,378	11,399	9,214	37,108

Waikato District Community Wellbeing Trust
Change in equity
For the six months ended 31 December 2020

	Capital			Total
	Introductory fund	maintenance fund	Accumulated funds	
Opening balance at 1 July 2020	2,579,899	564,702	1,097,668	4,242,269
Net surplus (deficit)	-	-	230,554	230,554
Capital maintenance charge	-	42,423	(42,423)	-
Closing balance at 31 December 2020	2,579,899	607,125	1,285,799	4,472,823

Waikato District Community Wellbeing Trust
As at 31 December 2020

Investment portfolio managed by Kiwi Wealth Ltd

	31-Dec-20	31-Dec-19	30-Jun-20
Cash	509	10,491	36,199
Fixed income pie	2,141,455	1,956,296	1,999,955
Growth pie	2,701,132	2,416,283	2,449,431
Total portfolio value	4,843,096	4,383,070	4,485,585
6 month change from 1 July 2020	7.97%		
12 month change from 31 December 2019	10.50%		

Grant commitments

Te Kauwhata Community Patrol	10,000
Te Kauwhata Emergency Trust Board	25,000
Glen Afton Citizens Sports Club	50,000
Total committed grants at 31 December 2020	85,000



Half-yearly report to Shareholders

1 July 2020 to 31 December 2020

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1 Overview of WCLASS

WCLASS 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 WCLASS 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.

WCLASS 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

WCLASS 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

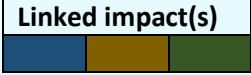
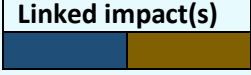
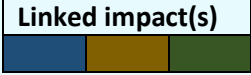
Following consultation with council Chief Executives and other senior staff, the Board agreed the next suite of priority projects that the company will progress throughout 2021. Those projects will continue to push the transformational agenda our shareholders have asked for. They cover:



- 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	Financial year 2021	Financial year 2021	Financial year 2020
	YTD Actuals	YTD Forecast	YTD Budget	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	Financial year 2020
	YTD Actuals	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.

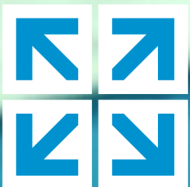
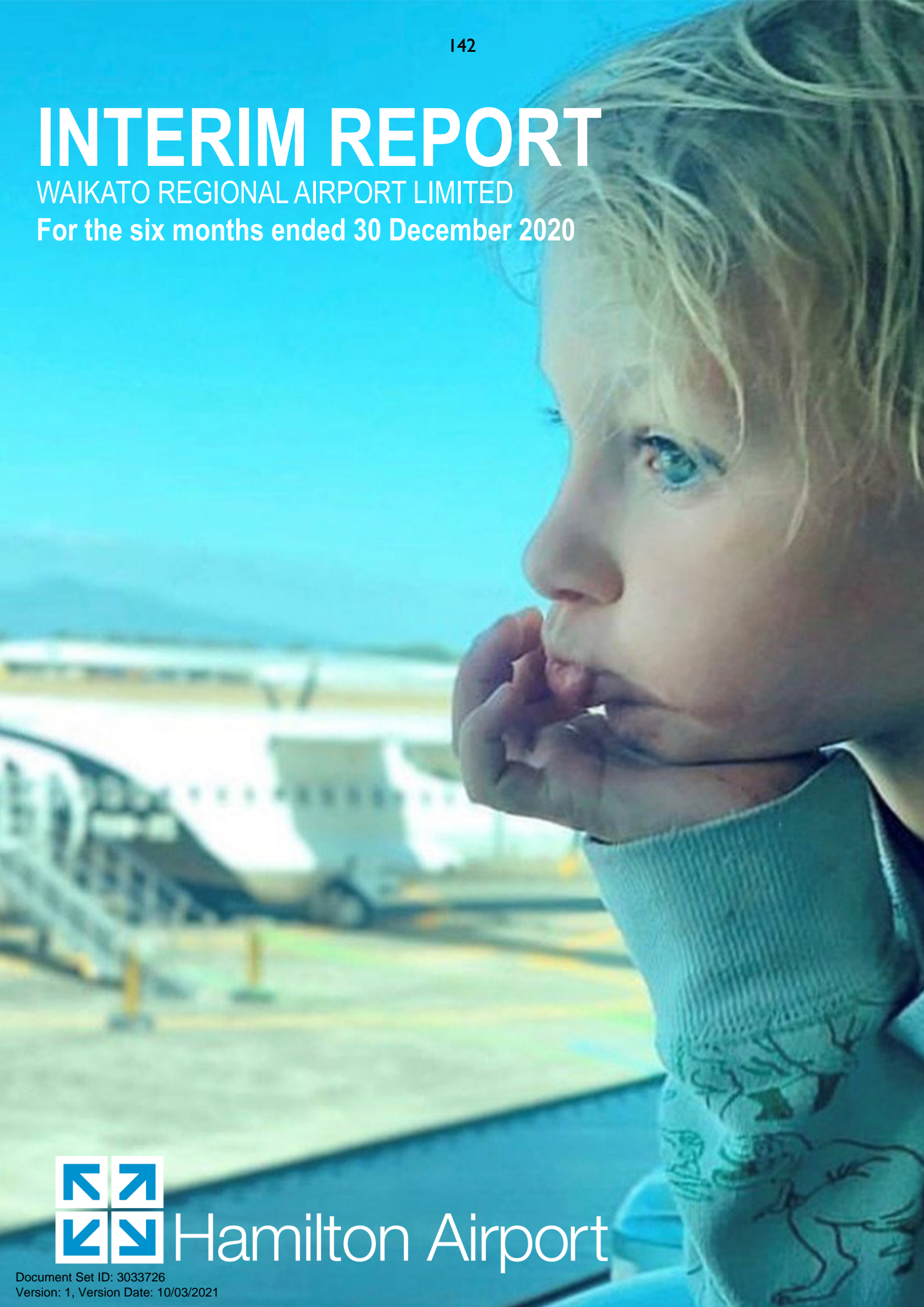
WLASS Water Services (WWS)

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.

INTERIM REPORT

WAIKATO REGIONAL AIRPORT LIMITED

For the six months ended 30 December 2020



Hamilton Airport



KEY RESULTS AT A GLANCE

-24% Passenger volume - 159,000
Decrease of 49,000

-18% Aircraft movements - 50,000
Decrease of 11,000

+21% Operating revenue - \$8.2m
Growth of \$1.4m

+54% EBITDA excluding land sales - \$3.2m
Growth of \$1.1m

-56% Net surplus after tax - \$1.1m
Decrease of \$1.6m

+7% Total shareholder funds - \$106.8m
Growth of \$7.1m

* Growth is measured compared to the six months ended 31 December 2019

COMMENTARY

The first six months of the June 2021 financial year has seen a continuing positive recovery from the lows of the COVID-19 lockdown earlier in 2020.

WRAL's achievements over the last almost 12 months have collectively highlighted the success of the diversification strategy implemented over the past few years, led by optimisation and acquisition of properties around the Airport precinct.

Whilst aeronautical activity had rebounded strongly compared to other domestic airports in New Zealand passenger numbers were still down 25% on last year, however with steady recovery and increases in capacity being scheduled in and out of Hamilton by Air New Zealand, the month of December 2020 saw an increase on December 2019.

Total aircraft movements down 18% primarily due to border restrictions prohibiting new pilots commencing flight training at the L3 Airline Academy who account for around 70% of our flight movement activity.

Overall, our aeronautical earnings (at the EBITDA level) were down \$0.3m on the same period last year.

Near the end of the period, Hamilton Airport welcomed a second regular scheduled service airline with the re-commencement of the Palmerston North route serviced by Nelson-based carrier Originair. There are plans to increase capacity and improve scheduling in the second half of the year and for Originair to introduce additional routes including re-starting a return Nelson direct service, a connection previously provided up until 2015. Whilst not financially significant to the airport these represent important milestones and reflect the strength of our airport and region such that we can foster new airline activity at a time where globally the air travel industry has been decimated.

The group's financial success for 2021 will be underpinned by the performance of the airport's Hotel. While originally the outlook for the hotel was expected to be grim, hotel manager Jet Park was able to secure the site as a COVID-19 managed isolation facility on the back of their Auckland Airport site operating as a quarantine hotel. The hotel has been highly occupied under its managed isolation facility contract, regularly maintaining physical occupancy rates above 80% and during this time the recently upgraded property infrastructure has performed well. Equally, the high quality of service we had seen delivered to hotel guests in normal trading times has continued under the managed isolation model with the hotel ranking at the very high end of guest satisfaction statistics for isolation guests across the New Zealand-wide network of these facilities. The current contract remains in place until at least April 2021, with the Crown having options to extend as far as December 2021.

The hotel's earnings for the period contributed to about three quarters of the Group's year to date net profit. Its comparison to last year is distorted somewhat by the fact the hotel operation late in 2019 was disrupted by the extensive upgrade works and costs of re-launching the property under WRAL and Jet Park's operation resulting in around \$0.5m of non-recurring costs incurred in 2019.

The Group also includes the Regional Tourism Organisation, Hamilton & Waikato Tourism. Whilst continuing with the highly successful "Mighty Local" campaign to promote tourism and consumer spend in our home region as the country emerged from lockdown, the organisation has been successful in securing two major multi-year funding streams from central government to re-invest back into the heavily damaged industry. These will assist to develop new opportunities to drive domestic visitation. An initial grant of \$0.7m under the Strategic Tourism Asset Protection Partnership will fund tourism activation in our immediate region while Hamilton & Waikato Tourism has been appointed as the lead agency for an almost \$4m contestable fund that will offer grants to events across the Waikato, Rotorua, Taupo and Ruapehu regions over the next 3-5 years.

No land sale settlements took place in the first half of the 2021 financial year for Titanium Park, however over \$2.8m of construction was committed to complete the Southern Precinct Stage 2 and Central Precinct Stage 4 developments. Both precinct stages were delivered ahead of time and under budget. There is over \$7m of revenue expected to arise from nearly 4ha of land settlements taking place in the second half of the year, of which \$4m has settled at the time of writing.

The land sale proceeds will provide an important injection of capital enabling the Group to reduce its debt levels to their lowest in a decade at a time of continuing uncertainty due to the global resurgence of the virus and the potential economic impacts. In addition, the airport will encounter a period of emerging new challenges including news that the L3 CTS Airline Academy will close early in 2021 and the need to turn our attention to preparing the hotel for re-launch into the local accommodation market upon conclusion of the Managed Isolation Contract.

Mark Morgan - Chief Executive

Consolidated Statement of Comprehensive Income & Expense For the six month period ended 31 December 2020 (unaudited)

	2020 \$ '000	2019 \$ '000
Revenue		
Operating revenue	8,156	6,751
Land sales	-	5,875
Other gains/(losses)	191	1,096
	8,347	13,722
Expenses		
Operating expenses	(2,815)	(2,740)
Cost of land sales	-	(3,500)
Employee benefits expense	(2,084)	(1,927)
Depreciation & amortisation	(1,683)	(1,602)
Finance costs	(304)	(299)
	(6,886)	(10,068)
Net surplus/(deficit) before tax	1,461	3,654
Tax expense	(403)	(923)
Net surplus/(deficit) after tax	1,058	2,731
Other comprehensive revenue & expense		
Revaluation of property, plant & equipment	-	-
Deferred tax	-	-
Total other comprehensive revenue & expense	-	-
Total comprehensive revenue & expense	1,058	2,731

These interim financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards.

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the six month period ended 31 December 2020 (unaudited)

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
Opening Balance - 1 July 2019	14,860	25,323	57,102	97,285
Net profit/(loss) after tax	-	2,731	-	2,731
Other comprehensive income	-	-	-	-
Total comprehensive income	-	2,731	-	2,731
Dividends paid to shareholder	-	(300)	-	(300)
Closing Balance - 31 December 2019	14,860	27,752	57,102	99,714
Opening Balance - 1 July 2020	14,860	33,772	57,102	105,734
Net profit/(loss) after tax	-	1,058	-	1,058
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,058	-	1,058
Dividends paid to shareholder	-	-	-	-
Closing Balance - 31 December 2020	14,860	34,830	57,102	106,792

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2020 (unaudited)

	2020 \$ '000	2019 \$ '000
Current Assets		
Cash and cash equivalents	1,014	390
Trade and other receivables	2,121	1,228
Inventories	485	427
Development property	12,145	8,262
	15,765	10,307
Non Current Assets		
Property, plant and equipment	94,394	95,028
Investment property	26,305	18,942
Intangible & other non-current assets	1,156	1,566
	121,855	115,536
Total Assets	137,620	125,843
Current Liabilities		
Trade and other payables	2,676	2,131
Income received in advance	1,655	440
Employee entitlements	495	284
Borrowings	-	48
	4,826	2,903
Non Current Liabilities		
Provisions for Infrastructure Development	1,417	1,586
Borrowings	19,725	13,168
Deferred tax liability	4,860	8,472
	26,002	23,226
Total Liabilities	30,828	26,129
Net Assets	106,792	99,714
Equity		
Share capital	14,860	14,860
Retained earnings	34,830	27,752
Revaluation reserves	57,102	57,102
Total Equity	106,792	99,714

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

For the six months ended 31 December 2020 (unaudited)

	2020 \$ '000	2019 \$ '000
Operating activities		
Receipts from operations	7,584	12,254
Payments to suppliers and employees	(4,694)	(4,707)
Payments for construction of development property	(2,836)	(1,022)
Payment of interest	(283)	(292)
Payment of income taxes	-	(812)
Net cash from/(used in) operations	(229)	5,421
Investing activities		
Receipts from sale of property, plant and equipment	-	4
Purchases of property, plant & equipment	(555)	(3,756)
Purchases of investment properties	(929)	-
Acquisition of business	-	(500)
Net cash from/(used in) investment activities	(1,484)	(4,252)
Financing activities		
Receipts from/(repayments of) borrowings	2,098	(1,290)
Payments of dividends	-	(300)
Net cash from/(used in) financing activities	2,098	(1,590)
Net change in cash for the period	385	(421)
Add opening cash and cash equivalents balance	629	811
Closing cash and cash equivalents	1,014	390

PERFORMANCE REPORTING

Performance against Statement of Intent

For the six months ended 31 December 2020 (unaudited)

	SOI Full Year 30/6/21	Actual 6 months 31/12/20	Forecast Full Year 30/6/21
Financial Targets			
EBITDA excluding Land Sales	(\$0.5m)	\$3.2m ✓	\$3.9m ✓
EBITDA including Land Sales	\$0.3m	\$3.2m ✓	\$5.9m ✓
Net Profit before Tax	(\$3.7m)	\$1.5m ✓	\$2.5m ✓
Net Operating Cash Flow excl Land Sales	(\$1.5m)	(\$0.8m) ✓	\$3.9m ✓
Total Debt (not exceeding)	\$30.0m	\$19.7m ✓	\$12.0m ✓
Percentage of non-landing charges revenue	60%	77% ✓	78% ✓
Land Sales	\$4.0m	- ✓	\$7.3m ✓
Interest coverage	-4.0x	10.7x ✓	8.2 ✓



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Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	10 March 2021
Chief Executive Approved	Y
Reference #	GOV1318 / 3033729
Report Title	Local Government Funding Agency Half Year Report and Draft Statement of Intent

I. EXECUTIVE SUMMARY

Attached is the Local Government Funding Agency (“LGFA”) Report to shareholders for half year ending 31 December 2020. Although Council is not a shareholder of the LGFA, Council is a guaranteeing Local Authority and hence receives this reporting.

The requirements of the LGFA Statement of Intent include the provision of Council borrowers and their compliance with financial covenants based upon their annual reports as at 30 June 2020. All Council borrowers have complied with LGFA lending conditions and remain in compliance with covenants.

The LGFA 2021/22 Draft Statement of Intent is also attached for the information of Councillors.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Local Government Funding Agency Half Year Report ending 31 December 2020
Local Government Funding Agency 2021/22 Draft Statement of Intent

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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and Chief Executive
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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

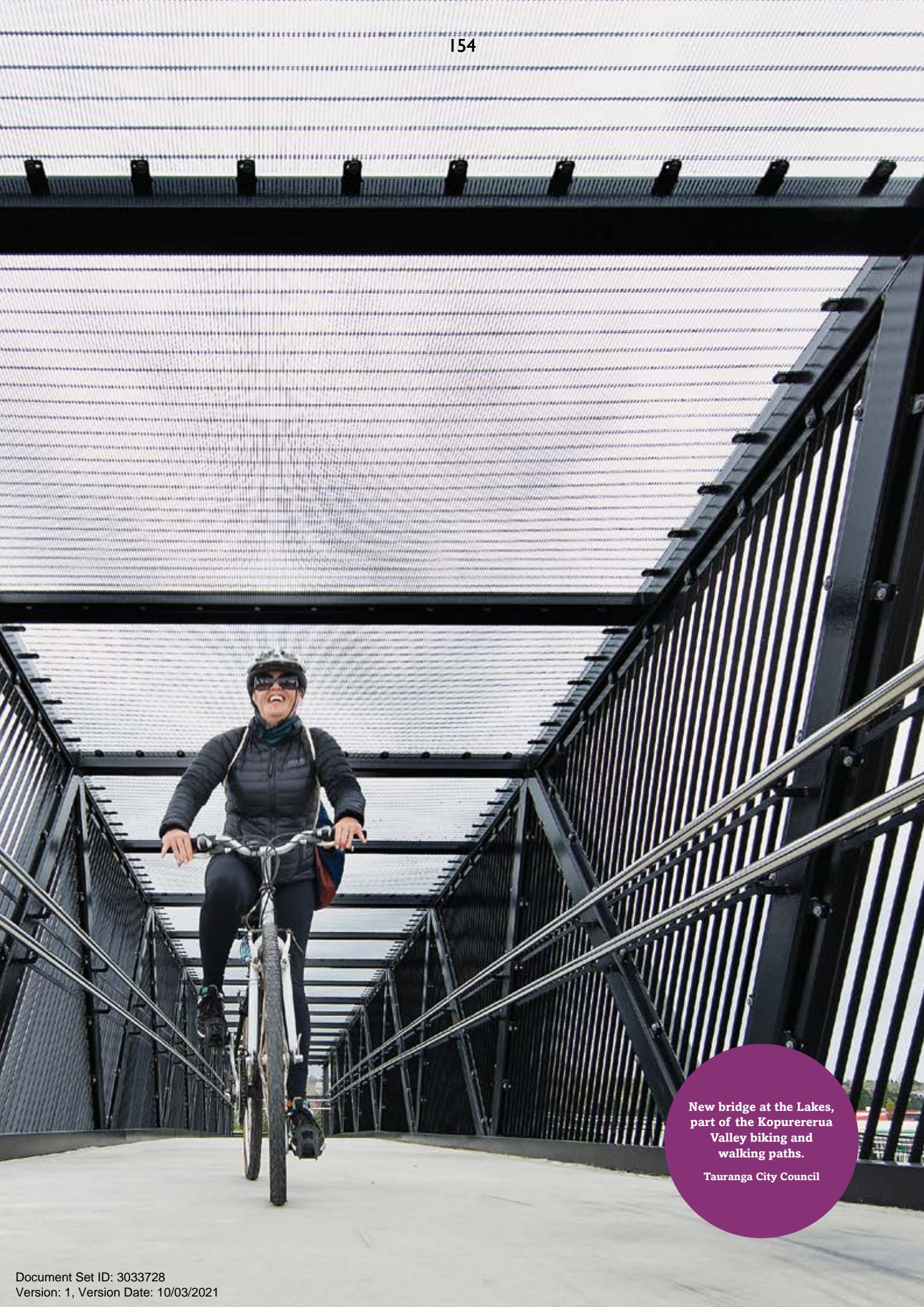
On behalf of the Board we are pleased to be part of the continued success of this organisation and wish to thank our council shareholders, guarantors and borrowers as well as the Reserve Bank of New Zealand, NZ Debt Management, our financial intermediaries, investors and staff for their continued support.



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

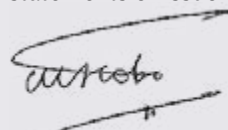
Statement of comprehensive income

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).

Directory

Rārangi tauwaea



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Monday through Friday
09.00-17.30 hrs

Except Public Holidays

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Draft Statement of Intent 2021/22

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and CCOs and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to Councils and CCOs that enter into all the relevant arrangements with it (such Councils being “Participating Local Authorities” and such Councils and CCOs being “Participating Borrowers”) and comply with the LGFA’s lending policies.

In lending to Participating Borrowers, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA’s operations;
- Provide excellent service to Participating Borrowers;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent;
- Be a good employer;
- Demonstrate social, economic, environmental and cultural responsibility;
- Maintain strong and sound corporate governance;
- Set and model high standards of ethical behaviour; and
- Operate in accordance with sound business practice.

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 meet 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:

1. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
2. Provide at least 80% of aggregate long-term debt funding to the Local Government sector¹.
3. Achieve the financial forecasts outlined in section 4 for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.
4. Meet or exceed the Performance Targets outlined in section 5.
5. Comply with the Health and Safety at Work Act 2015.
6. Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.
7. Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.

¹ This includes Auckland Council borrowing both in its own name and through LGFA and recognising that the amount of borrowing by Auckland Council from LGFA is restricted by the Foundation Policy covenants.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2024 are:

FINANCIAL YEAR (\$M)	Draft SOI 2021/22		
	Jun-22	Jun-23	Jun-24
Comprehensive income			
Interest income	160.0	182.9	200.7
Interest expense	142.0	159.6	174.1
Net Interest income	18.0	23.3	26.6
Other operating income	0.7	0.9	1.0
Total operating income	18.7	24.2	27.6
Approved Issuer Levy	0.6	0.6	0.3
Issuance & onlending costs	2.7	2.8	2.8
Operating overhead	4.2	4.4	4.5
Issuance and operating expenses	7.6	7.8	7.7
P&L	11.1	16.3	19.9
Financial position (\$m)	Jun-22	Jun-23	Jun-24
Capital	25.0	25.0	25.0
Retained earnings	79.9	95.5	114.7
Total equity	104.9	120.5	139.7
Shareholder funds + borrower notes / Total assets	2.4%	2.6%	2.8%
Dividend provision	0.7	0.7	0.8
Total assets (nominal)	14,428.8	15,041.3	15,557.4
Total LG loans - short term (nominal)	350.0	350.0	350.0
Total LG loans (nominal)	12,523.6	12,940.7	13,228.3
Total bills (nominal)	500.0	500.0	500.0
Total bonds (nominal) ex treasury stock	13,405.0	13,995.0	14,495.0
Total borrower notes (nominal)	245.9	271.7	293.9

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their April 2022, April 2023 and April 2024 loans. LGFA will work with council borrowers to reduce this uncertainty. The above table assumes gross issuance of LGFA bonds per year of \$2.60 billion (2021/22), \$2.25 billion (2022/23) and \$2.15 billion (2023/24), however the issuance volume will be determined by LGFA at the relevant time by reference to factors including refinancing of existing borrowing by councils and (if applicable) council-controlled organisations, new

borrowing by councils and (if applicable) council-controlled organisations and LGFA's own borrowing requirements for liquidity purposes. No decision has been made as to final issuance volume at this point and will depend upon market conditions.

There has been no allowance made in the forecasts for the impact on councils from the proposed Three Waters Reform Programme.

5. Performance targets

LGFA has the following performance targets:

- LGFA's total operating income for the period to:
 - 30 June 2022 will be greater than \$18.7 million.
 - 30 June 2023 will be greater than \$24.2 million.
 - 30 June 2024 will be greater than \$27.6 million.
- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2022 will be less than \$7.0 million.
 - 30 June 2023 will be less than \$7.2 million.
 - 30 June 2024 will be less than \$7.4 million.
- Total lending to Participating Borrowers² at:
 - 30 June 2022 will be at least \$12,874 million.
 - 30 June 2023 will be at least \$13,291 million.
 - 30 June 2023 will be at least \$13,578 million.
- Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities
- Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.
- Achieve 80% market share of all council borrowing in New Zealand
- Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.

² Subject to the forecasting uncertainty noted previously

- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice³ with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and

³ Best practice as per NZX and Institute of Directors guidelines

remuneration of directors.

- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly

Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2020 (updated where necessary), accordingly, the statement does not contemplate LGFA lending to CCOs.

ATTACHMENT: 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.

The financial statements are as at and for the year ended 30 June 2020.

These financial statements were authorised for issue by the Directors on [xx] August 2020.

b. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

c. Basis of preparation

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

NZ IFRS 16 Leases.

NZ IFRS 16 became effective from 1 July 2019 and did not have a material impact on the financial statements.

On adoption of NZ IFRS 16, LGFA recognised right-of-use assets and lease liabilities in relation to its property leases which had previously been classified as operating leases under NZ IAS 17 Leases.

In adopting NZ IFRS 16, LGFA elected to use the simplified retrospective approach which does not require restatement of comparative information. The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

The following items in the balance sheet were impacted by the change of accounting on 1 July 2019: Other assets and Other liabilities both increased by \$0.157 million.

Lease payments previously included in other operating expense are now classified to financing and depreciation costs under NZ IFRS 16.

There have been no other changes to accounting policies. [KPMG to review note]

Early adoption standards and interpretations

LGFA has not early adopted any standards. [KPMG to review note]

New standards adopted

NZ IFRS 16 Leases became effective from 1 July 2019. [KPMG to review note]

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. [KPMG to review note]

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.

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. Refer note 2a for fair value determination for financial instruments.

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.

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	10 March 2021
Chief Executive Approved	Y
Reference #	GOV1318/ 3033732
Report Title	Civic Financial Services – Statement of Intent for 2021

1. EXECUTIVE SUMMARY

Pursuant to section 64 of the Local Government Act 2002, councils are required to approve the Statement of Intent for Council Controlled Organisations. Civic Financial Services while not technically a Council Controlled Organisation prepares a Statement of Intent as it is indirectly controlled by a number of Local Authorities across New Zealand.

The Statement of Intent is attached for information.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Civic Financial Services Limited – Statement of Intent for 2021

CIVIC FINANCIAL SERVICES LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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1.0 Mission Statement

Mission Statement of Civic Financial Services Ltd
To provide superannuation and risk-financing solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

- 2.1 To operate as a sound and successful business.
- 2.2 To be the primary supplier of superannuation and risk-financing services to the local government sector.
- 2.3 To investigate and facilitate, as appropriate, new products and markets in superannuation and risk-financing and such other markets that it believes could prove beneficial to its shareholders and the local government sector.

3.0 Nature and Scope of Activities

- 3.1 The Company administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme.
- 3.2 The Company provides administration, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool).
- 3.3 The Company investigates and facilitates as appropriate such new superannuation and risk-financing services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- 3.4 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Financial Projections

Civic's projected profit outlook over the next three years is shown in the tables below.

Civic's main revenue streams will come from two sources: fees from providing administration services and investment income.

Profits from providing administration services: Civic's primary source of income in 2021 will come from providing superannuation services for local government and local government staff via the SuperEasy and the SuperEasy KiwiSaver Superannuation Schemes, supported by administration, accounting, and a range of other services to LAPP, Riskpool, Civic Liability Pool and Civic Property Pool.

Profits from investment income: Civic's income in 2021 other than from providing administration services will come solely from investment income.

Dividends: Civic has resolved not to pay any dividends to its shareholders. Civic with overwhelming support from the 2020 Special General Meeting, will apply the funds that could otherwise be provided as dividends to effect a reduction to the management fees for the members of the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes. The reason for this decision is to support and enhance Civic's primary source of income from providing administration services to these schemes.

Fee reduction for our SuperEasy and SuperEasy KiwiSaver Superannuation Schemes: For the reasons described above we will be reducing the schemes' base investment management fee from 1 April 2021 from a rate of 0.44% per annum to 0.40% per annum. This reduced fee structure has been taken into consideration and is reflected in the projections below.

Financial projections for 2021 to 2023 are:

	2021	2022	2023
Administration Income	\$2,443,312	\$2,525,085	\$2,537,487
Investment Income	\$103,175	\$107,000	\$112,000
Revenue	\$2,546,487	\$2,632,085	\$2,649,487
Expenses	\$2,197,367	\$2,216,512	\$2,251,994
Surplus before tax	\$349,120	\$415,573	\$397,493
Surplus after tax	\$251,367	\$299,213	\$286,195

Please note that these are projections, not firm predictions.

5.0 Performance Targets and Measures

- 5.1 We aim to provide superannuation services to at least 90% of local authorities.
- 5.2 We plan to continue to be an efficient and effective administration manager for LAPP, Riskpool, CLP and CPP.

6.0 Reporting to Shareholders

- 6.1 We will provide an audited annual report for the 2020 year by 30 April 2021.
- 6.2 We will provide a report on the first half of 2021 by 30 September 2021. The report will contain a review of the Company's operations during the half year and unaudited half-yearly accounts.

7.0 Acquisitions/Disposals

Any acquisition or disposal that is equivalent to 50% or more of the Company's assets will constitute a "major transaction" under the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition that is equivalent to 25% or more but less than half of the Company's assets will constitute a "minor transaction" under the Company's constitution and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.22%). Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP), Riskpool, CLP and CPP are also considered to be related parties. Transactions with shareholder members include risk-financing services and superannuation related financial services.

Charges to and from shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

***** END *****

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	04 March 2021
Prepared by	Debra Dalbeth Business Improvement Analyst
Chief Executive Approved	Y
Document Set #	GOV1318
Report Title	2020-2021 Second Quarter Non-Financial Performance Report

I. EXECUTIVE SUMMARY

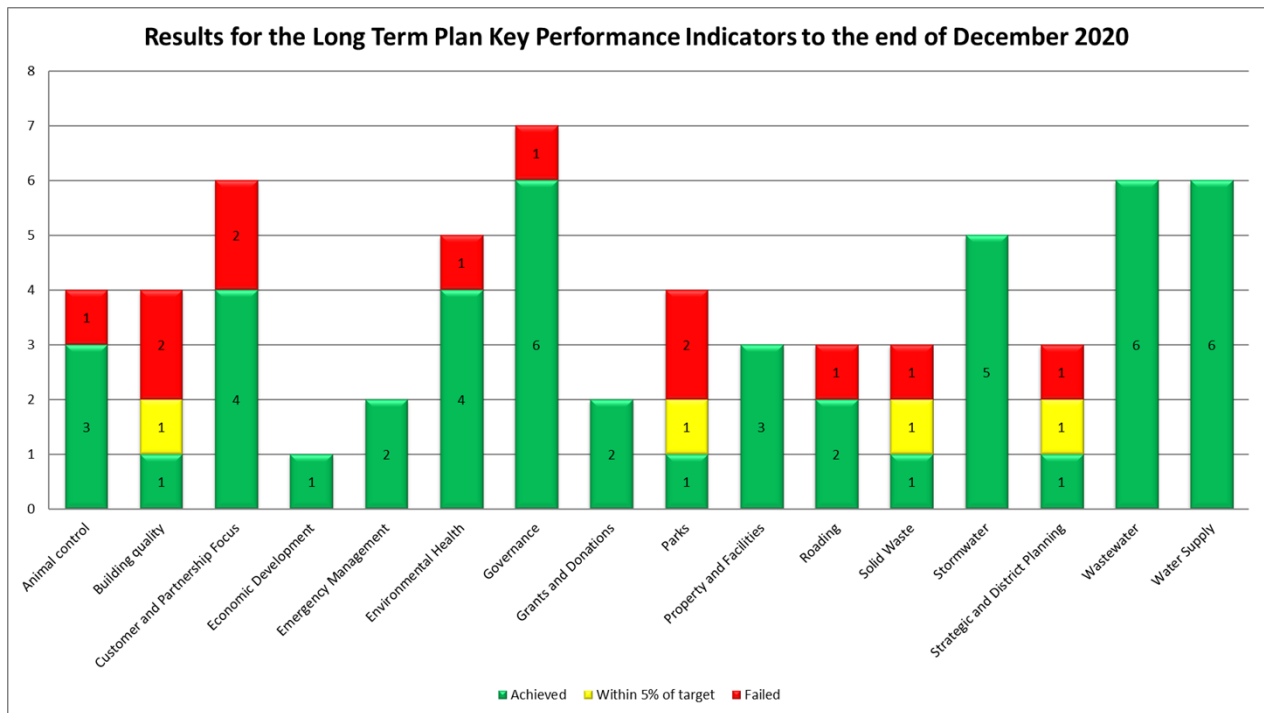
The purpose of this report is to provide the Committee with the Second quarter non-financial performance results. This includes the 2020/21 Long Term Plan (LTP) Key Performance Indicators (KPIs) and the Resident Satisfaction survey.

These results will be used to inform the Annual Report.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. LTP KPIs



Achieved	Within 5% of target	Failed
75%	6%	19%

There are seventy-nine Key Performance Indicators (“KPIs”) that are reported in the Annual Report. Currently 21 are measured monthly, 38 quarterly, 5 half yearly and 15 annually.

The above graph shows the number of KPIs that were achieved, came close or did not achieve, grouped by category.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021 1st quarter	2020/2021 2nd quarter
Achieved	67 (68%)	65 (66%)	57 (58%)	62 (78%)	53 (67%)	45 (76%)	48 (75%)
On track	8 (8%)	4 (4%)	6 (6%)	5 (6%)	10 (13%)	7 (12%)	4 (6%)
Not achieved	23 (24%)	29 (30%)	35 (36%)	11 (14%)	16 (20%)	7 (12%)	12 (19%)
Unknown				1 (1%)			
TOTAL MEASURES	98	98	98	79	79	59	64

Where we have not met the target:

Animal control: We are tracking slightly behind with engagement and education visits at the end of December due to school terms finishing and Covid-19 restrictions not allowing visits to happen. The Animal Control team are optimistic that they will make up the numbers over the next few months.

Solid Waste: Processes have changed; instead of engaging an external contractor within 3 days, reports of illegal dumping are now screened by Council staff to resolve the issue in house or to investigate for enforcement purposes before external contractors are engaged. This practice has delayed timeframes and hence performance.

Environmental Health: Three years ago an aspirational target of contacting the customer was set at 3 days. In this financial year the target has not been achieved due to increased complaints following Covid-19 lockdowns and workloads, however, there is 85% compliance with the Council's 5 day KPI target.

Roading: The mandatory performance measure around the change from the previous year in the number of fatalities and serious injury crashes has a target to decrease by 1 each year. There have been a similar number of crashes over this period compared to the previous period however there has been an increase in what is classed as serious crashes, and a 50% decrease in fatal crashes. Further details are in Appendix I.

Parks: Satisfaction is measured in the resident satisfaction survey and has dropped in regard to public toilets and the presentation of cemeteries. This has not correlated to an increase in dissatisfaction but with an increase in neutral responses.

Building: Inspection rates have been impacted by Covid-19 restrictions and the loss of 2 staff, along with an increase in inspection workloads. Recruitment is underway to fill the vacant positions with confidence the end of year target will still be met.

Customer and Partnership: These are measured from the resident satisfaction survey. A significant number respond neutrally to these questions. Those who are satisfied may not be reaching our ambitious target of 60%, however considering the neutral responses, those who do not fall into the dissatisfied categories are in the 70% to 80% range.

Strategic and District Planning: Monitoring of land use consents that are older than 2 years have not reached the target, again due to Covid-19 restrictions that did not allow for monitoring visits to occur. This KPI captures activity for the 2 years prior to this date so the effects of Covid-19 will be reflected in these reports for at least the next 18 months.

Attached to this report is *Appendix I - 2020-21 2nd quarter LTP KPI Report*.

4. RESIDENTS SATISFACTION SURVEY

Some questions from the Resident Satisfaction Survey feed into the Long Term Plan but the majority of questions are to provide an indication of how residents view services and the performance across Council. These results also allow us to compare performance against other Councils and to track trends in our performance over several years.

The National Research Bureau (NRB) was chosen as the preferred provider as they are cost effective and they conduct a 'Communitrak' survey every 2 years which enables us to benchmark ourselves against all other New Zealand Councils.

Waikato District Council residents are surveyed at approximately 10 residents per week. At the end of each quarter, after 100 residents are surveyed, we receive this data. This approach mitigates seasonal bias or 'moment in time' events from slanting Councils annual results. The survey results from the first quarter were not available until recently due to Covid-19 related delays in conducting the survey and processing the data. The results from the last 2 quarters are attached:

- *Appendix 2 - 2020-21 1st quarter Satisfaction Survey Summary*
- *Appendix 3 - 2020-21 2nd quarter Satisfaction Survey Summary*

What we do well:

Results around satisfaction with our parks and reserves is consistently high as are results for our libraries. Our rubbish and recycling satisfaction is also consistently over 80%. Dissatisfaction around these services is generally on par or below dissatisfaction that our peer groups receive.

Positive comments consistently mention staff who are knowledgeable, helpful and friendly and that make the customers interaction quick and easy.

Where we could improve:

There has been a decrease in satisfaction in several areas however the reason has been the increase of neutral responses not an increase in the dissatisfied responses. Covid-19 restrictions may have impacted customers perception of Council as they have impacted the work teams have been able to do. From the end of the 2020 Financial year to the end of the second quarter of this year, we have seen a 16% decrease in satisfaction with the overall service when contacting Council and an 11% decrease in satisfaction with the resolution of requests. Dissatisfaction has not markedly increased but neutral responses have increased. Negative comments show that what is still concerning people is poor communication and poor workmanship. Roads and footpaths heavily feature in comments siting poor repairs, potholes and bad design.

Trend graphs show that in the second quarter further decreases in satisfaction with Animal Control, public toilets, unsealed and roads overall were experienced.

While satisfaction with Animal Control has decreased, the neutral responses have increased and dissatisfaction only increased marginally, we are still well below our peer group dissatisfaction levels. Our compliance teams are bound by legislation that may not be easily understood by the public. One comment made was regarding the SPCA whose responsibilities lie outside of Council control. We acknowledge that effective performance by Council compliance staff may frequently mean low levels of satisfaction in parts of our communities, however, we do take on board the comments received about responsiveness and continually work towards improving our service.

A marked decrease in satisfaction around the reticulated water supply, wastewater and stormwater systems have also appeared for the first time. While Stormwater satisfaction is generally below 50%, the result at the end of the second quarter dropped to 34%. However, dissatisfaction also halved from 14% at the end of the year to 7% at the end of this quarter with the 'don't knows' increasing to 34%, and the neutrals to 26%. While satisfaction is low at 34%, if we consider the 'don't know' and 'neutral' response, there are 93% of residents who are not dissatisfied. Of those who did comment, blocked drains and flooding were a concern.

Satisfaction with the reticulated water supply system has dropped from over 80% at the end of the last few years to 67% at the end of the second quarter. Dissatisfaction has also increased from the end of year results with comments indicating concern around the quality of Huntly's water supply; water restrictions in Auckland affecting our northern residents and the cost of water.

Satisfaction with wastewater is still very high but has dropped from 95% at the end of last year to 76% at the end of the first quarter to 81% at the end of the second quarter. Dissatisfaction continues to be low so again customers have moved from the satisfied to neutral opinion.

Apart from Huntly's water issues and restrictions in the north, there have been no obvious systemic issues that have occurred over the last 6 months to explain the shift. Results and comments will continue to be monitored.

Trend graphs are attached *Appendix 4 – 2nd quarter Survey Trend Graph*

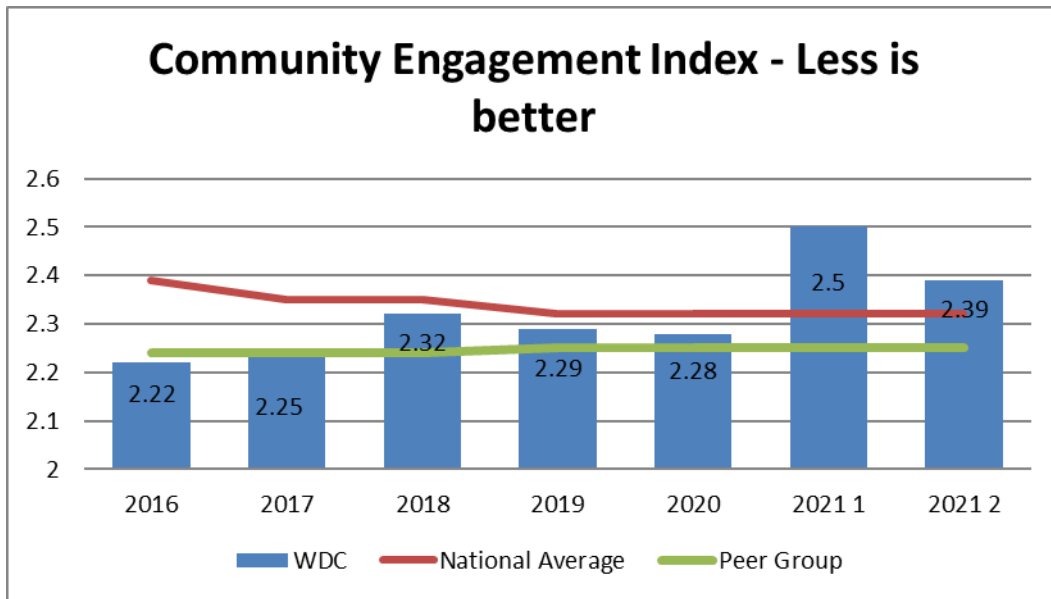
5. ENGAGEMENT

Engagement is measured from 5 key questions in our Residents Survey. These were chosen as they are also asked in the National Research Bureau's Communitrak survey which gives us benchmarking data against other Councils.

1. Satisfaction with the way council involves the public in the decisions it makes
2. Satisfaction with Rates Spending
3. Satisfaction with Community Spirit
4. Satisfaction with Quality of Life
5. Satisfaction that Council makes decisions that meet the needs and aspirations of their residents

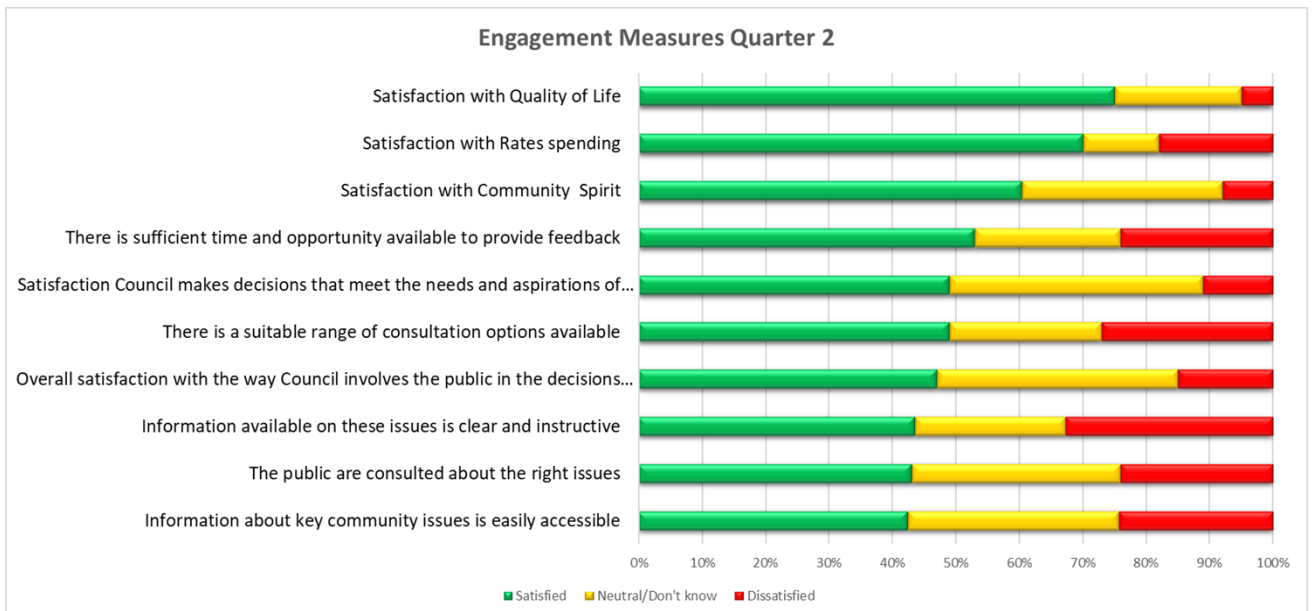
Residents are asked for their satisfaction on a scale of 1 to 5 and the results from these five questions form an engagement index, the target we have set for ourselves is to have 2.25 or less.

Our peer group of Councils have an index of 2.25, the national average is slightly higher at 2.32, the Waikato District Council result from the second quarter has slightly improved on the first quarter and sits at 2.39.



While the satisfaction with all 5 questions reduced in the first quarter, they have improved slightly in the second quarter. Our peer group results come from the Communitrak survey that was conducted in November 2018. The latest results from November 2020 have not been reported to us yet so our peer group comparisons do not consider the events of the last year.

Reporting only satisfaction on the engagement questions does not give the full picture. Dissatisfaction is generally low with the neutrals and ‘don’t knows’ relatively high. The Waikato District is a widely varied district with a high proportion of young residents, who traditionally do not engage with Councils. The following graph may more clearly show the responses to engagement type questions.



Trend graphs of the results from the individual questions are at the end of Appendix 4.

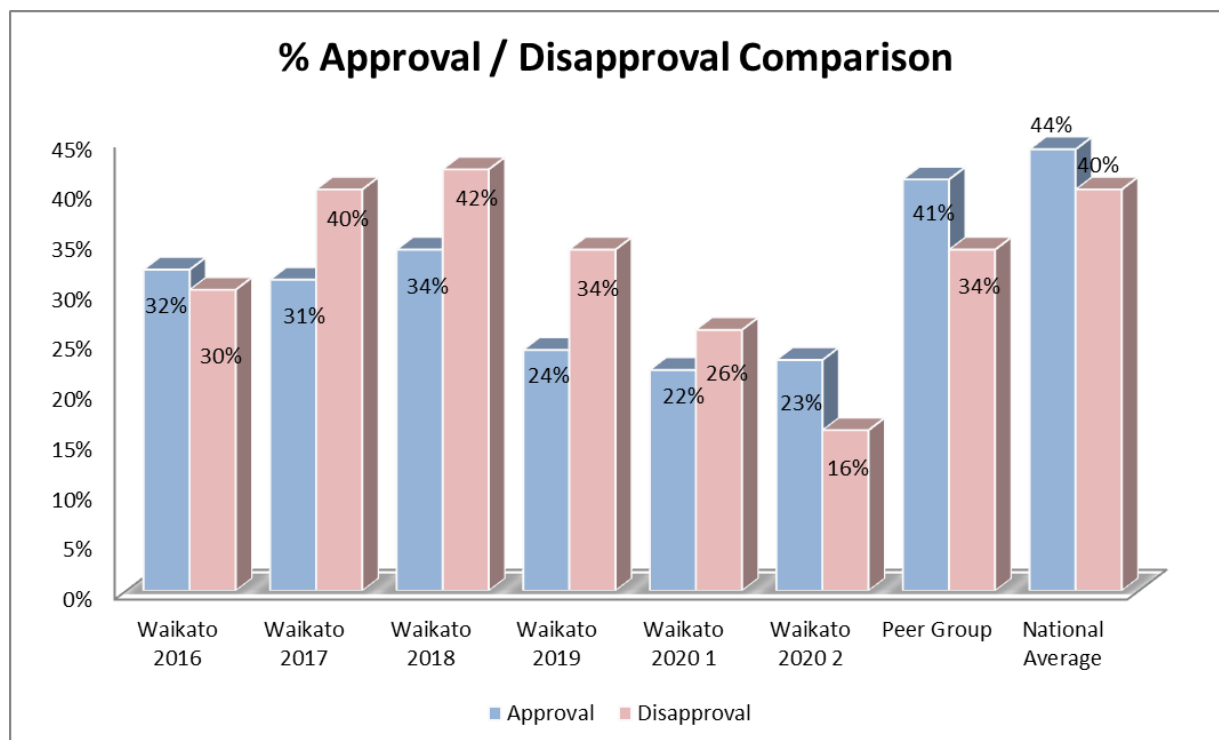
6. OUTCOMES

1. Is there any one thing about the Council's actions, decisions or management in the last few months that comes to mind as something you do like or approve of?
2. Is there any one thing that comes to mind regarding the Council's actions, decisions or management in the last few months that you dislike or disapprove of?

This is asked to gauge the level of support residents had for Council's actions and decisions. The % of residents who approve of Council's actions or decisions dropped from 22% at the end of 2020 to 15% in both quarters of this year. The % of residents who disapprove of Council's actions and decisions has also decreased on the end of year result of 21% but has increased from 16% to 19% in the second quarter.

A combined rating of 34% shows that 66% of those surveyed have found nothing to approve or disapprove of. This continued decline in approval and disapproval ratings along with the increased % who have no opinion is in line with other areas reported in the resident survey. It could suggest a district that is ambivalent with council actions; it may be disengagement with our communities; or that Council is functioning as expected and there is nothing to peak the resident interest. Without further data we are not able to draw a conclusion.

Comments from residents suggest a wide variety of reasons for dissatisfaction including the cost of rates, roads, footpaths, local town issues and rubbish/recycling. Positive comments highlight good communication, good road repairs, clearing up gardens and river improvements.



7. GOVERNANCE / DEMOCRACY

In regard to Governance/Democracy, residents were asked if they feel they have the opportunity to be involved and participate in the way the Council makes decisions; 64% said yes they feel they have the opportunity while 24% said they had actually tried to participate.

Trend graphs in Appendix 4, show a decrease in satisfaction with the governance section of questions. As previously stated, the neutral responses are high, and the dissatisfied responses are low. The quarterly result for the question about satisfaction with the ability to contact the Councillors/Mayor has a large margin of error as only 4 people responded to this question in the first quarter and 9 in the second quarter. Of those 9 people, 4 were very satisfied, 4 satisfied and 1 dissatisfied. The margin of error is high so conclusions can only be made at the end of the year with the full weighted results. Councillors and the Mayors contact details are widely available via social media, websites, from staff and written communications. It could be that satisfaction is not around being contactable but around the response to the resident query.

8. CONCLUSION

We are in the final year of the Long Term Plan. The Performance Measures are being monitored monthly by the Executive Leadership Team and communicated quarterly to staff. The Residents Survey results are sent to staff along with comments so that these can influence the work program.

Information gathered from these supports the work currently being done around creating plans and measurements for the next Long Term Plan.

9. ATTACHMENTS

- Appendix 1 - 2020-21 2nd quarter LTP KPI Report
- Appendix 2 - 2020-21 1st quarter Satisfaction Survey Summary
- Appendix 3 - 2020-21 2nd quarter Satisfaction Survey Summary
- Appendix 4 - 2020-21 2nd quarter Survey Trend Graph



Waikato District Council

Scorecard Report

Period: Jul-20 - Dec-20

Scorecard Name
2019-21 LTP Year to Date Report

207
Date From
01-Jul-2020

Date To
31-Dec-2020

LINKED ITEMS

UNIT

TARGET

ACTUAL

INDICATOR

2019-21 LTP Animal Control - LTP

LTP - The number of reported serious dog attacks on people in public places (where medical attention is required) that occur in our district does not exceed 10 per year

#

5.00

2.00



COMMENTS: Two serious dog attacks have occurred in the first 6 months. This is on track to have less than 10 by the end of the year.

LTP - The percentage of complaints regarding stray stock that have council personnel on site within 1 hour

%

95.00

99.32



COMMENTS: Animal Control are proud to have attended 99% of current stock trespassing within 1 hour. This is an accomplishment given the size of our district and a number of these calls are rural.

LTP - Complete Engagement and Education Visits throughout the district

#

60.00

43.00



COMMENTS: As the school year wrapped up in December, three Dogs In Libraries sessions were attended and 1 Dogsmart Program presented. While still tracking behind due to the level 2 restrictions earlier in the year, we are optimistic that we will be able to make up numbers from February to June 2021.

LTP - The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour

%

95.00

98.53



COMMENTS: Animal Control are proud to have attended 98% of current dog attacks within one hour. We work hard to maintain this reaction time.

2019-21 LTP Economic Development

LTP - The percentage delivery of the Economic Development strategic work programme

%

95.00

95.00



COMMENTS: Work programme completed with less work investment and more community engagement following on from work in Recovery

2019-21 LTP Grants and Donations

LTP - The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports

%

100.00

100.00



COMMENTS: Accountability reminders are being sent to all previous applicant by end of Feb 2021

LTP - Number of discretionary grant funding rounds undertaken per year

#

2.00

2.00



COMMENTS: round 2 completed

2019-21 LTP Governance

Percentage of district plan changes that are undertaken as per the RMA statutory process

%

100.00

100.00



COMMENTS: The Resource Management Policy team of Council is focusing on a full review of the District Plan. This process, known as the District Plan Review, is being conducted in accordance with the required RMA processes. The District Plan Review has been split into two stages. Stage 1 covers all aspects of the District Plan apart from issues relating to natural hazard risk and climate change which form part of Stage 2. For Stage 1, Public Hearings started on 30 September 2019 - as of November 2020 more than 2/3rds of the hearings had been held. Submissions on Stage 2 (Natural Hazards) closed on 23 September 2020 and 187 submissions were received. The summary of submissions for Stage 2 was open for further submissions from 30 November to 14 December 2020. 34 further submissions were received on Stage 2. Stage 2 has now in-effect caught up with Stage 1; the "Stage 1" and "Stage 2" terminology will now start to phase away. An integrated decision on the submissions is due before mid September 2021.

Percentage of minutes of all open meetings that are made publicly available via the Council's website	%	100.00	100.00	
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COMMENTS: All Confirmed Minutes for Council, Committee and Community Board meetings available on the Council's website.

Iwi ki te Haapori - Number of joint committee meetings held per annum	#	2.00	3.00	
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COMMENTS: 1) Waikato Tainui-WDC JMA Co-Governance Hui held 14 October 2020.
2) Nga Wai O Waipa Co-Governance meeting held 6 November 2020.

Iwi ki te Haapori - Number of formal governance hui held between council and iwi / hapu groups	#	2.00	3.00	
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COMMENTS: - Waikato Tainui Waka Iwi Chairs & Mayors Forum held 6 October 2020.
- Mayor & Tainui Waka iwi Chairs Strategic partners Hui (fortnightly)
A number of other meetings have also been held on various topics which are not governance but engagement and working together. eg Support & Discussions - Ngaa marae and tangata whenua of Raahui Pookeka, Waikato-Tainui, Huntly Community Board; Hui with trustees from Turangawaewae re Maaori Wards and their views; Maaori Ward discussions with Ngati Naho – Rangiriri Brad Totorewa, Ngaati Haua kaumatua Sonny Karena, Maurea marae and Okarea marae reps; Ngaa Uri o Mahanga Trust Board meeting (Whatawhata); Karaka hui with Ngaati Tamaoho; Met with marae reps in Whaingaroa and Te Akau districts; Hui with Taroi Rawiri (Hopuhopu) discussing Waikato Tainui River work; Ngaa Marae Toopu hui with Tainui @ Hopuhopu; Hui with iwi groups @ Port Waikato – Ngati Mahanga; Zoom meetings with Iwi Groups Re: H2A; Hui with iwi re Te Kohanga Rugby Grounds; Hui with Nanaia Rawiri Chair of Nga Taniwha Port Waikato marae cluster; H2A Presentation to King Tuheitia; Te Whakakitenga o Waikato Meeting; Met with Tauwhare Marae Trustees / Marae Committee discussing their aspirations for building around their marae and looking at Papakaainga; H2A hui with Raahui Pookeka iwi groups re Track blessings on Tracks from Kirikiriroa to Papakura; Hui with Trustees of Taupiri Urupaa and follow up with Waikato Tainui Re: Signage to Taupiri urupaa from all points; Hui with Ngati Paoa discussing iwi border boundaries and Smythes quarry; Hui with Hauraki Chief networking & learning about Hauraki iwi leaders and their roles; Several hui with Te Kopua 2b3 Board;

Iwi ki te Haapori - Number of identified or notified breaches/ objections under Joint Management Agreements, MOU's and MOA's	#	0.00	0.00	
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COMMENTS: Nil

Percentage of Council decisions that comply with statutory requirements	%	100.00	100.00	
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COMMENTS: Council decisions comply with statutory requirements

Satisfaction of residents that they were able to contact their Councillor as and when required	%	90.00	81.00	
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COMMENTS: The quarterly result for Contact with Councillors/Mayor has a large margin of error. Only 9 people responded to this question in the second quarter (4 were very satisfied, 4 satisfied and 1 dissatisfied) In the first quarter only 4 people responded to this question (3 were satisfied and 1 was very dissatisfied)

2019-21 LTP Emergency Management

Council maintains a minimum number of trained staff to foundation level, to fulfil core Emergency Operations Centre roles	#	100.00	151.00	
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COMMENTS: We continue to offer the introduction course to staff face to face and online. These numbers are good but we would like to have more staff members complete this course.

Council maintains a minimum number of trained staff to Intermediate level, to fulfil core Emergency Operations Centre roles.	#	30.00	78.00	
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COMMENTS: This course educates staff on how to work in the EOC. This is a good number that have completed intermediate training. Our COVID response required 50 over two shifts.

2019-21 LTP Solid Waste

The percentage of kerbside collection complaints that are resolved within agreed timeframes.	%	97.00	96.23	
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COMMENTS: Increased volumes pre-Christmas across the district. Smart Environmental (northern contractor) were down one truck due to an accident with a smaller replacement vehicle which slowed down operations.

The percentage of schools in the district that receive solid waste education	%	20.00	50.00	
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COMMENTS: YTD 36 classrooms (950 students) in 6 schools have received the solid waste education programme during the reporting period

LTP - The % of time a contractor was engaged within 5 days from receiving the service request to remove rubbish to resolution	%	95.00	31.00	
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COMMENTS: Changes made to our process and the inclusion of initial triage of reported illegal dumping of rubbish has affected the timeframe and incidence of engaging a contractor. Reporting of illegal dumping of rubbish is now screened before a contractor is engaged. If the Compliance Officer is able to resolve the issue then this is carried out by the Officer. If an investigation is required for enforcement purposes then this is now carried out before a contractor is engaged. This KPI will be revised in due course to better reflect current practice.

2019-21 LTP Environmental Health - LTP

LTP - Percentage of excessive noise complaints responded to within agreed timeframes. (Due to geographical characteristics of the district response times will vary in different parts of the district)	%	85.00	85.00	
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COMMENTS: The target has been achieved. We are working with our contractors to improve this figure and proving prompt feedback if we see any non performances or discrepancies in this area of service.

LTP - The percentage of hazardous land use information (Hail) reports that will be completed within 10 working days. % 90.00 100.00

COMMENTS: All reports were completed within the required timeframe and achievement against the target remains consistently high during the year.

LTP - The percentage of medium risk or higher fee category licensed premises that are inspected annually % 100.00 100.00

COMMENTS: This target has been achieved. All medium risk and high risk licensed premises were inspected during this financial year.

LTP - Percentage of environmental health complaints where the customer has been contacted within 3 working days % 90.00 69.00

COMMENTS: This KPI is a team operational response target. The team has achieved compliance with the Council 5 day KPI target. Continued improvement remains a focus in this area with an increase in complaints following lifting of lockdown.

LTP - The percentage of licensed food premises that are verified/inspected annually % 100.00 100.00

COMMENTS: All licensed food premises have been inspected as required within this year.

2019-21 LTP Roading

The percentage of customer service requests relating to footpaths responded to within the timeframe specified in LTP % 80.00 93.59

COMMENTS: YTD 93.59% (78 service requests) of customer service requests were responded to within the timeframe specified in the LTP

The percentage of customer service requests relating to roads to which we respond within the timeframes specified. % 80.00 93.57

COMMENTS: YTD 93.57% (980 service requests) of customer service requests were responded to within the timeframe specified in the LTP

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. # -1.00 5.00

COMMENTS: For 2020 (1/7/20-31/12/20) – 29 DSI crashes
2 fatal crashes, 27 serious crashes
Social cost of crashes \$35,244,000
There has been 94 injury crashes (this includes minor injury crashes)

For same period 2019 (01/07/2019-31/12/2019) – 24 DSI crashes
4 fatal crashes, 20 serious crashes \$33,313,000
There has been 92 injury crashes (this includes minor injury crashes)

The period has more or less the same injury crashes, but an increase in serious crashes, but 50% less fatal crashes.

The 2020 period includes 12 motorcycle injury crashes – 1 fatal, 4 serious and 7 minor injury
The same period 2019 there were 14 - 4 serious, 10 minor injury

These results indicate that crash severity risk on our network is still high particularly for motorcycles, continued investment in safety interventions are required in the next LTP

2019-21 LTP Parks

Percentage of Customers who are satisfied with Parks And Reserves, including sports fields and playgrounds overall	%	90.00	87.50	
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Percentage of customers who are satisfied with the presentation of WDC cemeteries	%	95.00	89.50	
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Percentage of customers who are satisfied with Public toilets in the residents satisfaction survey	%	75.00	60.50	
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COMMENTS: A much lower score than average. Quality has been constant and in line with contractual requirements. Could be due to increase patronage over the summer period. Additional cleans were added to work schedule to ensure levels of service were met. Note: 5 out of 7 customer survey comments are in relation to toilets outside the district. (Hamilton mostly)

Percentage of new playgrounds built to New Zealand Standard - Playground Equipment and Surfacing (NZS 5828:2015)	%	100.00	100.00	
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COMMENTS: No new playgrounds currently constructed.

2019-21 LTP Building Quality

The percentage of swimming pools that are inspected for compliance annually - YTD	%	16.50	10.25	
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COMMENTS: We've not been able to meet this KPI due to the unexpected increase in inspection workloads and the loss of 2 staff. We're currently recruiting for 2 inspectors positions and hope to fill these early in the New Year. 7 inspections were carried out however these were all re-checks and not first initial inspections. YTD there has been 230 pool inspections carried out. Target per calendar year is 660.

LTP - The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually - YTD	%	16.50	11.00	
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COMMENTS: No audits completed this month due to high volume of building inspections required and under resourced.

The percentage of buildings that provide sleeping care or paid accommodation which are audited for compliance annually - YTD	%	25.00	27.00	
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COMMENTS: No audits completed this month due to high volume of building inspections required and under resourced.

The percentage of building consent applications which are processed within 20 working days - YTD	%	100.00	97.64	
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COMMENTS: YTD - Currently we are processing 97.64% of building consents within the statutory timeframe. For December, Dwellings were processed at 89.19% having 8 dwellings go over the 20 working day timeframe. Consents in general (including dwellings) were processed at 90.14% with a total of 14 going over the 20 working day timeframe. Amendments were processed at 73.68%.

2019-21 LTP Wastewater

The median attendance time where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, from the time that Council receives notification to the time that service personnel reach the site. <i>COMMENTS:</i> Target met	m	60.00	42.00	
The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system <i>COMMENTS:</i> Target met	#	3.00	2.06	
The total number of complaints received by Council about odour, system faults, blockages, response to issues with its sewerage system.(expressed per 1000 connections to the sewerage system): <i>COMMENTS:</i> Target met	#	10.00	5.07	
The median resolution time where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, from the time Council receives notification to the time personnel confirm resolution of the blockage or other fault. <i>COMMENTS:</i> Target met	m	240.00	146.50	
Council's level of Compliance with resource consents for discharge from its wastewater system, measured by the number of abatement notices, infringement notices and enforcement orders <i>COMMENTS:</i> No Abatement Notices were issued during the period. As at 31 Dec 2020, there are two active Abatement Notices (Meremere and Te Kauwhata). The Meremere Abatement Notice is now technically resolved as the new consent allows for the elevated levels of suspended solids for the next year until the new plant currently being built is commissioned. A mid Waikato Servicing Strategy has been completed and solutions for Te Kauwhata identified; the solution for the plant upgrade has been finalised and once implemented will ultimately resolve the non compliances; consultation with stakeholders will determine the discharge location.	#	2.00	0.00	
Council's level of Compliance with resource consents, measured by the number of Convictions for discharge from its wastewater system, <i>COMMENTS:</i> Target met	#	0.00	0.00	
2019-21 LTP Water Supply				
The median resolution time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system <i>COMMENTS:</i> Target met	m	240.00	111.00	
The extent to which Councils drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria) <i>COMMENTS:</i> Target met - 15 zones	#	4.00	4.00	
The median on site attendance time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system <i>COMMENTS:</i> Target met	m	60.00	37.00	

The total number of complaints received by Council about drinking water clarity, taste, odour, water pressure or flow, continuity of supply and response to any of these issues (expressed per 1000 connections to the water system)

#

25.00

10.41



COMMENTS: Target met

The median resolution time for a non-urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system

Days

5.00

1.00



COMMENTS: Target met

The median on site attendance time for a non-urgent call out, where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system

Days

5.00

1.00



COMMENTS: Target met

2019-21 LTP Customer and Partnership Focus - EOY

Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go)

%

90.00

97.00



COMMENTS: We were able to survey 413 of our customers and the result was a very positive one. The results was consistent district wide.

Level of customer satisfaction that the quality of libraries resources meets their needs

%

90.00

98.50



COMMENTS: This was an excellent result that was consistent across all six of our library sites. We were able to survey 413 of our customers

Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues

%

60.00

51.50



COMMENTS: The result achieved is not a reflection of the efforts by Council to make information easy to access. Shape Waikato, a new engagement platform, was recently launched and it is expected this will have a positive impact on the ability for public and stakeholders to access information. Staff will also continue to work to ensure information provided to the public and stakeholders is easy to understand.

Level of Customer effort

#

3.00

2.40



Percentage of customers satisfied that council consults with the community regarding the right issues

%

60.00

43.00



COMMENTS: This result is not considered reflective of efforts to consult on a range of topics and may reflect a general negative sentiment when consulting and engaging with Council. Council has consulted on a range of topics over the last quarter, including speed limits amendments, the Proposed District Plan and Residential Developer Survey. These are assessed against Council's significance and engagement policy to determine what is the appropriate form of consultation for each issue.

Percentage of time that access to a free internet service is available in libraries

%

100.00

100.00



COMMENTS: There have been no problems with the Internet service during the past month. This service remain popular at all sites across the district.

2019-21 LTP Strategic and District Planning

LTP - The percentage of current land use consents that are older than 2 years which have been monitored in the past 2 years	%	80.00	70.00	
---	---	-------	-------	--

COMMENTS: The reporting period for this month includes retrospective holiday periods for the 2019 and 2020 years as well as 2-3 months where monitoring could not take place (COVID). As this KPI captures monitoring activity for two years prior to the date of the report, COVID effects will continue to be reflected in these reports for at least the next 18 months. This KPI will be adjusted for the LTP to accommodate this.

Percentage of resource consent applications which are processed within the statutory time frames	%	100.00	99.56	
--	---	--------	-------	--

COMMENTS: In December 67 consents were issued, all within statutory timeframes. Year to date 452 consents were issued. All but two have been within statutory timeframes, resulting in 99.56% consents issued within time for the year to date

LTP - The number parking patrols that are carried out in communities that have parking controls under the bylaw.	#	12.50	77.00	
--	---	-------	-------	--

COMMENTS: Parking patrols now also supported by additional Freedom Camping Ambassador patrols which serves to provide education and engagement around appropriate parking (and parking for Freedom Camping)

2019-21 LTP Stormwater

The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system	#	4.00	1.10	
---	---	------	------	--

COMMENTS: Target met

The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	m	120.00	0.00	
---	---	--------	------	--

COMMENTS: Target met

The number of flooding events that occurred throughout the district	#	5.00	0.00	
---	---	------	------	--

COMMENTS: Target met

The number of habitable floors affected in a stormwater flooding event expressed per 1000 properties connected to the councils stormwater system per event	#	0.30	0.00	
--	---	------	------	--

COMMENTS: Target met

Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions received in relation those resource consents.	#	0.00	0.00	
--	---	------	------	--

COMMENTS: No Abatement Notices were issued during the period. As at 31 Dec 2020, there is one active Abatement Notice for Raglan urban area and work to resolve the non-compliances has been completed for some items and resolution of remaining items are underway.

2019-21 LTP Property and Facilities

LTP - Percentage of customers who are satisfied with the service provided at the Raglan campground	%	90.00	92.00	
--	---	-------	-------	--

COMMENTS: The Raglan Camp continues to provide a consistently high level of service.

LTP - Percentage of customers who are satisfied with the service provided at the Huntly campground	%	90.00	100.00	
--	---	-------	--------	--

COMMENTS: Hakanoa Camp continues to adapt post COVID - they have taken on more longer term stays as there is a decrease in international tourism. the 11 reviews were all highly satisfied and left glowing comments.

LTP - Percentage of visitors that find the facilities clean, accessible and welcoming (pools)	%	90.00	95.00	
---	---	-------	-------	--

COMMENTS: Information obtained from Belgravia's weekly customer satisfaction survey

Overall Performance	%	0.00	0.00	
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**NATIONAL RESEARCH BUREAU LTD**

PO Box 10118, Mt Eden, Auckland, New Zealand

P (09) 6300 655, www.nrb.co.nz

To: Debbie Dalbeth

From: Ken Sutton and Janette Simpson

Of: Waikato District Council

Date: 10 December 2020

Dear Debbie,

QUARTERLY SUMMARY OF ONGOING SATISFACTION SURVEY RESULTS

The following is a quarterly summary of your Ongoing Satisfaction survey results for the 1st quarter period.

If you have any queries, please give one of us a call.

Kind regards,

Ken Sutton

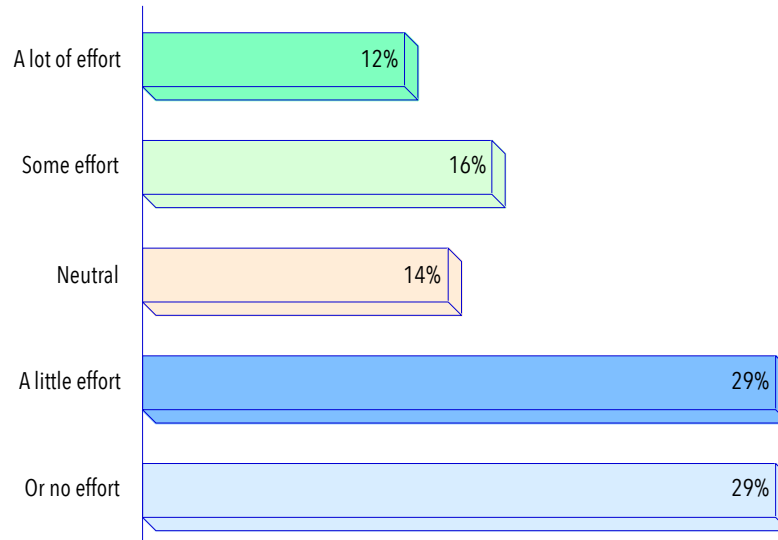
Janette Simpson

National Research Bureau Ltd

CONTACT WITH COUNCIL

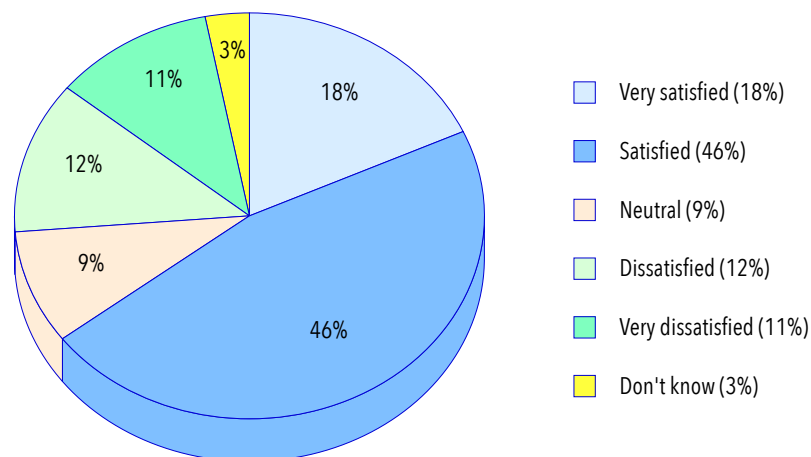
48% of residents have contacted Council staff at the Council offices or service centres by phone, in person and/or by email, in the last 12 months.

How much effort did it take to conduct business with Council ...



Base = 49†

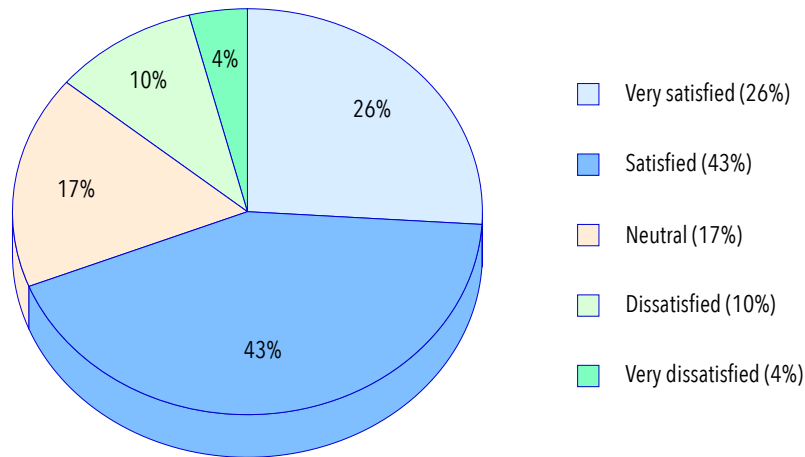
Satisfaction with how issue was resolved



Base = 49†
(does not add to 100% due to rounding)

† those residents who say they have contacted Council in last 12 months

Satisfaction with overall service received



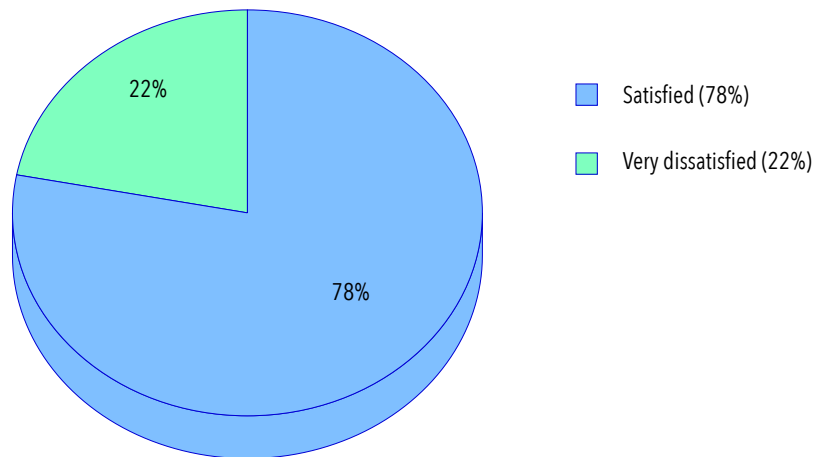
Base = 49[†]

[†] those residents who say they have contacted Council in last 12 months

Contact with Councillors/Mayor

In the last 12 months 4% of residents have contacted, or attempted to contact, a Councillor (including the Mayor).

Satisfaction that they are able to contact them should the need arise ...



Base = 3[†]

Caution: very small base

[†] those residents who say they have contacted or attempted to contact a Councillor in last 12 months

SATISFACTION WITH SERVICES AND FACILITIES - OVERALL

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Stormwater services	43	25	9	23
Standard of Council's roads overall (excluding State Highways)	39	23	38	-

SATISFACTION WITH COUNCIL SERVICES/FACILITIES - USERS/VISITORS

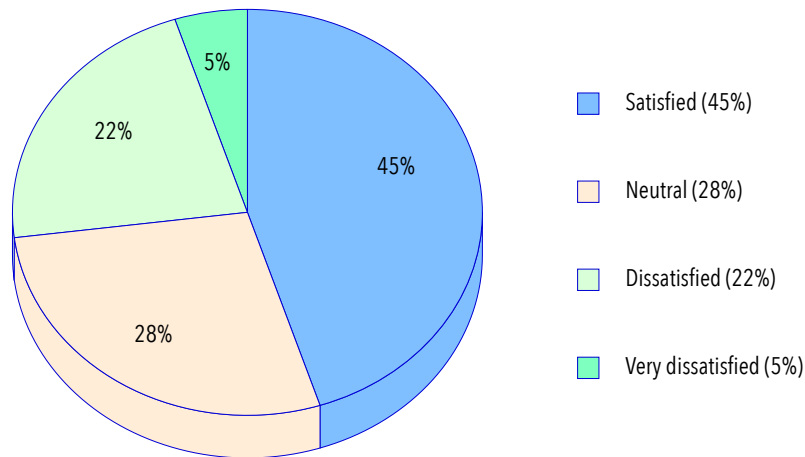
	Base	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Presentation of cemeteries	36	95	5	-	-
Parks and reserves, including sports fields and playgrounds	64	89	8	3	-
Public libraries	31	88	9	3	-
Recycling services†	85	84	6	9	-
Public toilets	40	69	14	17	-
Footpaths	77	65	17	17	1
Animal control, ie, stock and dog control*	17	53	26	21	-
Building and inspection services*	9	44	19	16	21

* caution: very small/small base

† does not add to 100% due to rounding

Satisfaction with the standard of Council's unsealed roads

Driven on an unsealed Council road

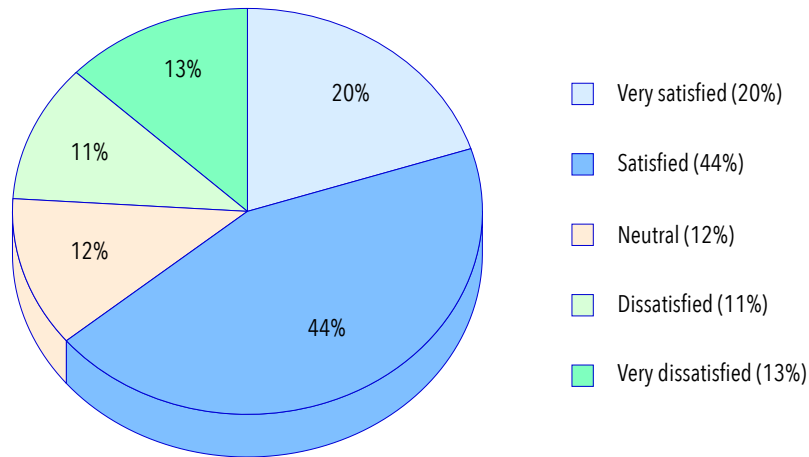


Base = 46

SATISFACTION WITH SERVICES PROVIDED BY COUNCIL

Water service

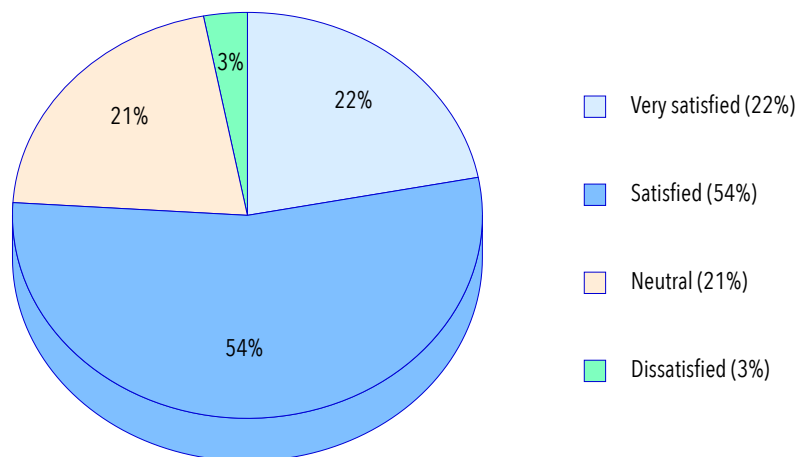
Council Provided Piped Water Supply



Base = 45

Wastewater services

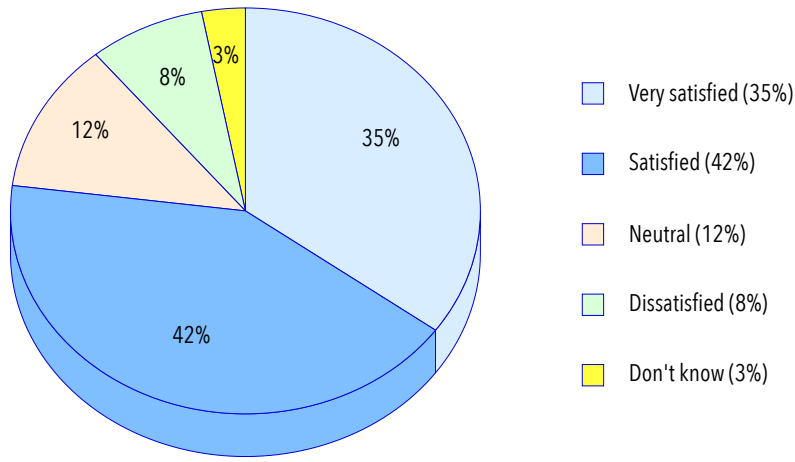
Council provided sewerage system



Base = 32

Rubbish collection service

Council provided regular rubbish collection service



Base = 95

LOCAL ISSUES

Governance/democracy

49% of residents feel that as a ratepayer or resident they have the opportunity to be involved and to participate in the way the Council makes decisions, while 51% say they don't.

19% of residents have tried to participate in Council's decision making process.

Level of satisfaction

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
There is sufficient time and opportunity available to provide feedback	70	17	13	-
Information about key community issues is easily accessible	64	12	24	-
The public are consulted about the right issues	57	22	16	5
Information available on these issues is clear and instructive [†]	56	12	33	-
There is a suitable range of consultation options available	54	11	32	3

Base = 21* (those residents who say they have tried to participate in Council's decision making process)

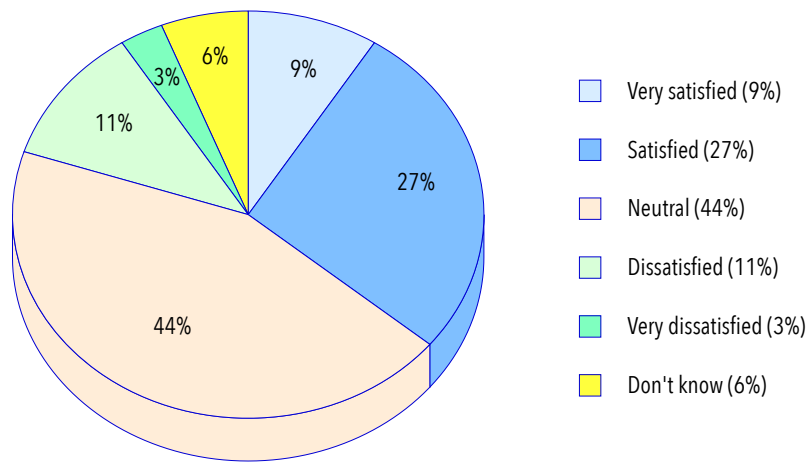
% read across

* caution: small base

[†] does not add to 100% due to rounding

Overall satisfaction with the way Council involves the public in the decisions it makes

Overall



Participation In Decision Making Process

In general 16% of residents are interested in participating in Council's decision making process, 17% say they are not, while 65% say it depends on the issue. 2% are unable to comment

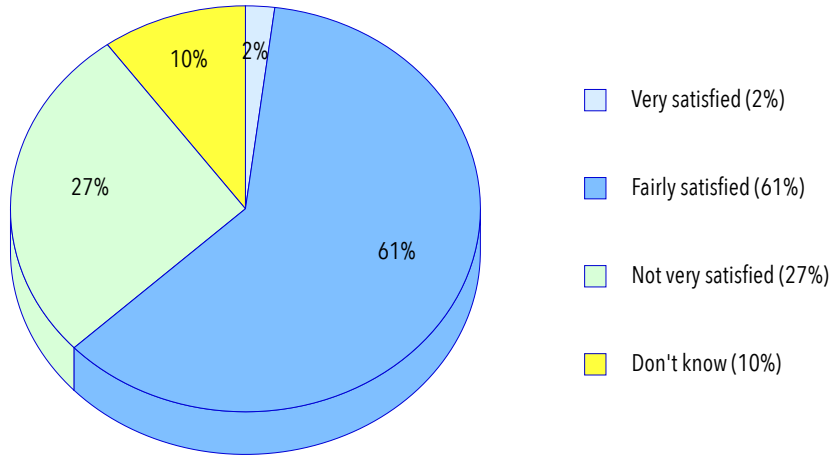
Outcomes

16% of residents say there is a Council action/decision/management they **dislike or disapprove** of, while 15% say there is a Council action/decision/management they **like or approve** of.

Community engagement

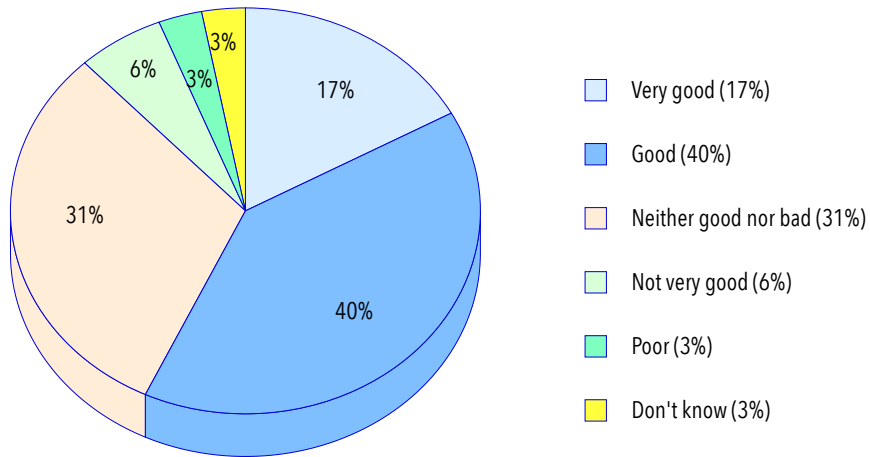
Satisfaction with rates spending

Overall



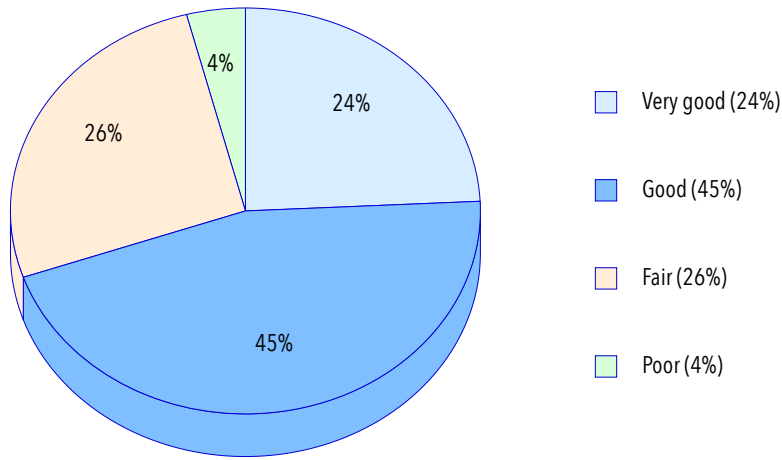
Community spirit

Overall



Quality of life

Overall



(does not add to 100% due to rounding)

Place to live, work and play

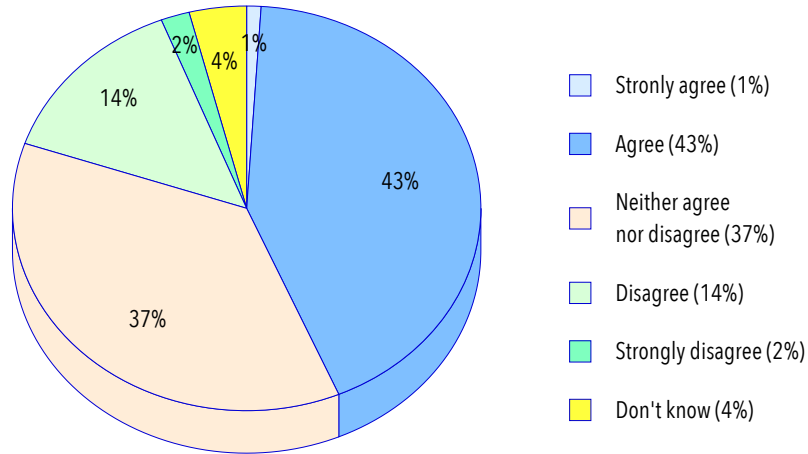
Using a scale of 0 to 10, where 0 is not at all likely and 10 is extremely likely, residents were asked to say how likely it is that they would recommend the Waikato District as a place to live.

Not at all likely 0 %	1 %	2 %	3 %	4 %	5 %	6 %	7 %	8 %	9 %	Extremely likely 10 %
1	-	-	2	1	16	8	22	26	10	14

Council consultation and community involvement

Council makes decisions that meet the needs and aspirations of their residents?

Overall



(does not add to 100% due to rounding)

**NATIONAL RESEARCH BUREAU LTD**

PO Box 10118, Mt Eden, Auckland, New Zealand

P (09) 6300 655, www.nrb.co.nz

To: Debbie Dalbeth

From: Ken Sutton and Janette Simpson

Of: Waikato District Council

Date: 19 January 2021

Dear Debbie,

QUARTERLY SUMMARY OF ONGOING SATISFACTION SURVEY RESULTS

The following is a quarterly summary of your Ongoing Satisfaction survey results for the 2nd quarter period.

If you have any queries, please give one of us a call.

Kind regards,

Ken Sutton

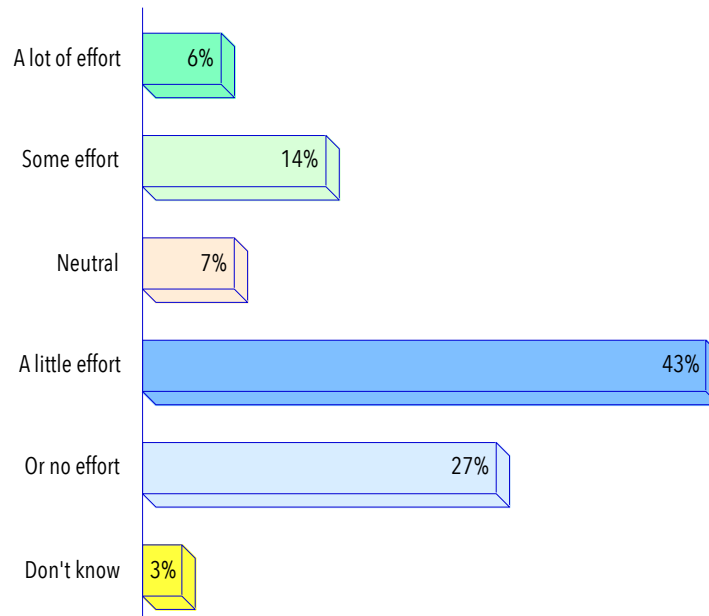
Janette Simpson

National Research Bureau Ltd

CONTACT WITH COUNCIL

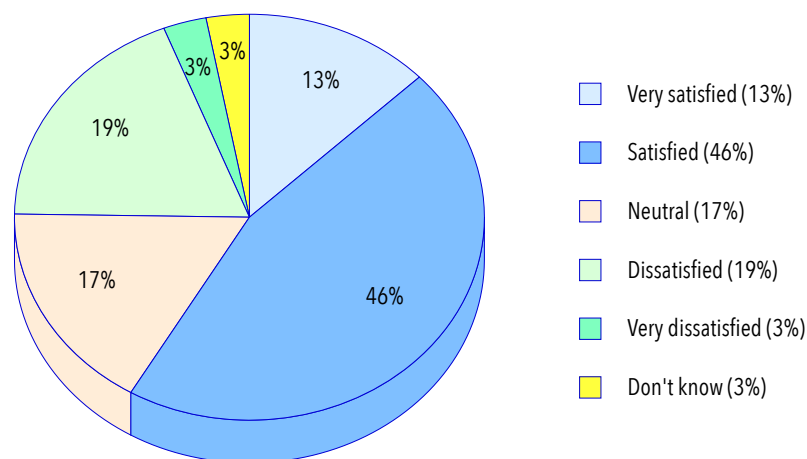
39% of residents have contacted Council staff at the Council offices or service centres by phone, in person and/or by email, in the last 12 months.

How much effort did it take to conduct business with Council ...



Base = 39[†]

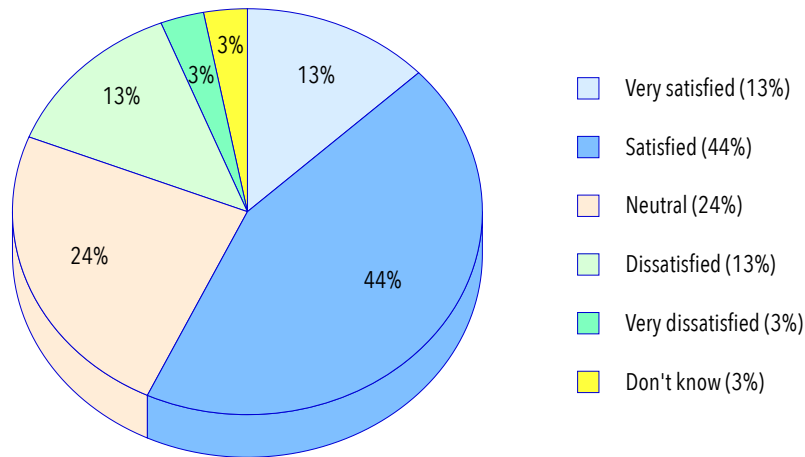
Satisfaction with how issue was resolved



Base = 39[†]
(does not add to 100% due to rounding)

[†] those residents who say they have contacted Council in last 12 months

Satisfaction with overall service received



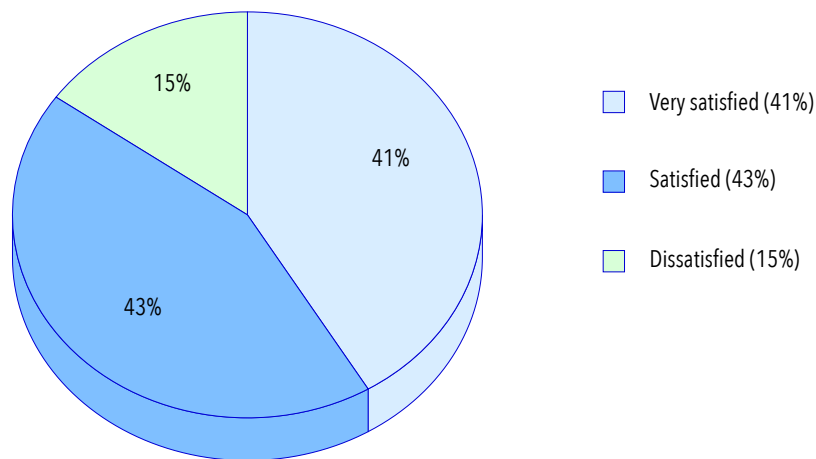
Base = 39[†]

[†] those residents who say they have contacted Council in last 12 months

Contact with Councillors/Mayor

In the last 12 months 9% of residents have contacted, or attempted to contact, a Councillor (including the Mayor).

Satisfaction that they are able to contact them should the need arise ...



Base = 10[†]

Caution: very small base

[†] those residents who say they have contacted or attempted to contact a Councillor in last 12 months (does not add to 100% due to rounding)

SATISFACTION WITH SERVICES AND FACILITIES - OVERALL

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Standard of Council's roads overall (excluding State Highways)	36	26	37	1
Stormwater services [†]	34	26	7	34

[†] does not add to 100% due to rounding

SATISFACTION WITH COUNCIL SERVICES/FACILITIES - USERS/VISITORS

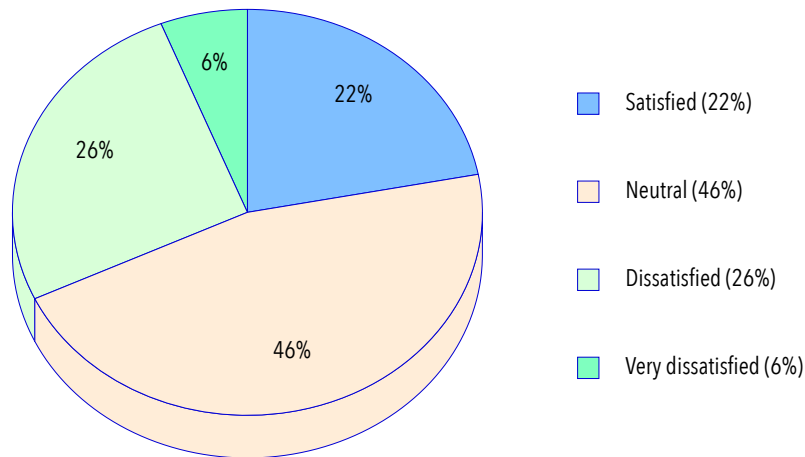
	Base	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Public libraries	37	90	3	7	-
Parks and reserves, including sports fields and playgrounds	64	86	8	6	-
Presentation of cemeteries*	18	84	16	-	-
Recycling services	86	81	5	12	2
Footpaths†	82	65	13	21	-
Building and inspection services*†	13	64	17	18	-
Public toilets	53	52	33	15	-
Animal control, ie, stock and dog control*†	14	50	18	28	5

* caution: very small/small base

† does not add to 100% due to rounding

Satisfaction with the standard of Council's unsealed roads

Driven on an unsealed Council road

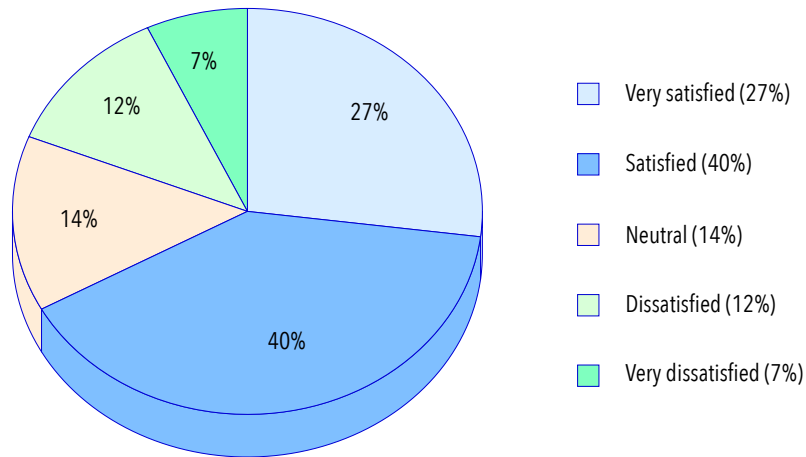


Base = 41

SATISFACTION WITH SERVICES PROVIDED BY COUNCIL

Water service

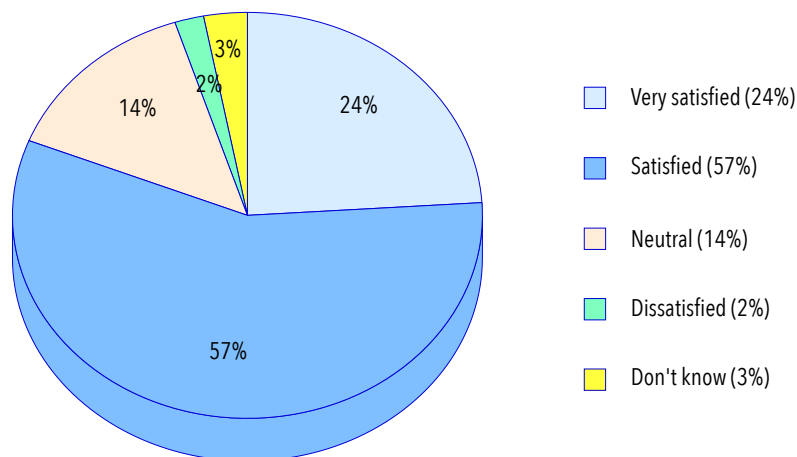
Council Provided Piped Water Supply



Base = 55

Wastewater services

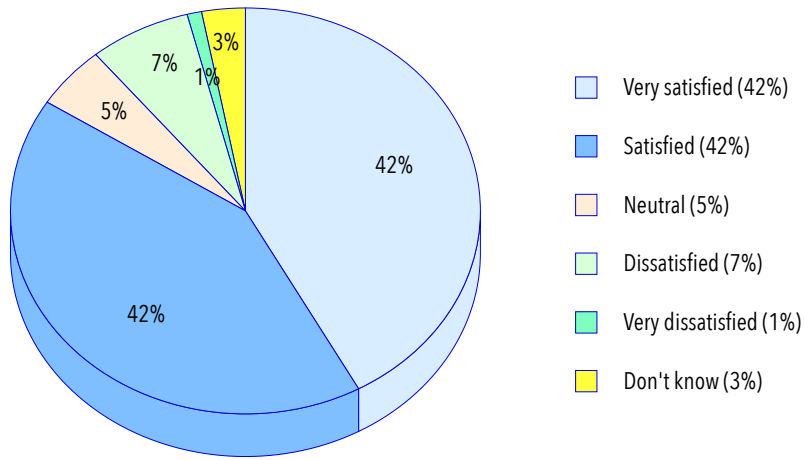
Council provided sewerage system



Base = 43

Rubbish collection service

Council provided regular rubbish collection service



Base = 89

LOCAL ISSUES

Governance/democracy

64% of residents feel that as a ratepayer or resident they have the opportunity to be involved and to participate in the way the Council makes decisions, while 36% say they don't.

24% of residents have tried to participate in Council's decision making process.

Level of satisfaction

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
There is sufficient time and opportunity available to provide feedback	53	4	24	19
There is a suitable range of consultation options available	49	10	27	14
Information available on these issues is clear and instructive†	44	16	33	8
The public are consulted about the right issues	43	20	24	13
Information about key community issues is easily accessible†	42	19	24	14

Base = 26* (those residents who say they have tried to participate in Council's decision making process)

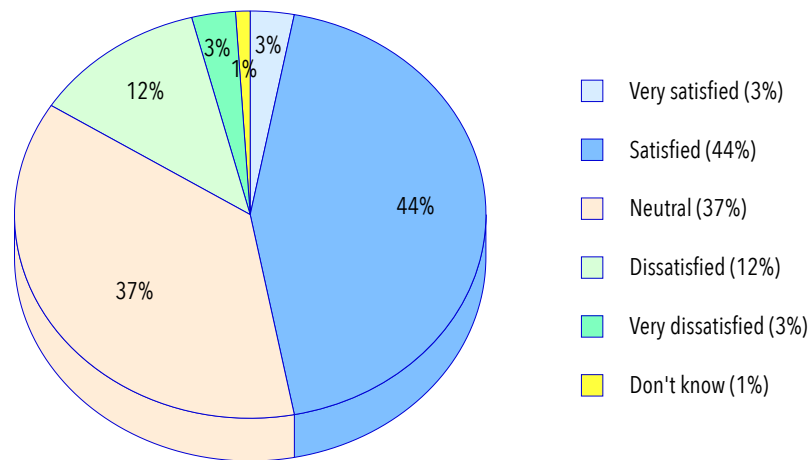
% read across

* caution: small base

† does not add to 100% due to rounding

Overall satisfaction with the way Council involves the public in the decisions it makes

Overall



Participation In Decision Making Process

In general 8% of residents are interested in participating in Council's decision making process, 14% say they are not, while 72% say it depends on the issue. 5% are unable to comment

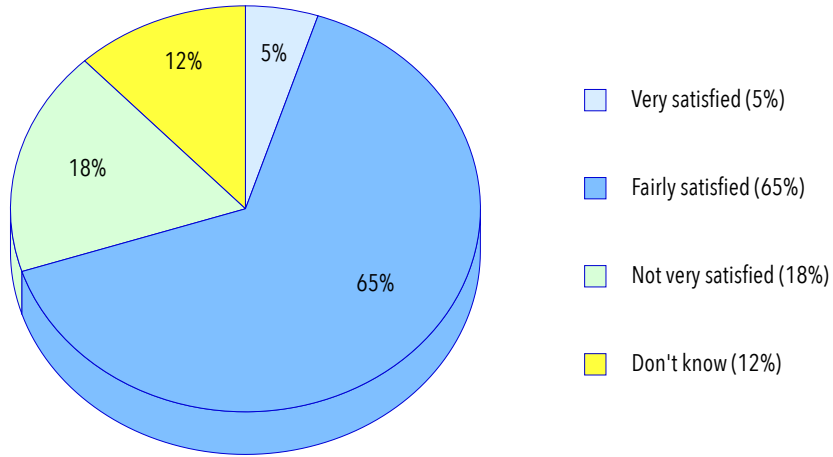
Outcomes

19% of residents say there is a Council action/decision/management they **dislike or disapprove** of, while 15% say there is a Council action/decision/management they **like or approve** of.

Community engagement

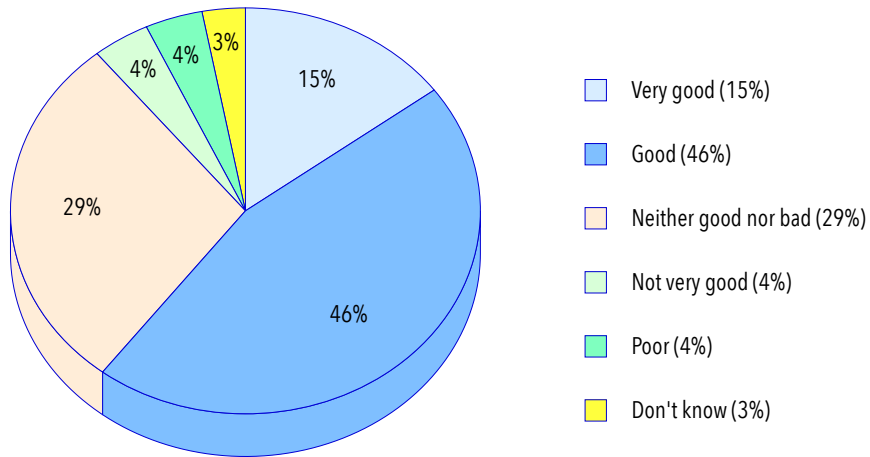
Satisfaction with rates spending

Overall



Community spirit

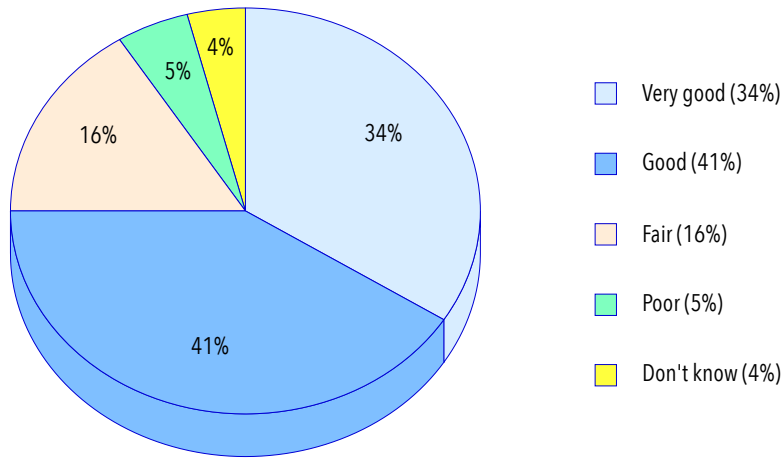
Overall



(does not add to 100% due to rounding)

Quality of life

Overall



(does not add to 100% due to rounding)

Place to live, work and play

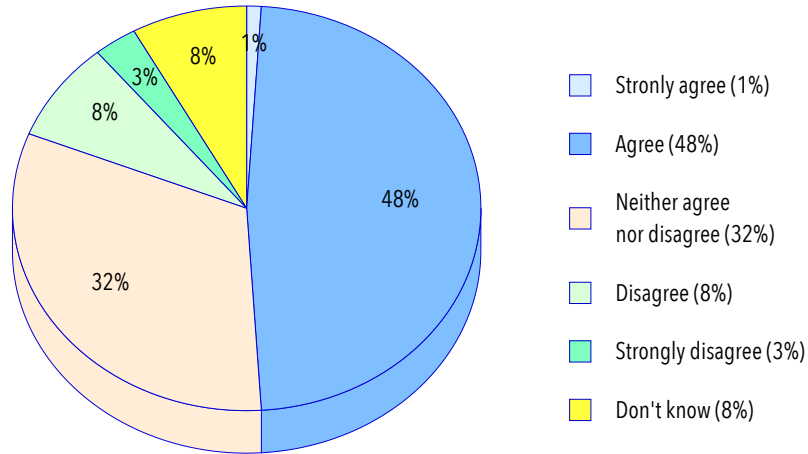
Using a scale of 0 to 10, where 0 is not at all likely and 10 is extremely likely, residents were asked to say how likely it is that they would recommend the Waikato District as a place to live.

Not at all likely 0 %	1 %	2 %	3 %	4 %	5 %	6 %	7 %	8 %	9 %	Extremely likely 10 %
3	-	-	4	4	9	8	17	35	11	9

Council consultation and community involvement

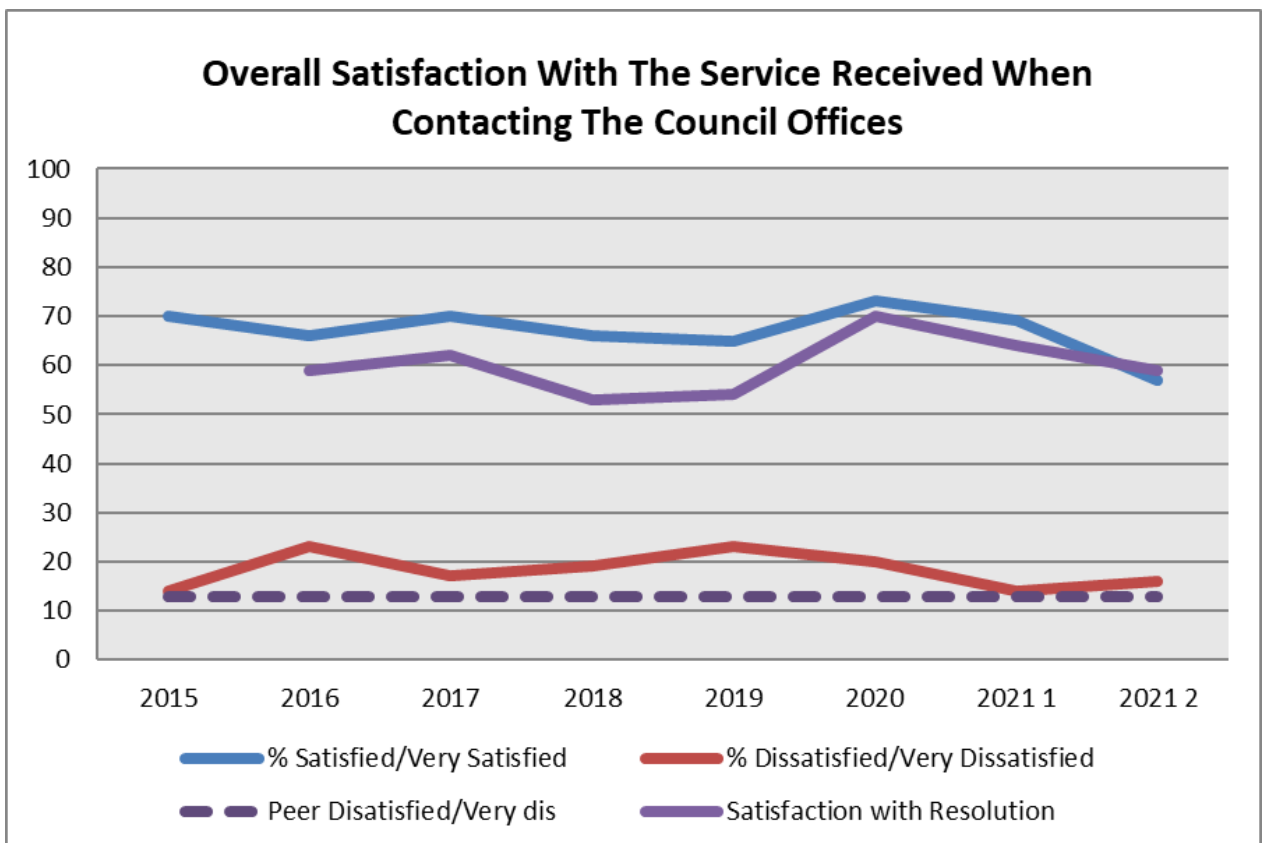
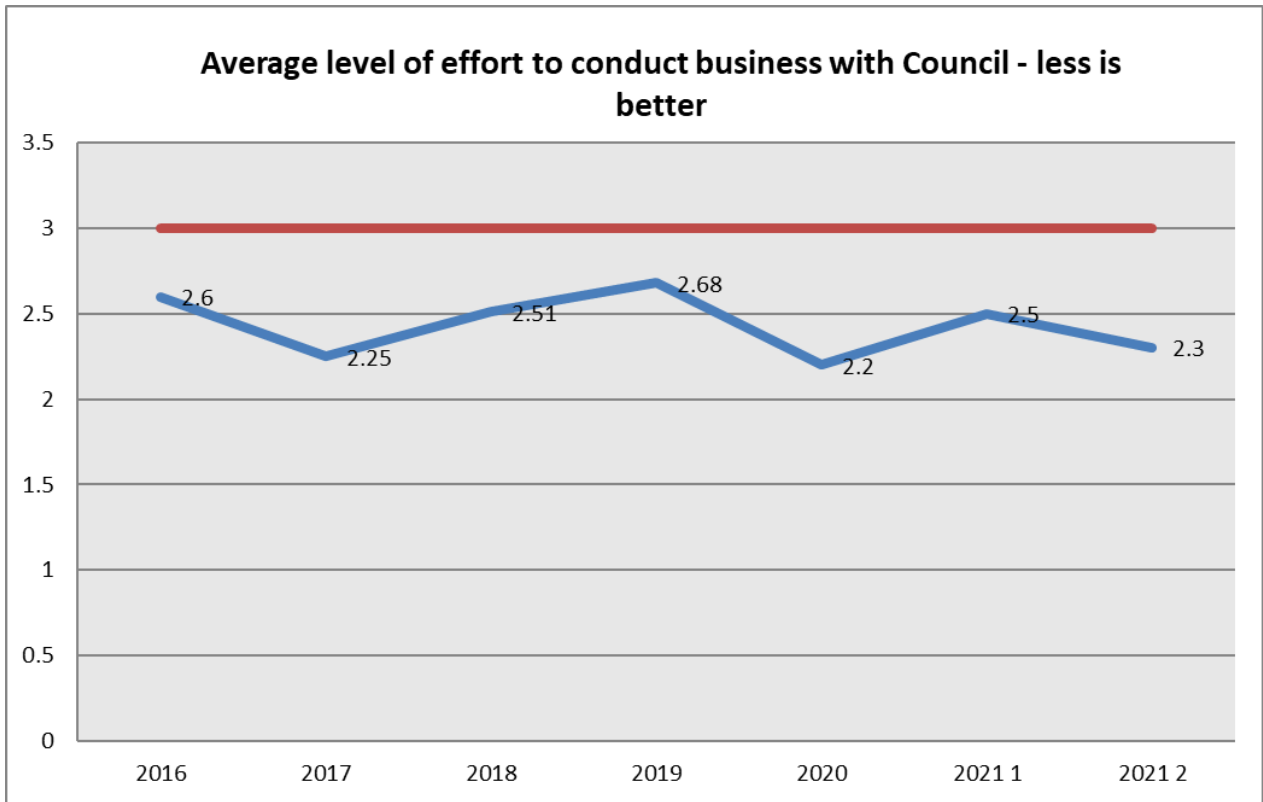
Council makes decisions that meet the needs and aspirations of their residents?

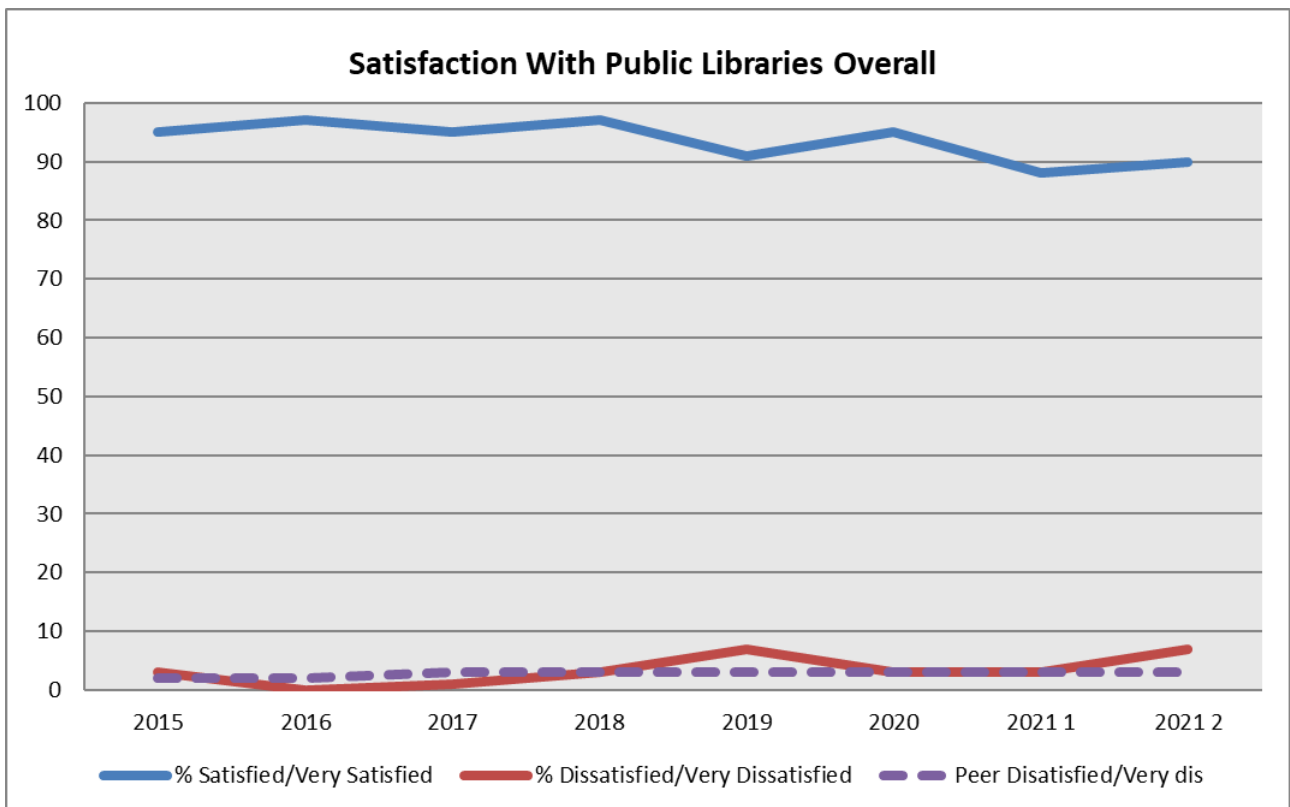
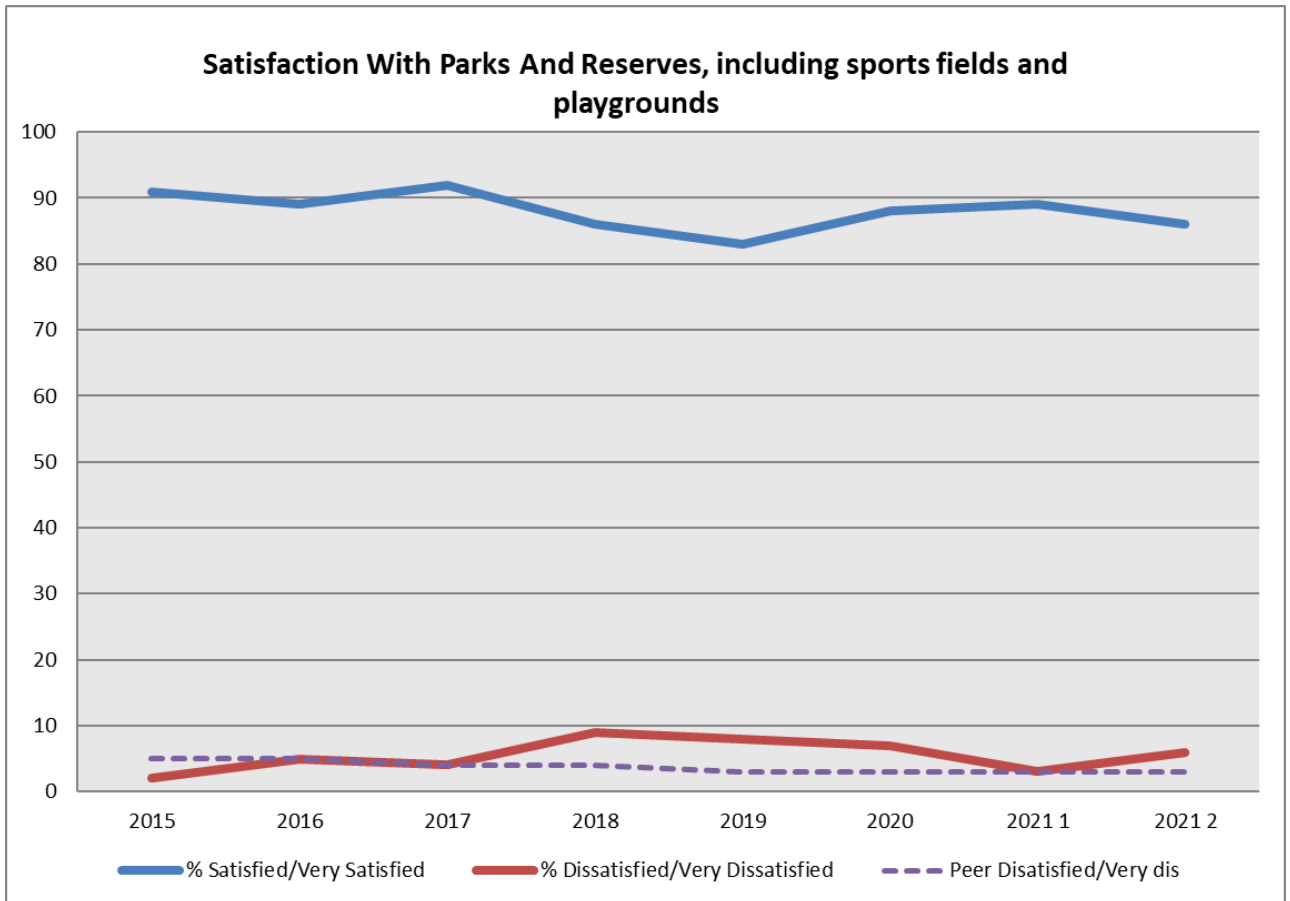
Overall

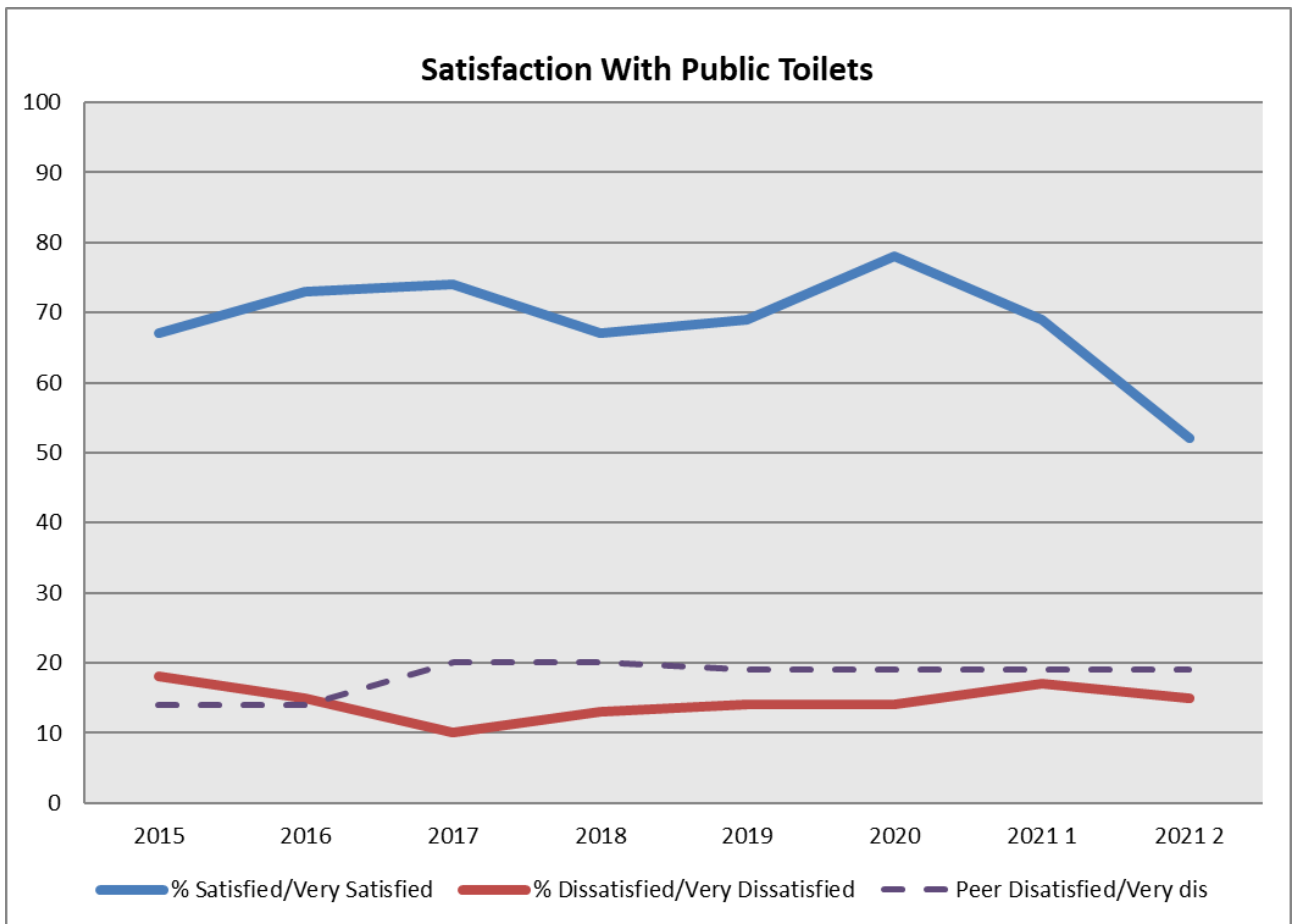
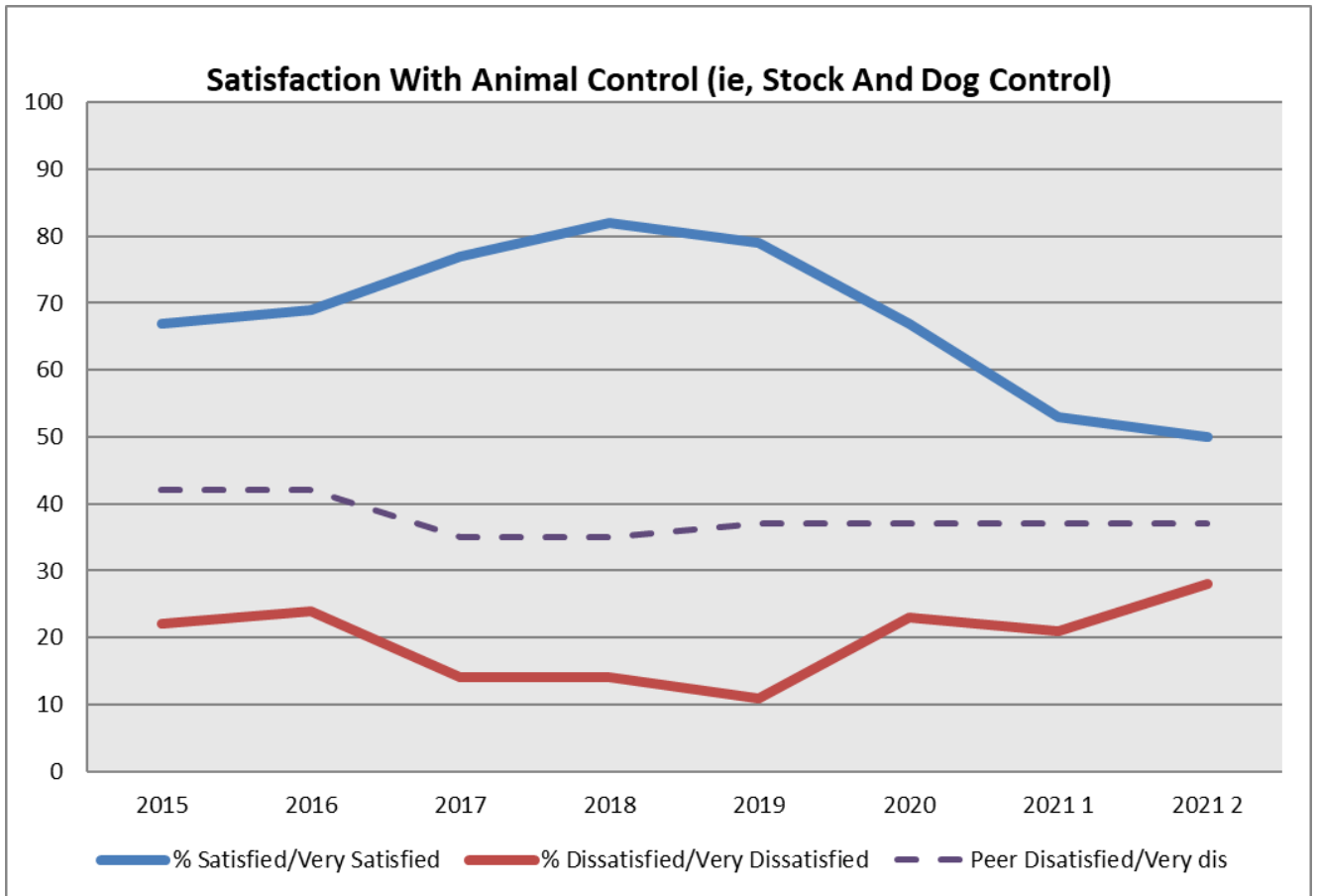


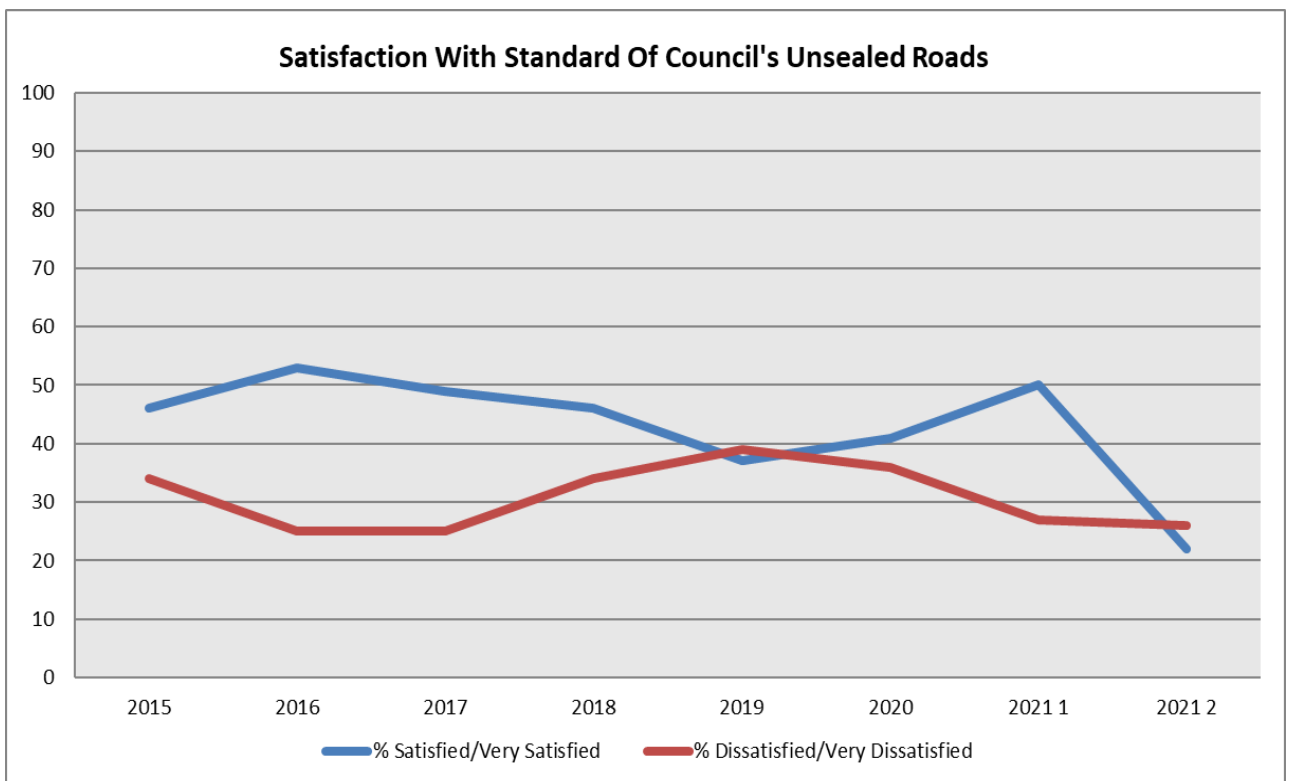
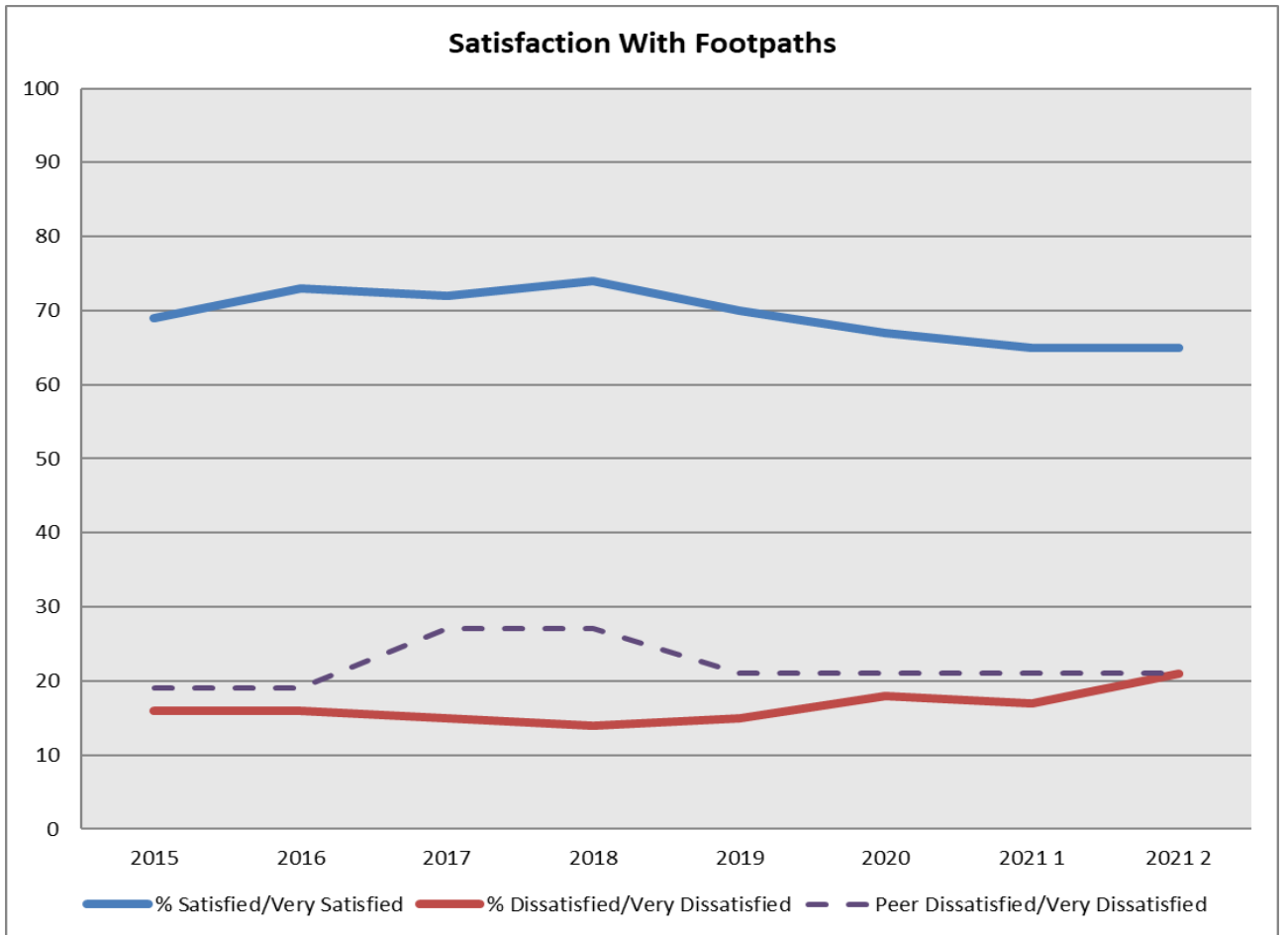
Appendix 3 – 2nd Quarter Survey Trend Graphs 2021

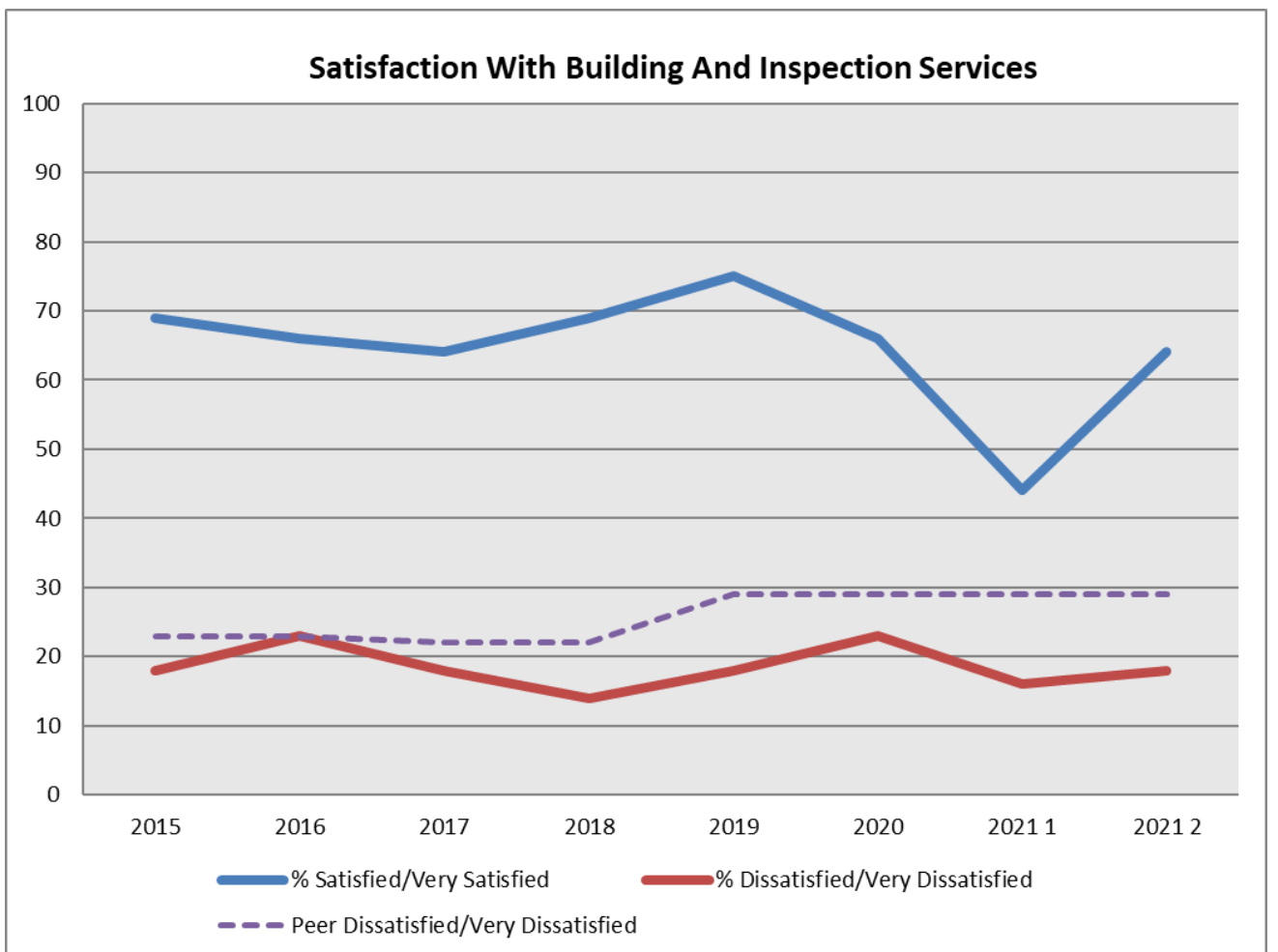
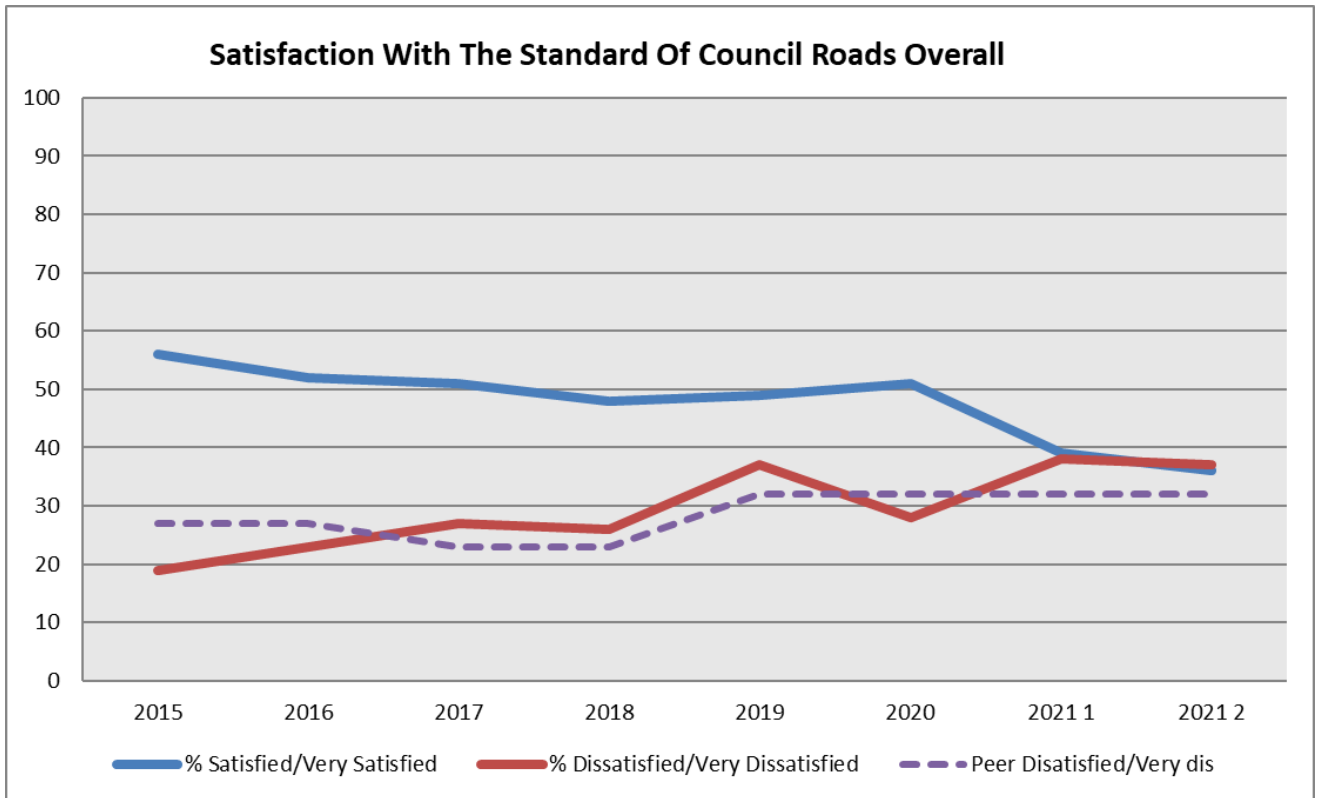
- 2021 1 is the first quarter result from the survey
- 2021 2 is the second quarter result from the survey

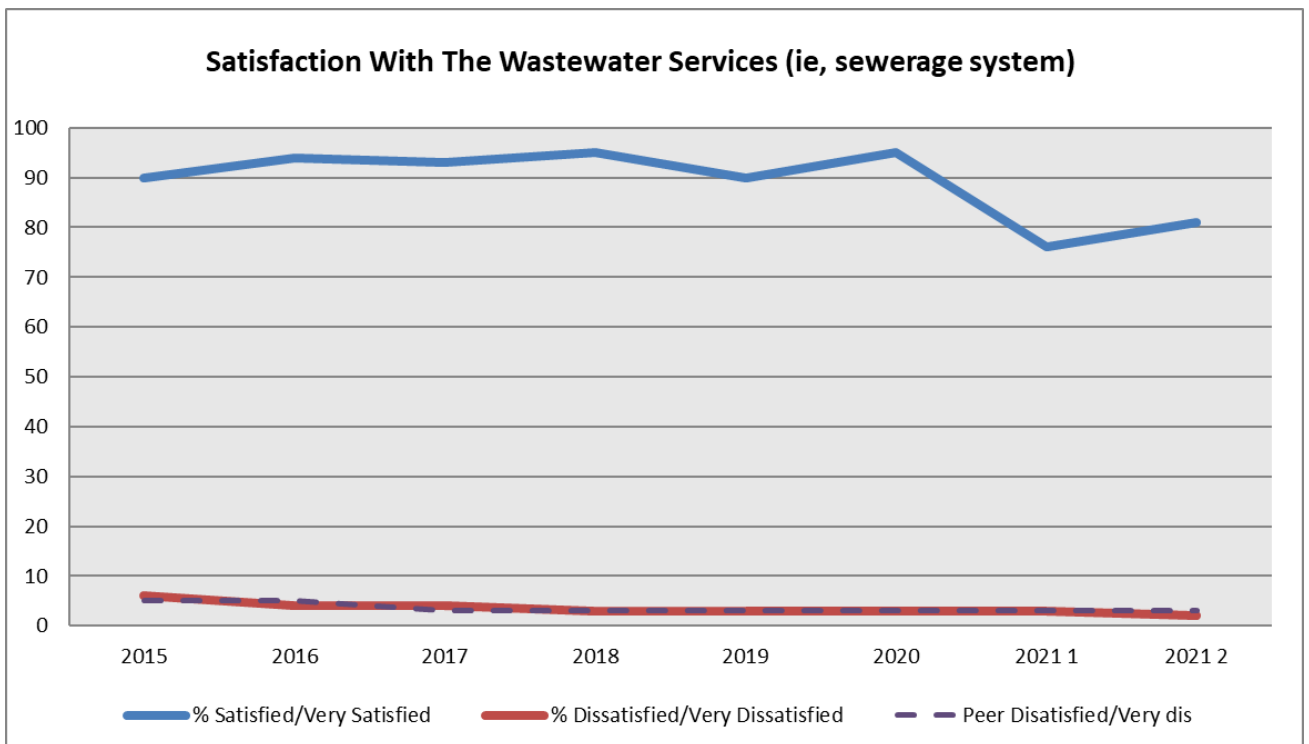
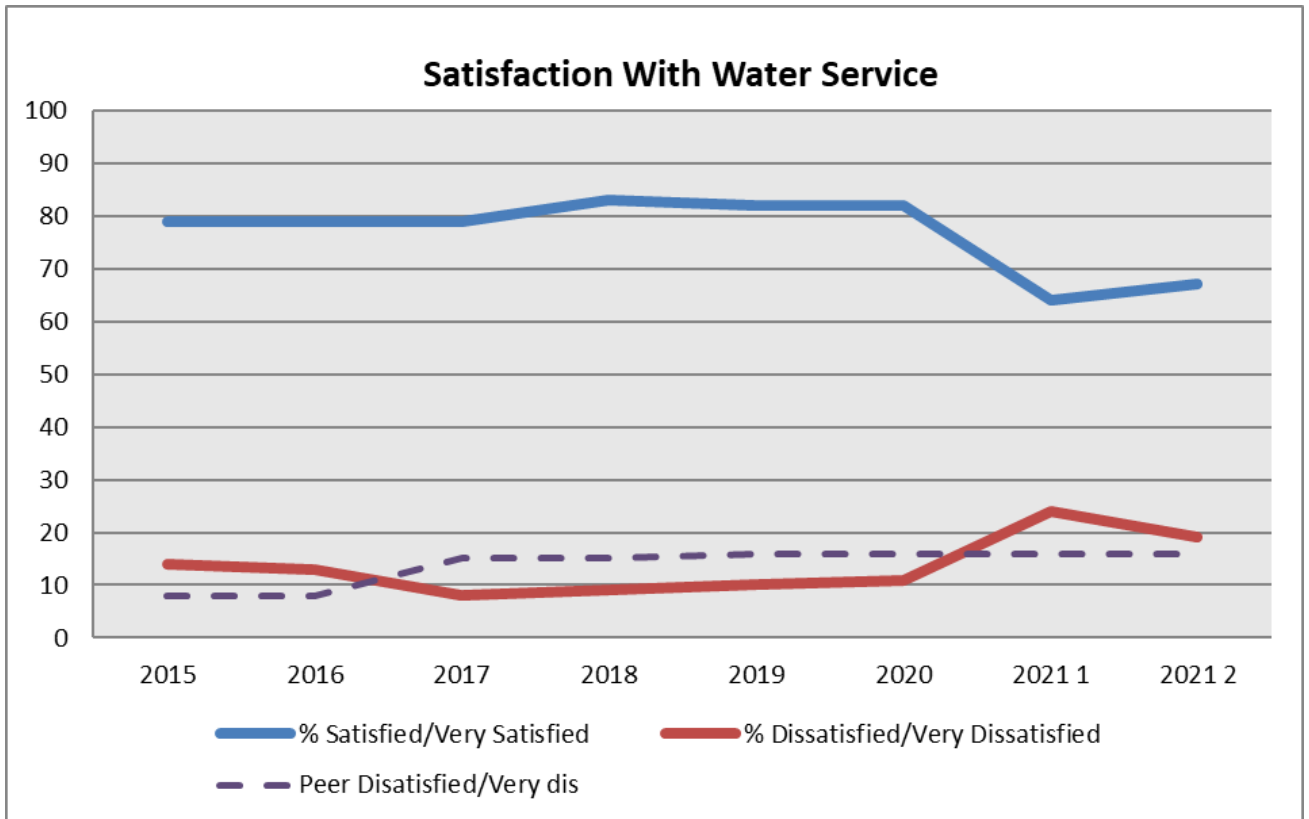


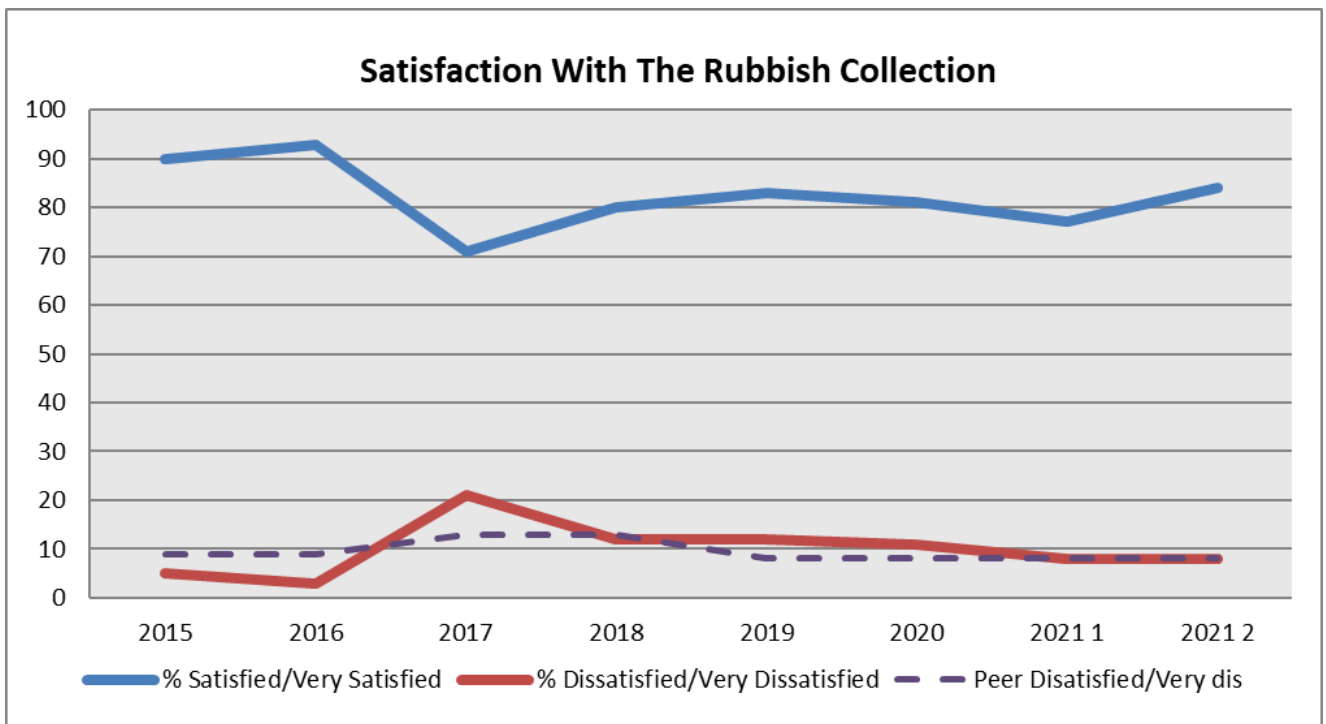
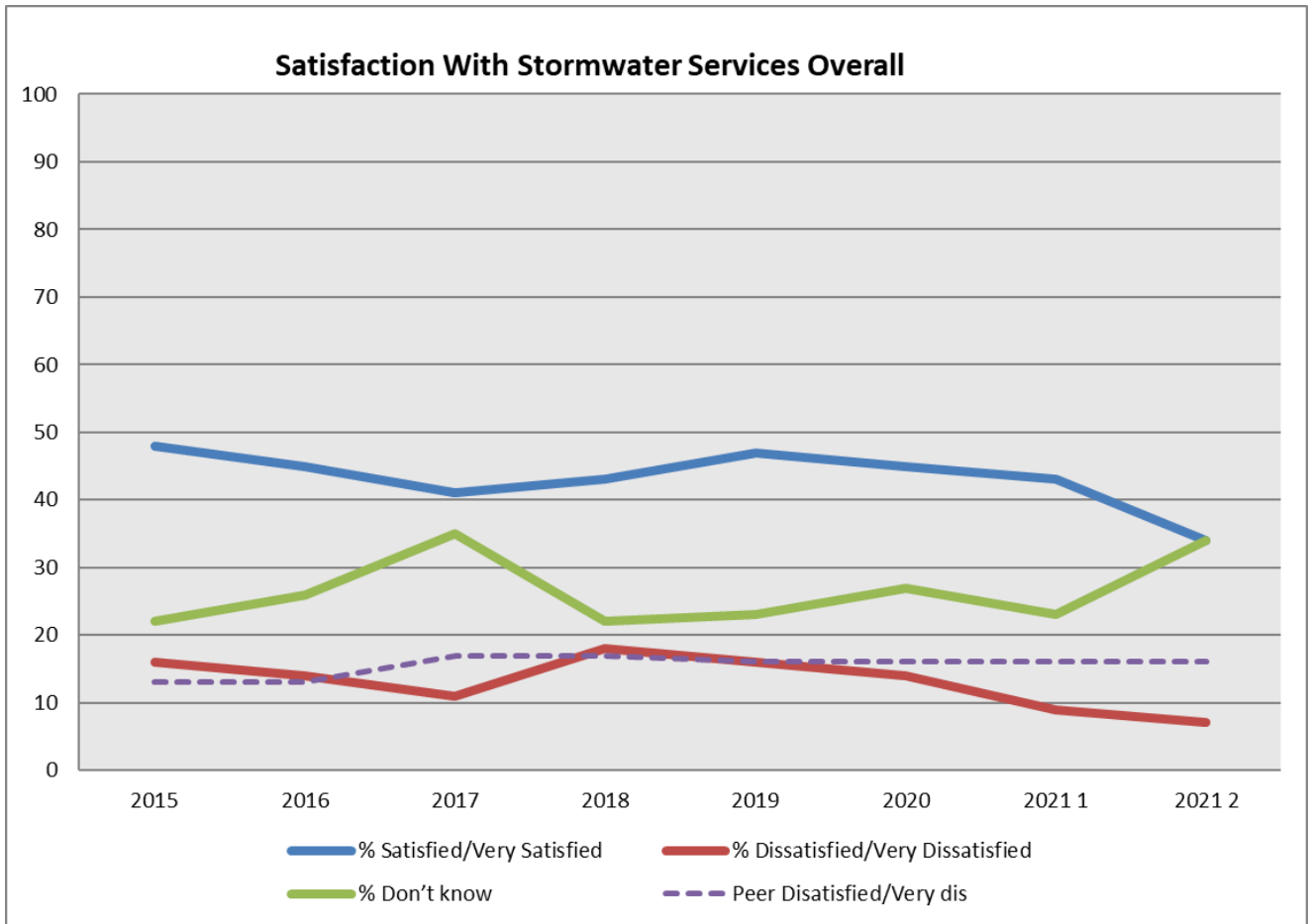


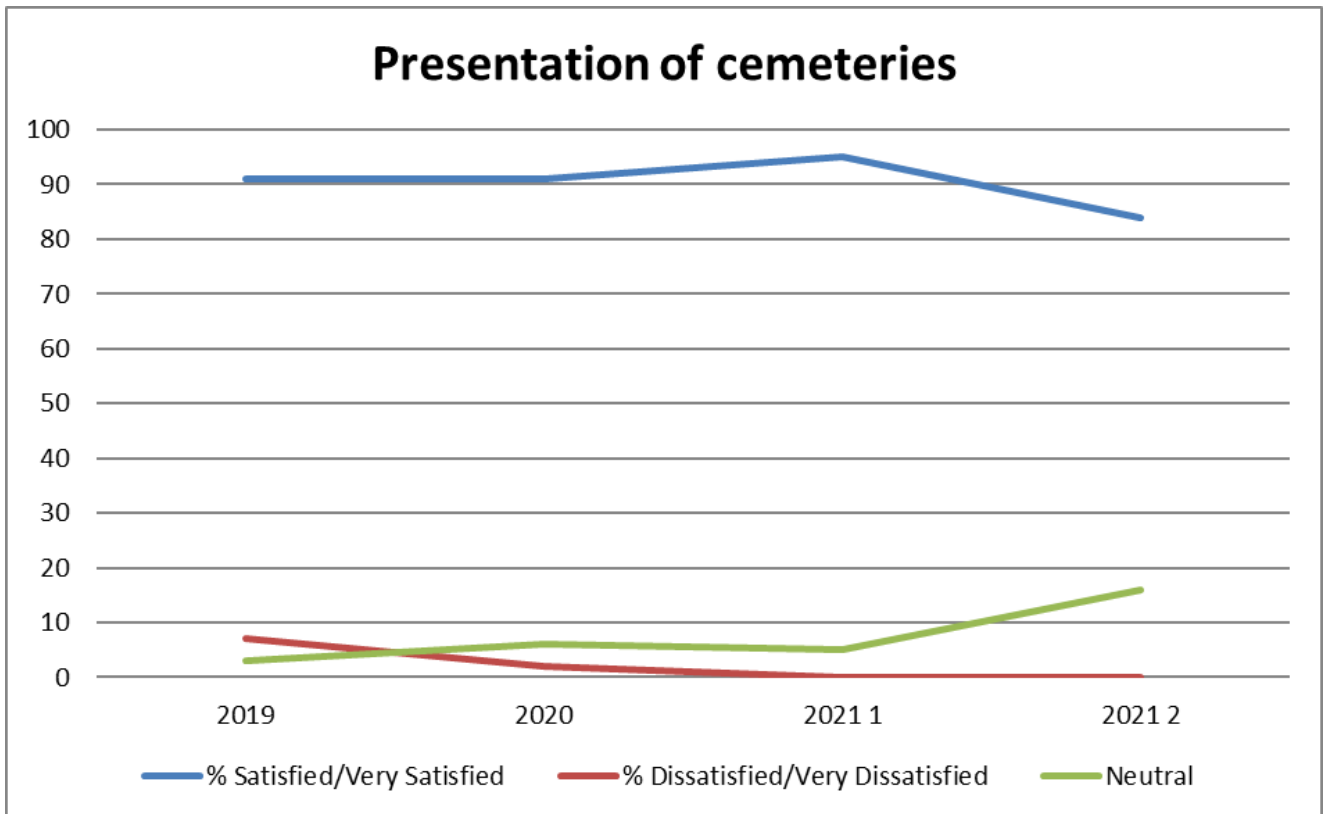
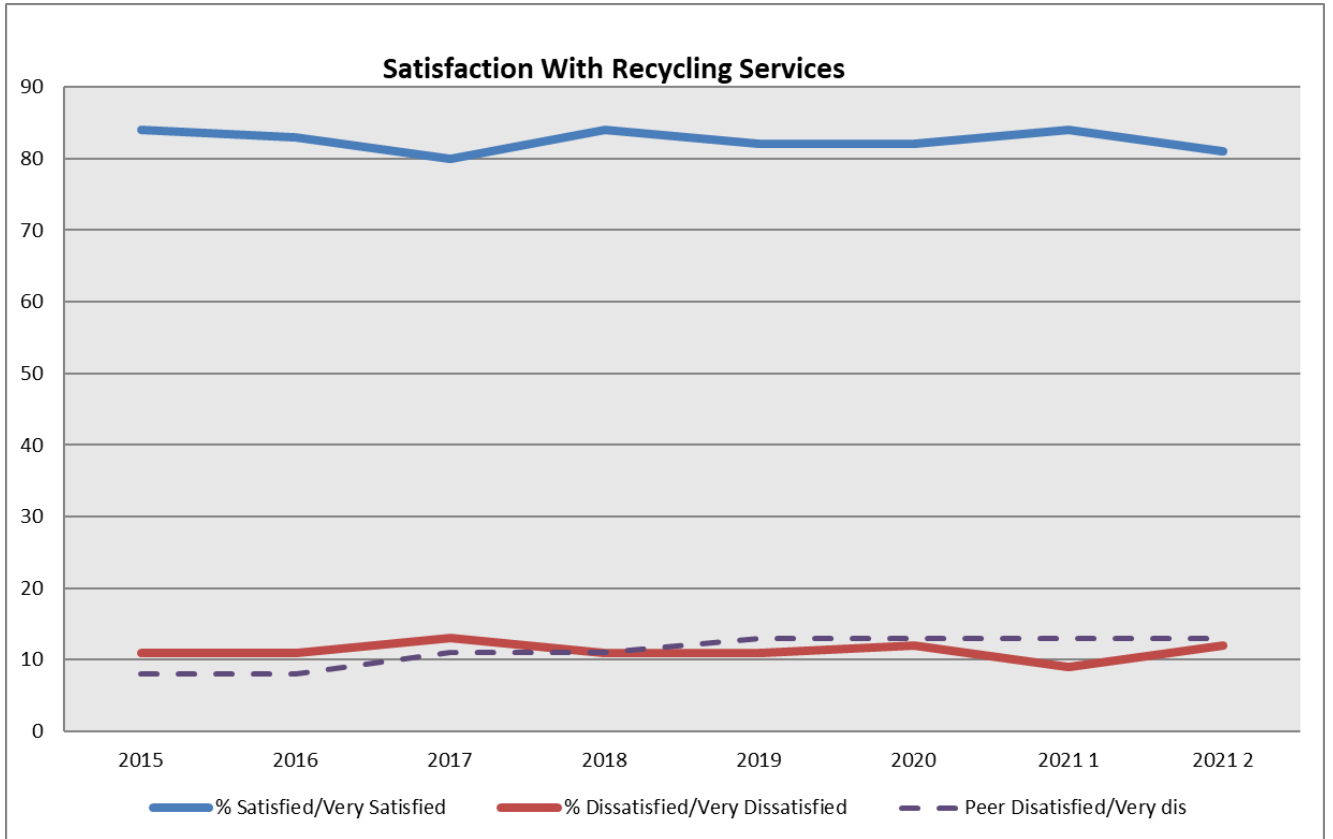




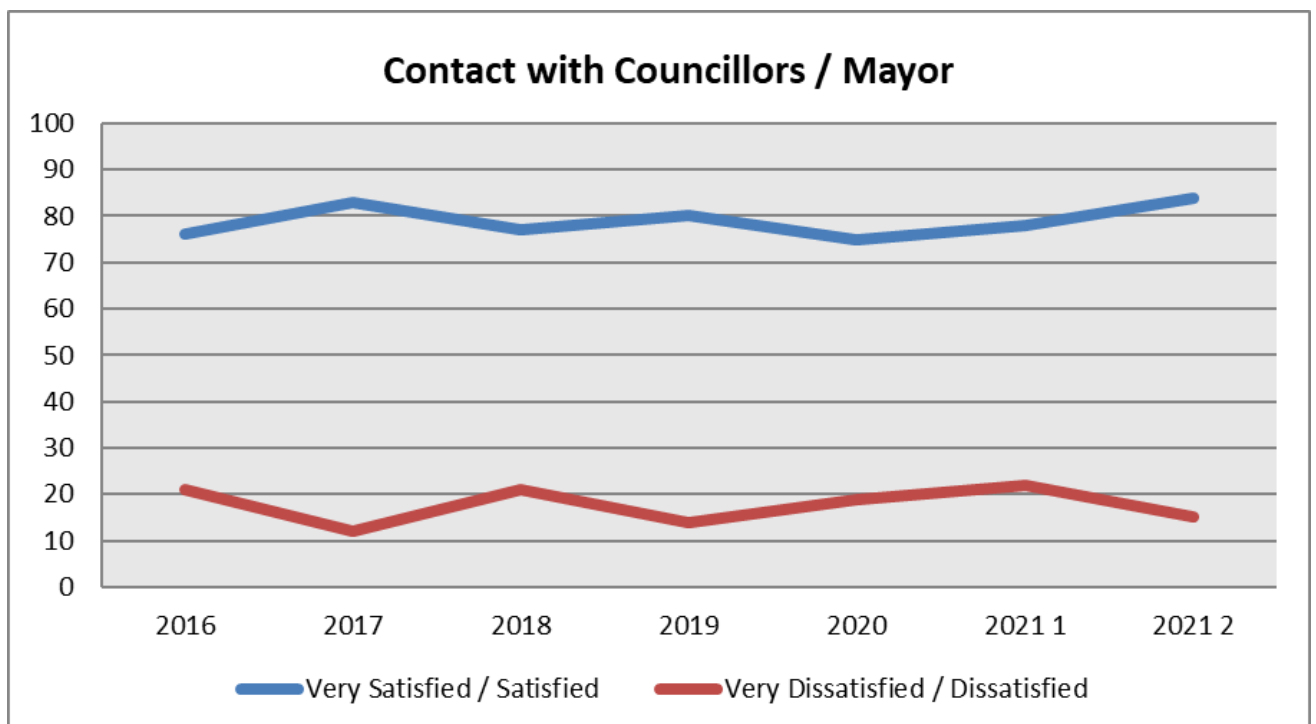
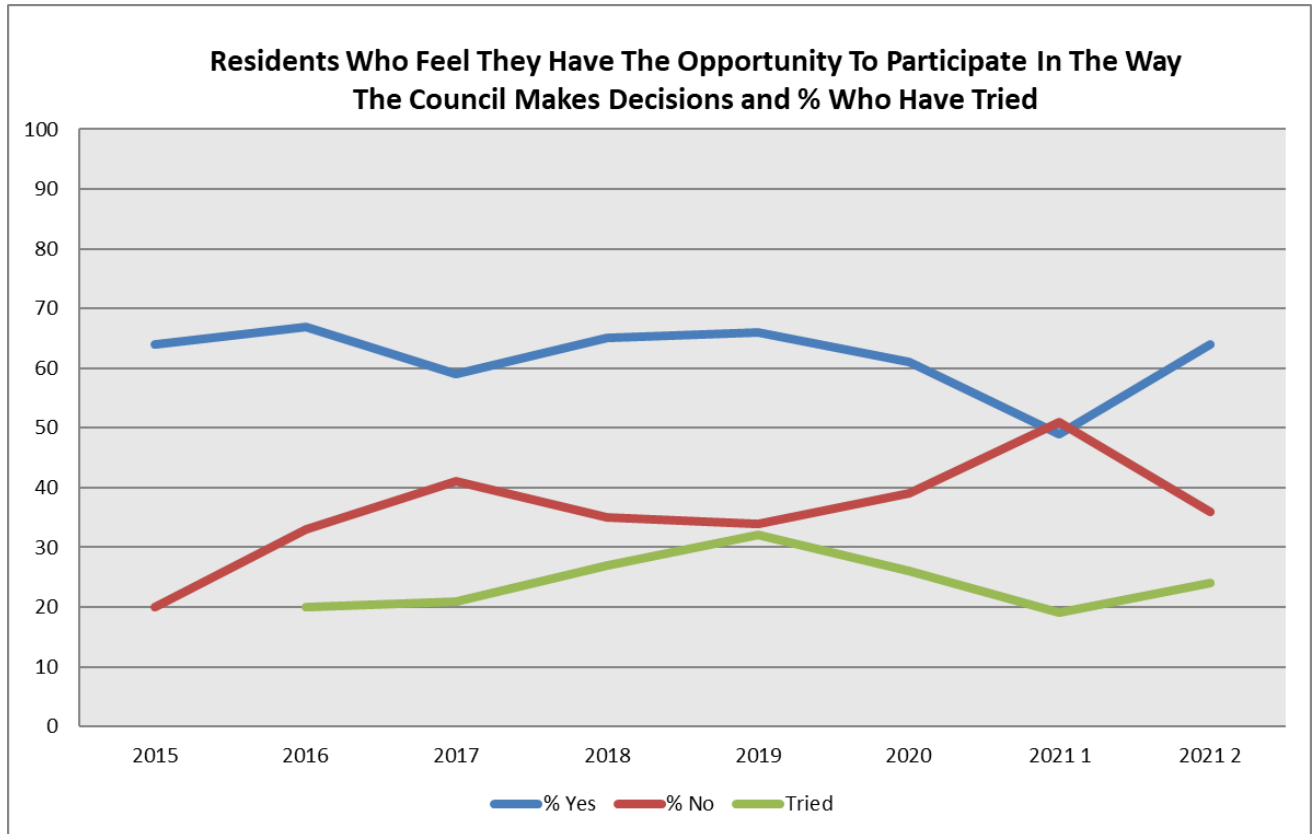




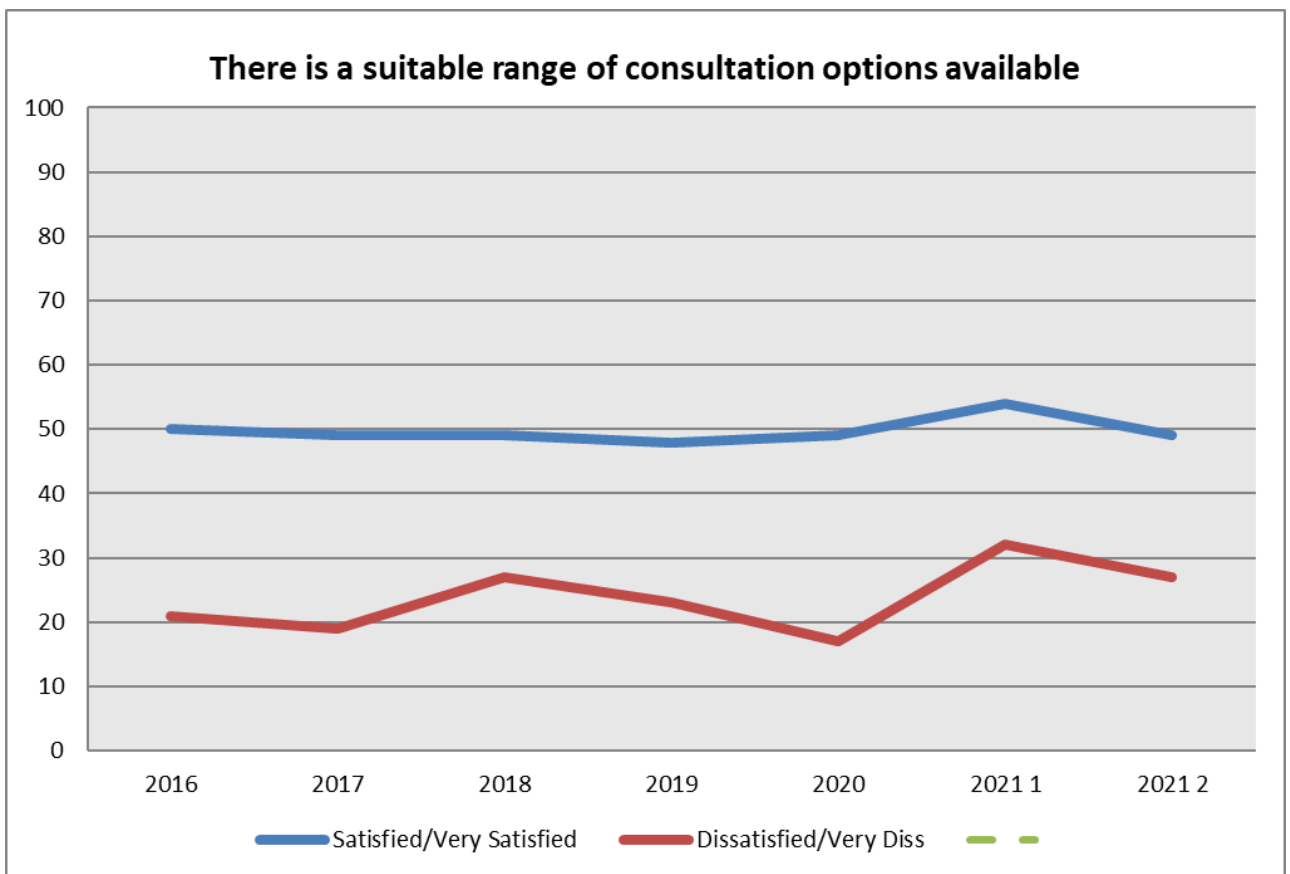
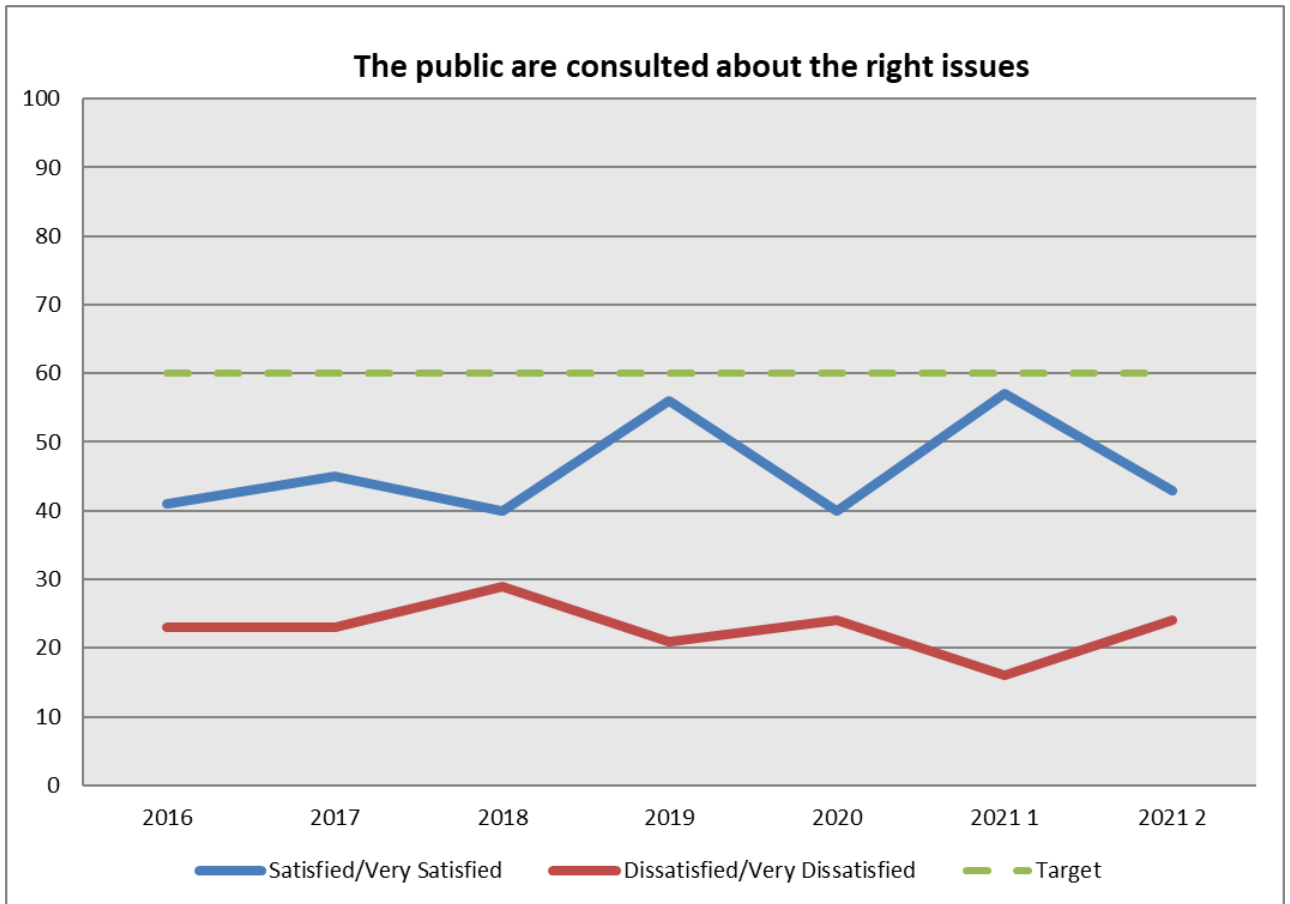


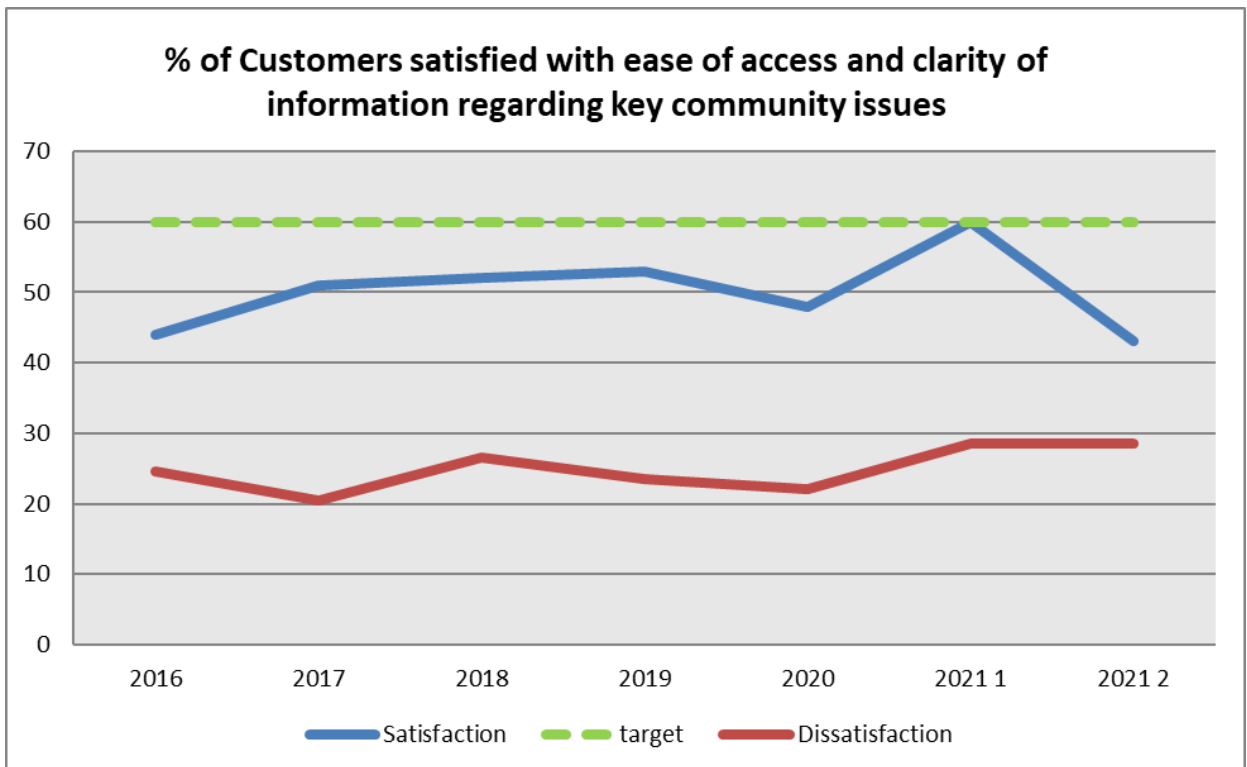
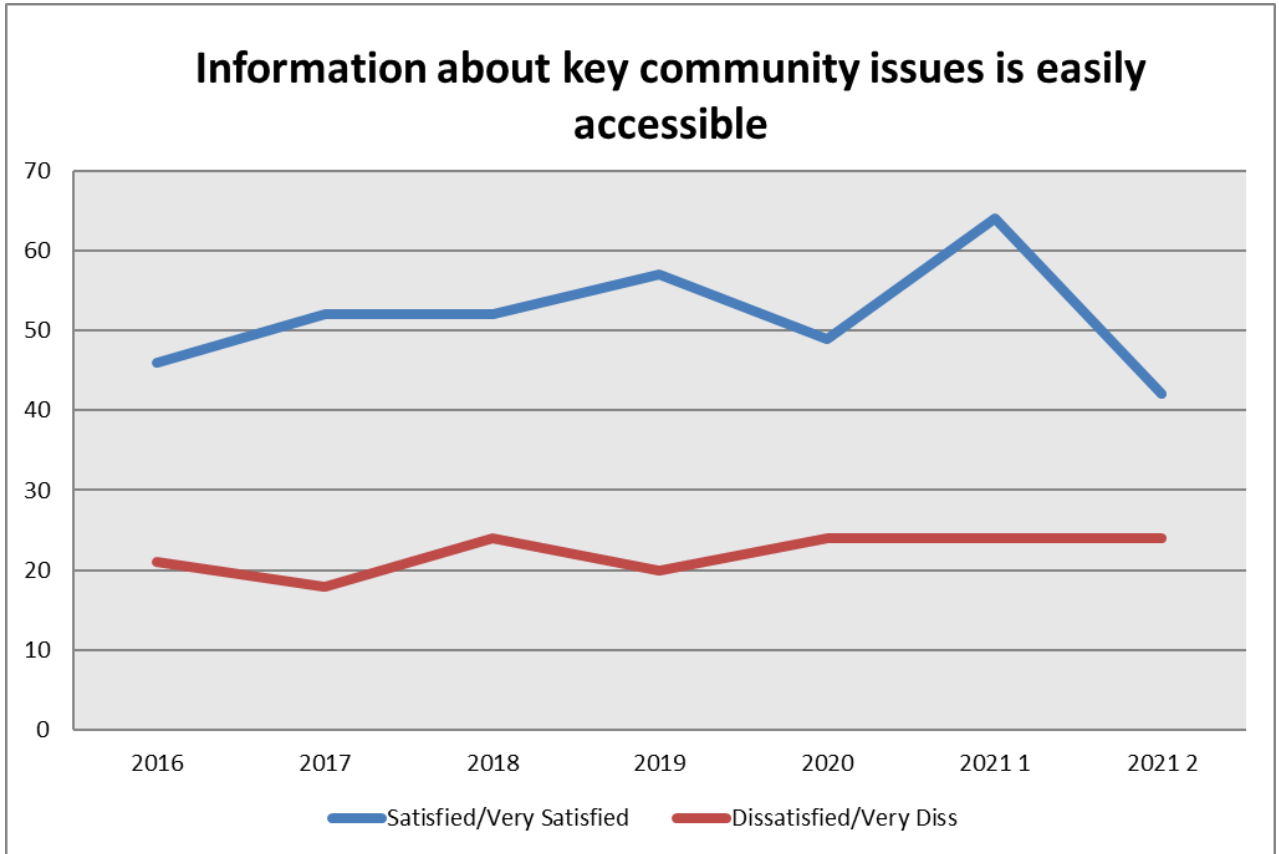


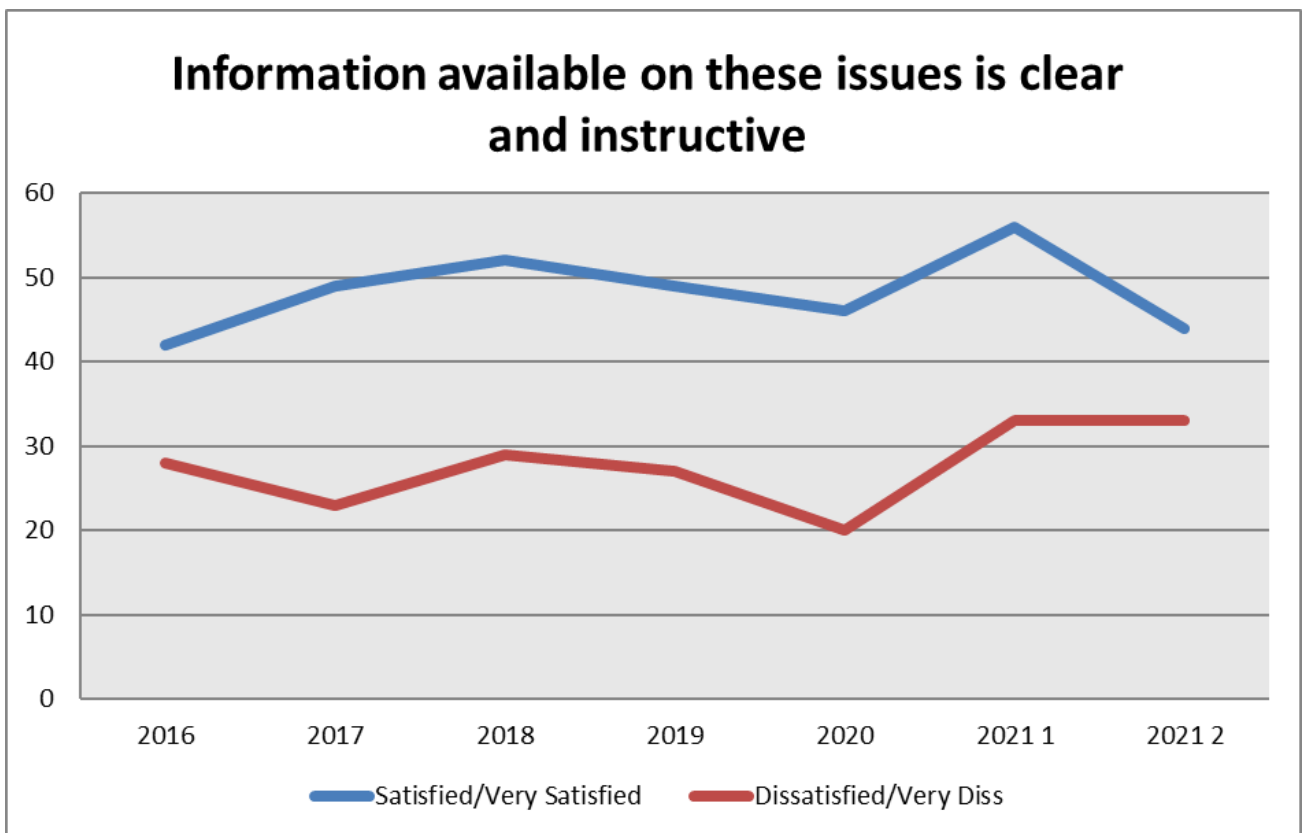
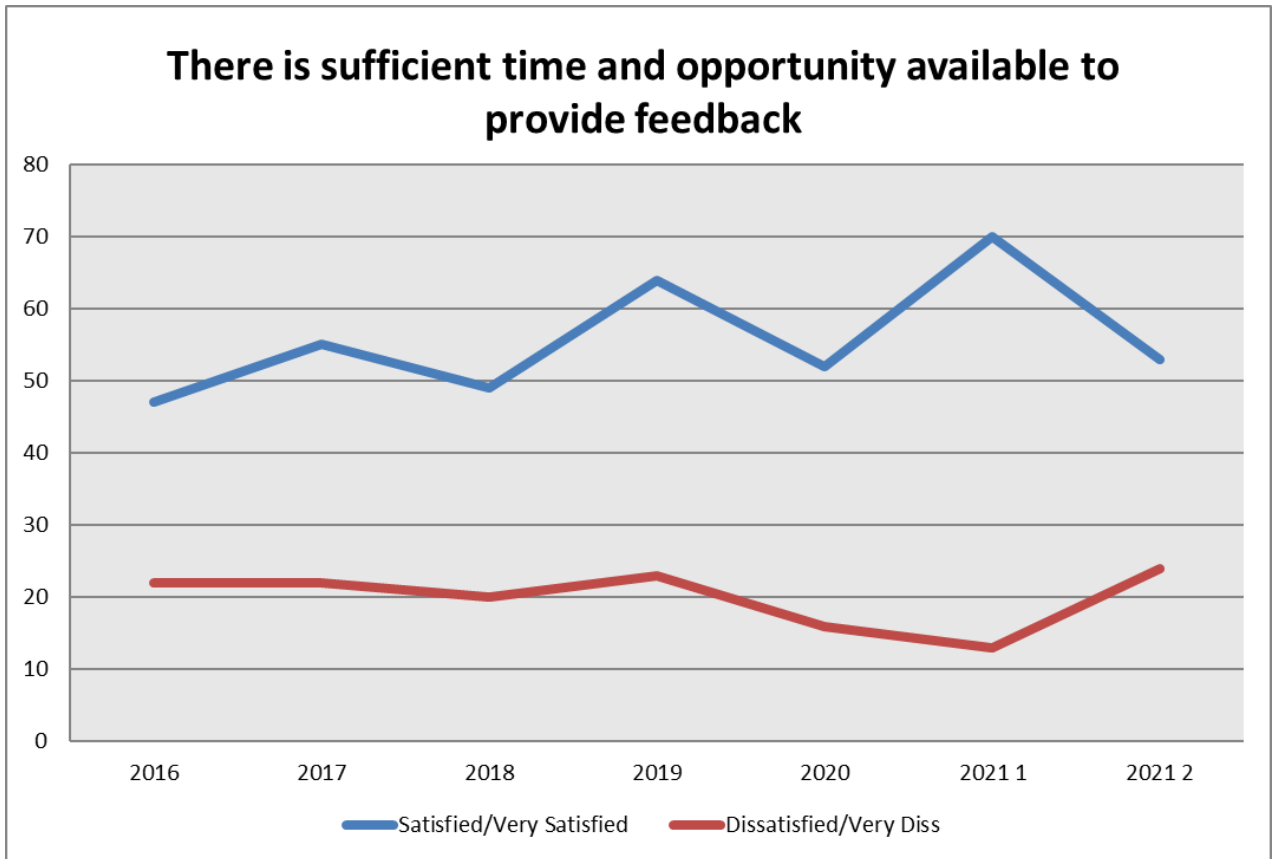
Governance / Democracy Questions

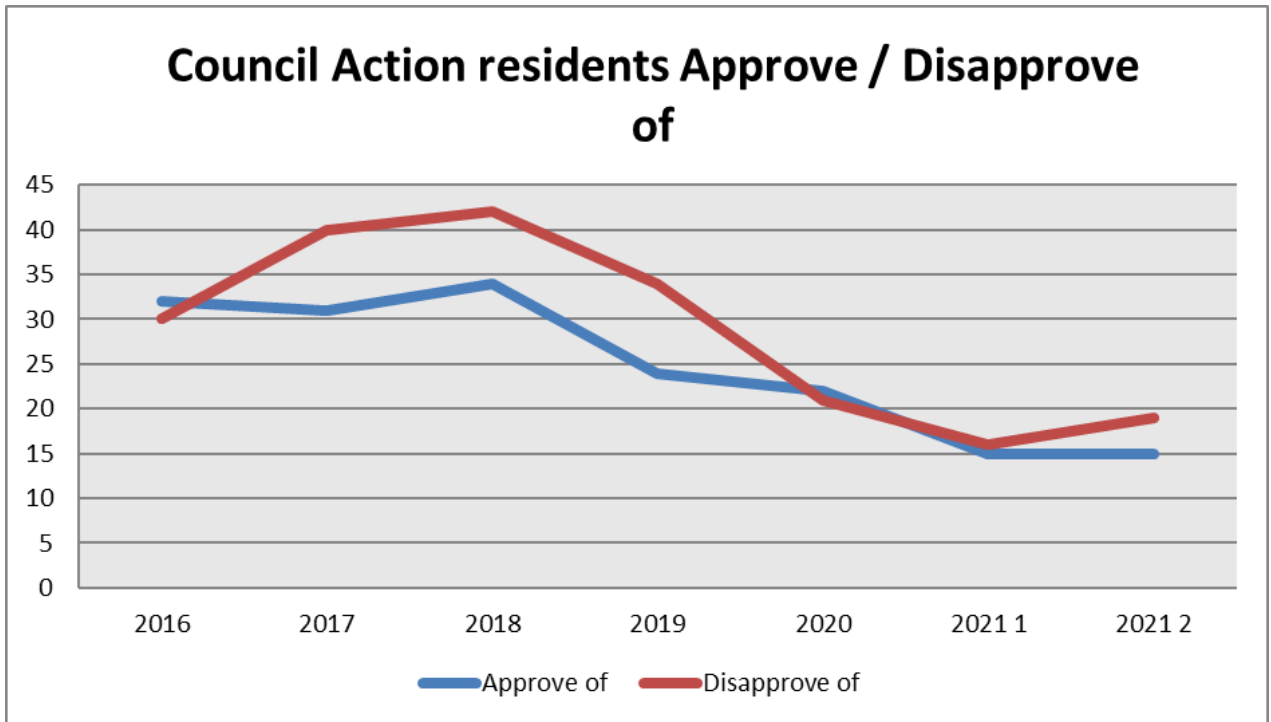


* The quarterly result for Contact with Councillors/Mayor has a large margin of error. Only 9 people responded to this question in the second quarter (4 were very satisfied, 4 satisfied and 1 dissatisfied) In the first quarter only 4 people responded to this question (3 were satisfied and 1 was very dissatisfied)

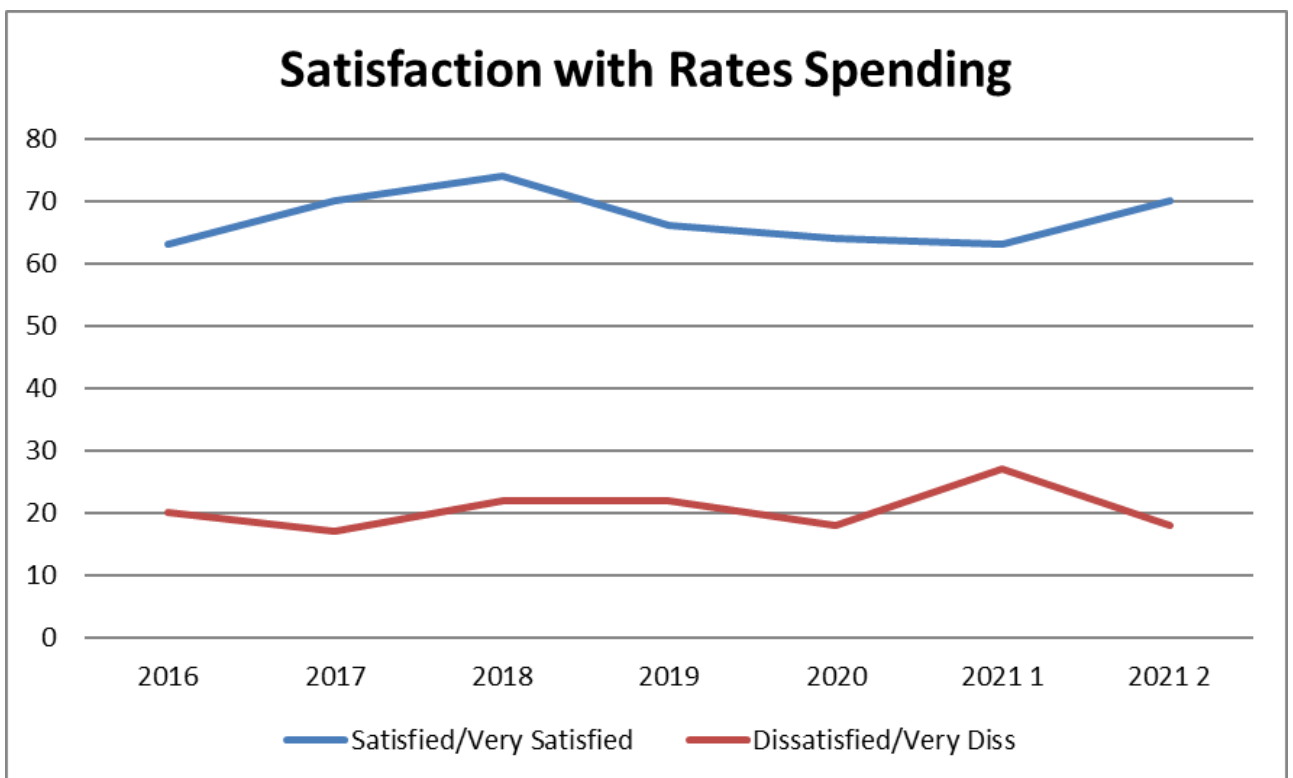
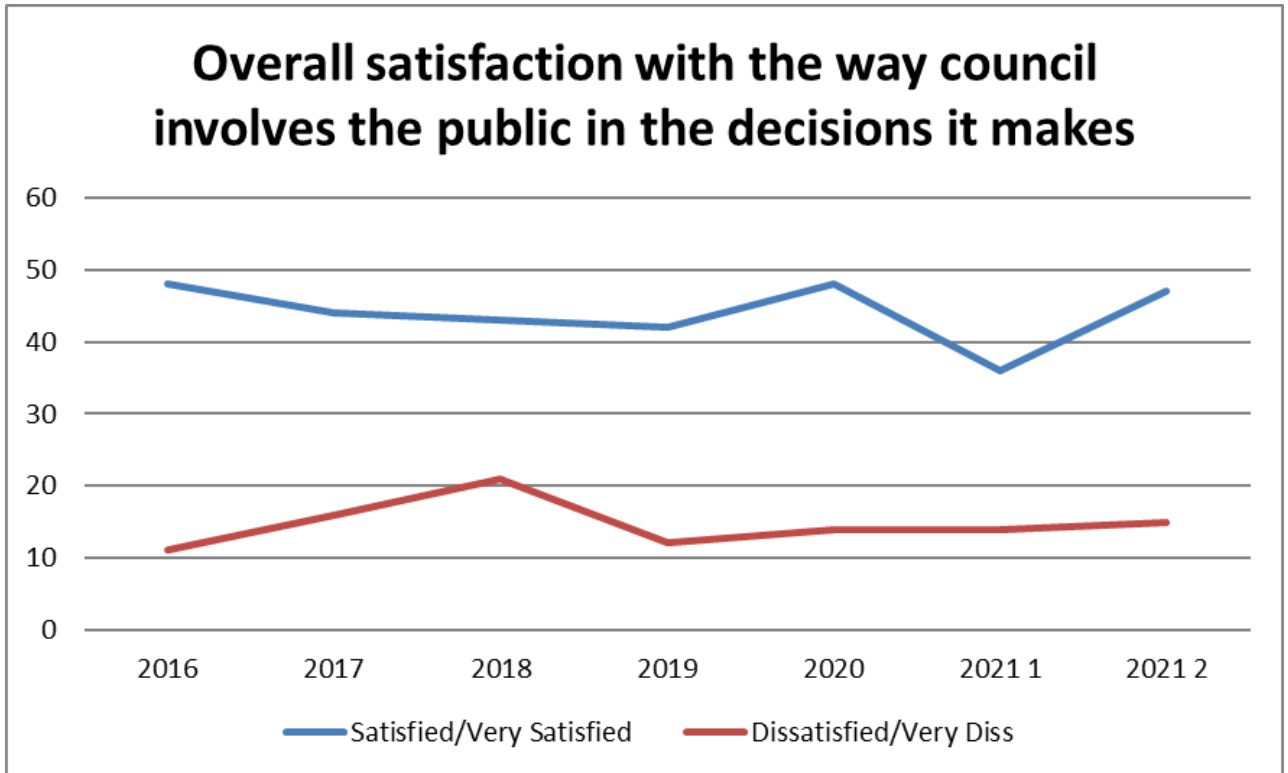


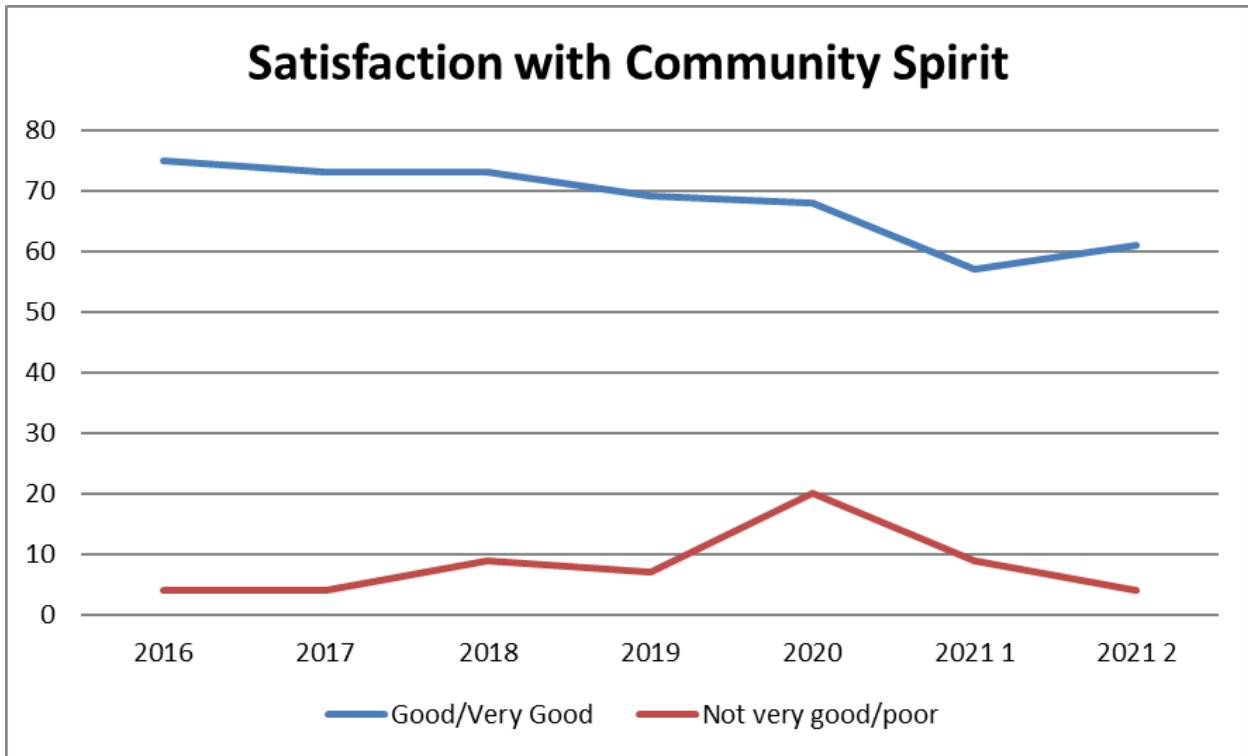


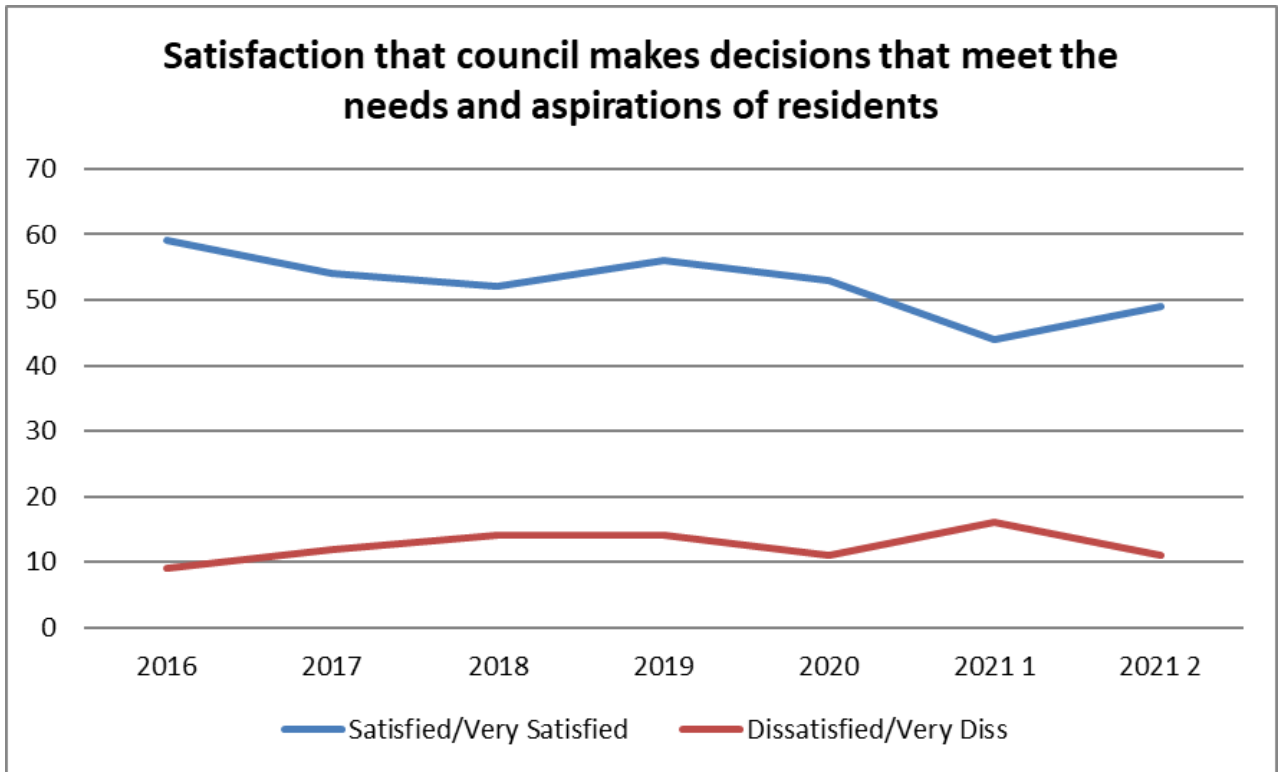




Engagement Questions







Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	Monday, 15 March 2021
Prepared by	Matthew Horsfield Democracy Advisor
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Exclusion of the Public

I. RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item number 1 – Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item 2.1 Statue Barred Rates and Water Debtor Balances Written off on 30 June 2020		

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 public, as follows:

Item No.	Section	Interest
Item Confirmation Minutes	I of	Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2.1 Statute Barred Rates and Water Debtor Balances Written off on 30 June 2020	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.