

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY 3 MAY 2021** commencing at **9.30am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFIRMATION OF STATUS OF AGENGA.**
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	21 April 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 22 March 2021.

2. RECOMMENDATION

THAT the minutes of the meeting of the Strategy & Finance Committee held on Monday 22 March 2021 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

S&F Committee Open Minutes – 22 March 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 **MONDAY, 22 MARCH 2021** commencing at **9:31 am**.

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr AD Bech [*from 9:38am*]
Cr JA Church
Cr SL Henderson
Cr SD Lynch
Ms Maxine Moana-Tuwangai
Cr FM McNally
Cr JD Sedgwick
Cr NMD Smith
Cr LR Thomson

Attending:

Mr Kelvin French, Chief Executive, Waikato Local Authority Shared Service

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Mr R MacCulloch (General Manager Service Delivery)
Mr C Bailey (Finance Manager)
Mr J Quinn (Communications, Marketing & Engagement Manager)
Mrs S O’Gorman (General Manager Customer Support)
Mr V Ramduny (Strategic Projects Manager)
Mr J Ebenhoh (Planning & Policy Manager)
Mr B Burnand (Project Manager – Long Term Plan)
Ms M May (Community Connections Manager)
Ms S Baker (Community Venues and Events Team Leader)
Mr M Horsfield (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Cr Thomson/Ms Moana-Tuwhangai)

THAT an apology be received from Cr Eyre, Cr McGuire and Cr Patterson;

AND THAT an apology for lateness be received from Cr Bech.

CARRIED

S&F2103/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Woolerton)

THAT the agenda for a meeting of the Strategy & Finance Committee held on Monday, 22 March 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;

AND FURTHER THAT in accordance with Standing Order 9.4 the order of business be changed with agenda item 7.4 [*Draft Statement of Intent for 2021/2022*] and item 7.5 [*Council Controlled Organisations' Interim Accounts*] being considered after item 6.4;

AND FURTHER THAT other items be considered at an appropriate time during the course of the meeting.

CARRIED

S&F2103/02

DISCLOSURES OF INTEREST

His Worship the Mayor and Cr Church advised members of the Committee that they would declare a non financial conflict of interest in item 7.4 [*Draft Statement of Intent for 2021/2022*] and item 7.5 [*Council Controlled Organisations' Interim Accounts*].

CONFIRMATION OF MINUTES

Resolved: (Crs Henderson/Lynch)

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

CARRIED

S&F2103/03

REPORTS

Action Register

Agenda Item 5

The report was received [*S&F2103/02 refers*]. The following matters were discussed:

- Media Report – Article referred to in the previous meeting has now been circulated.

ACTION: Staff to amend action register status update to reflect the circulation of the article relating to unpaid rates.

Draft Statement of Intent for 2021/2022

Agenda Item 7.4

The report was received [*S&F2103/02 refers*] and the Finance Manager gave a verbal update and the following matters were discussed:

- Mr French from Waikato Local Authority Shared Services spoke to his report. The report provided an overview of progress achieved and direction for the future.
- Waikato Local Authority Shared Services had established the Foundation for Success, a robust strategy for business cases and continual development of relationships with Chief Executives and Council Staff.
- Waikato Local Authority Shared Services had faced challenges in the last 12 months. They were categorised into five areas.
 - Resistance to change.
 - Prioritisation of Councils within Waikato Local Authority Shared Service.
 - Staff resourcing.
 - Potential for change within councils and effective management.
 - Acknowledge Councils were facing increasing uncertainty.

- Central solution for these challenges was Chief Executive support for Waikato Local Authority Shared Services to develop the best possible business cases and impress support for Waikato Local Authority Shared Services on staff.
- Waikato Local Authority Shared Services would continue to identify priority projects, encourage Councils to think differently and save costs. Vision is for Waikato Local Authority Shared Services to be seen by local Councils as an enabler to continually improve service delivery.
- Waikato Local Authority Shared Services would continue to advance a transformation agenda.
- Waikato District Council was an important partner for Waikato Local Authority Shared Services and provided resources to achieve outcomes.
- Relationship between the Building consent group and Kainga Ora. Waikato Local Authority Shared Services would work in parallel with Kainga Ora.
- Kainga ora, needed to understand the touch points and long term consenting impacts.
- Waikato Local Authority Shared Services concern was associated with staff retention.
- Liability concerns regarding Kainga Ora consents were being investigated. These sat with Kainga Ora. Different processes exist depended on refurbishments or new developments. Kainga ora issues the code of compliance.

ACTION: General Manager Customer Support to provide an update to elected members regarding Kainga ora liability concerns once the Rice Speir report is completed.

- Consenting agreements with Kainga Ora would be consistent with similar agreements that Council had with Kainga Ora.
- A subsidiary of Kainga Ora provided consents for Kainga Ora developments. Projects were subject to audit.

Resolved : (Cr Sedgwick/Woolerton)

THAT pursuant to section 64 of the Local Government Act 2002 the Strategy & Finance Committee will provide feedback on Council Controlled Organisation draft Statement of Intent for 2021/22 no later than 30 April 2020.

CARRIED

S&F2103/04

Cr Bech entered the meeting at 9.38am (during discussion and was not present when voting took place).

Council Controlled Organisations' Interim Accounts

Agenda Item 7.5

The report was received [S&F2103/02 refers] and no discussion was held.

Consideration of Conservation Fund Applications

Agenda Item 6.1

The report was received [S&F2103/02 refers] and discussion was held on the following matters:

- Weed spraying – Some portions of land were difficult to access, and for spraying to be effective the whole area needed to be completed.
- Current applications fall under the current delegation and current council policies.
- Pest management – Funding criterias were different depending on Regional or District Councils.
- Council should not fund the majority of development costs.

Resolved: (Cr Bech/His Worship the Mayor)

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.

CARRIED

S&F2103/05

Crs McNally, Smith and Woolerton voted against the resolution and requested their dissenting votes be recorded.

Update on Economic and Community Development Work Programme – March 2021
Agenda Item 6.2

The report was received [S&F2103/02 refers] and discussion was held on the following matters:

- Business survey – survey had been initiated in the same format as last year and would look to measure results against 2020 outcomes. Council would contact businesses, with particular attention being given to the same businesses that were engaged in 2020. The survey would be completed by the end of March 2021. Analysis would be completed by the end of April 2021.
- COVID-19 – initiatives such as the Pop-up Business School aimed to assist people starting new businesses and could assist with sustaining economic activity.
- Funding review - rolling out community led development training. Supports governance training, funding applications, co-operation and project management.
- Youth engagement and employment - Three young leaders were sourced from the youth unit at Tuakau.

Submission on the Waikato Regional Transport Plan 2021-2051
Agenda Item 6.3

The report was received [S&F2103/02 refers] and the Strategic Projects Manager gave a verbal update and the following matters were discussed:

- Projects and programmes contained in the report would help make our communities and the regions better connected and accessible as well as contribute to economic development.
- Future funding challenges regarding transport infrastructure to support growth.
- Staff noted that references to Ohinewai in the Transport Plan needed to be removed. The Draft Waikato Regional Transport Plan stated that there was significant growth pressure in locations that had not been planned for, such as Ohinewai.
- Rail Corridor – rail investment decisions in Auckland had affected the extension of electrification to Pokeno and Tuakau.
- Road Safety & Safe network programme – Council was not able to fund this in the LTP 2021-2031. It would need to be funded by NZTA.
- SH23/39 roundabout - needed to be included in the Waikato Regional Transport Plan. The project would need to be funded by NZTA.
- Integrated transport with Auckland - needed to be adopted in the Waikato Regional Transport Plan and more emphasis was required. Caution would need to be taken in

understanding the impact of integration with Auckland and the affects on housing and economic development.

- Increased mobility scheme – Allocation is contained within the proposed Waikato District Council LTP.
- Te Kauwhata as a potential train station.
- The public had expressed excitement for the Te Huia train service.
- The issue of increased traffic travelling east through main arterial roads in the district had not been addressed in the report.

ACTION : Staff to monitor the change in traffic flows in main arterial roads in the east of the district.

Resolved: (Cr Woolerton/McInally)

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;

AND FURTHER THAT the Strategy & Finance Committee recommends to Council the inclusion of additional comments within the submission on the draft Waikato Regional Land Transport Plan 2021-2051.

CARRIED

S&F2103/06

Hall Catchment and Targeted Rate Review

Agenda Item 6.4

The report was received [*S&F2103/02 refers*] and discussion was held.

ACTION: Staff to inform elected members what changes are required to the 8 halls.

- Increasing the catchment does not include every rate payer. Catchment for halls were localised.
- Possibility that halls are included in the general rate. This approach would be problematic and hard to impose.
- Looking to get feed back regarding the proposal.
- Conversation had that halls are done as general rates. Not everyone is target rated.

Resolved: (Cr Smith/Woolerton)

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.

CARRIED

S&F2103/07

Financial performance summary for the period ending 28 February 2021
Agenda Item 7.1

The report was received [*S&F2103/02 refers*] and discussion was held on the following matters:

- The Treasury Compliance report had dealt with issues relating to compliance.
- \$5.5 million of capital expenditure incurred at February. All figures were year to date.
- Penalties written off included rates penalties.
- Other expenses included activity expenditure.
- Interest rates received were market rates. Interest paid on debt - Council followed the Treasury Management policy and covered interest rates exposure. Council was presently paying about 4.3% on interest rate swaps. There was a fixed cover in place to protect the Council budget.

The goal for the draft LTP was to achieve zero points in Council reserves and forecasting cashflow was important.

- Council only borrowed funds when needed.
- Highway revocation - timing was not critically material but was unfavourable overall. When assets were vested, costs were incurred.
- Council was not achieving completed capital expenditure projects. More clarity was required regarding capital expenditure. Periods of non-vesting were not helpful to ratepayers.

Operational Budget Review
Agenda Item 7.2

The report was received [*S&F2103/02 refers*] and no discussion was held.

Approved Counterparty Review
Agenda Item 7.3

The report was received [*S&F2103/02 refers*] and discussion was held.

- Credit rating from the Reserve Bank was current as of 29 September 2020.
- Staff have checked that this is correct.

Local Government Funding Agency Half Year Report and Draft Statement of Intent
Agenda Item 7.6

The report was received [*S&F2103/02 refers*] no discussion was held.

Civic Financial Services – Statement of Intent for 2021
Agenda Item 7.7

The report was received [*S&F2103/02 refers*] and no discussion was held.

2020-2021 Second Quarter Non-Financial Performance Report
Agenda Item 7.8

The report was received [*S&F2103/02 refers*] and no discussion was held.

The meeting adjourned at 10:41am and resumed at 11:06am.

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (Crs Woolerton/McInally)**THAT the public be excluded from the whole or part of the meeting to enable Council to deliberate and make decisions on the following items of business:**

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 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2.1 Statue Barred Rated 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

There being no further business the meeting was declared closed at 11:37am.

Minutes approved and confirmed this day of 2021.

Cr J Gibb
CHAIRPERSON

Open Meeting

To	Strategy and Finance Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	12 April 2021
Prepared by	Sandy Mason Personal Assistant
Chief Executive Approved	Y
Reference #	GOV1318 / 3061308
Report Title	Action Register – April 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 – April 2021

Strategy and Finance Committee's Action Register – April 2021

Meeting Date	Action	Team/Person Responsible	Status Update
22 March 2021	<p>Agenda item 5 Action Register</p> <p>Media Report – Article referred to in the previous meeting has now been circulated.</p> <p>Action: Staff to amend action register status update to reflect the circulation of the article relating to unpaid rates.</p>	Personal Assistant	Article relating to the unpaid rates was circulated after the last meeting.
	<p>Agenda item 6.3 Submission on the Waikato Regional Transport Plan 2021 – 2051</p> <p>Action: Staff to monitor the change in traffic flows in main arterial roads connecting the Waikato Expressway to the east of the district (Tahuna Road was raised as a particular case in point).</p>	Vishal Ramduny	Council's submission on the Waikato Regional Land Transport Plan 2021-2051 was submitted on 22 March 2021. Cr Aksel Bech and Vishal Ramduny presented the submission at the Regional Transport Committee hearing on 16 April. The issue of monitoring the traffic flows along Tahuna Road was raised as part of the presentation.

Meeting Date	Action	Team/Person Responsible	Status Update
	<p>Agenda item 6.4 Hall Catchment and Targeted Rate Review</p> <p>Action: Staff to inform Council what are the 8 halls that still require changes to be made.</p>	Samantha Baker – Service Delivery	<p>The following halls have been identified as stage two:</p> <ul style="list-style-type: none"> - Waikaretu - Glen Murray - Mangatangi - Horshams Downs. <p>The following have been identified as stage three:</p> <ul style="list-style-type: none"> - Ohinewai - Pokeno - Matangi. <p>Staff will continue to work with Meremere and Raglan Town Hall to identify what (if any) work they want undertaken as they have identified that they are unsure in their feedback.</p>
	<p>Agenda item 7.4 Draft Statement of Intent 2021/2022</p> <p>Action: General Manager Customer Support will provide an update to Council regarding Kainga Ora liability concerns once the Rice Speir Report is completed.</p>	General Manager Customer Support	This report/discussion will be tabled at the Policy and Regulatory Committee Meeting on 28 April and a further report/brief to Audit and Risk on 8 June.

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Office
Date	20 April 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1303
Report Title	The Whenua Māori Rating Amendment Bill

I. EXECUTIVE SUMMARY

This report provides an update on the Whenua Māori Rating Amendment Bill, the changes required to implement the provisions of the bill and the financial impacts on council.

The Whenua Māori Rating Amendment Bill passed its third reading yesterday, modernising Māori land rating laws that have been largely untouched since 1924. The Bill gives better recognition to communal ownership of whenua Māori, and situations where multiple houses are on one land block. It also makes unused Māori land unrateable, including land under Ngā Whenua Rāhui covenants.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. BACKGROUND

On 12 April 2021, the Local Government (Rating of Whenua Māori) Amendment Act was enacted. The Act makes changes to the rating of Māori land, looking to reduce the barriers for effective partnership between local government and Māori, encourage development and modernise the rating legislation.

Some of the changes are already in force, but the most substantive provisions do not come into force until 1 July 2021, giving councils time to review their internal systems and implement any new processes that may be needed.

The Bill provides:

- Local authorities with the power to write off rates arrears on any land where they cannot be recovered or, in the case of Māori land, where a person has effectively inherited rates arrears from a deceased owner.
- For Māori land rating units that are entirely unused and Māori land protected by Ngā Whenua Rāhui kawenata to be non-rateable.
- A statutory remission process to promote rates remissions for Māori freehold land under development.
- Allowance for multiple rating units of Māori freehold land to be treated as one for the purposes of calculating rates if they are used as one economic unit, which will reduce uniform charges and lower the overall rates charged.
- For multiple homes on a rating unit of Māori freehold land to have separate rate accounts if the owner requests, which will enable owners to access rates rebates.

4. NEXT STEPS AND ISSUES

The implementation steps are outlined below. The steps are shown in order, although some actions may overlap.

1. Identify the Māori land in the district.
2. Establish the training and communications plan.
3. Establish internal processes and protocols about use of the write off power.
4. Prepare for making unused land non-rateable.
5. Prepare for making land subject to Ngā Whenua Rāhui kawenata non-rateable.
6. Establish internal processes to provide for separate rate assessments.
7. Review other Māori land that is currently or partially non-rateable.
8. Review abandoned land and rating sale procedures.

At the present time there are 686 properties in the district that are Maori Freehold Land (“MFL”) as ordered by the Maori Land Court and as shown on the title deeds.

The amendment gives councils the power to write off rates arrears on any land where they cannot be recovered or, in the case of Maori Freehold Land, a person has effectively inherited rates arrears from a deceased owner.

In addition, all unused/unproductive MFL and land covered by Ngā Whenua Rāhui kawenata will be non-rateable from 1 July 2021.

Currently arrears on Maori Freehold Land amount to \$0.8 million and may increase by \$0.2 million each rating year. The basis for bad debt provisions on 30 June 2021 will be reviewed to take account of any increased potential for unpaid rates.

Rates on Maori Freehold Land are currently remitted on application only and are subject to several conditions, notably the land must be Maori Freehold Land and unproductive. The amendment makes unproductive MFL unrateable. Lost general rates income will be between \$0.4 million and \$0.6 million per year depending on property value changes due to the district valuation effective 1 July 2021.

Properties are currently rated as one rating unit. The amendments require, on application, that MFL be split into more than one rating unit if it comprises a dwelling and is used separately from the other land in the rating unit. The valuation of each rating unit will be determined by the valuation service provider, adding additional administration cost and burden.

The broader costs and benefits from rates remissions on Maori land under development, the ability of individual owners to access rates rebates and treating contiguous Maori Land properties as one for the purposes of calculating rates if they are used as one economic unit cannot currently be quantified.

The impact of these changes will be determined and brought to Council for review before the Long Term Plan 2021/31 is adopted at the end of June 2021.

5. ATTACHMENTS

NIL

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	20 April 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Updated 2021 Operational Budget Review

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 Operating 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.

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 was 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 results of the review indicate there are no issues that require further action.

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, there is an expectation the 2020/21 general rate surplus will be lower than that experienced previously. The reserve balance on 30 June 2021 is forecast to be approximately \$224,000. This is unchanged from the report to the Strategy & Finance Committee in March 2021.

- 4.2. Several budget review memos have been presented to either:
- Council Committees where there is a cost impact; or
 - The internal review processes.

These are summarised on the attachment ‘Summary of Budget Review Memos’. There are four budget review memos that are yet to be fully reviewed. None of these are expected to have any cost impacts. This report does not cover targeted rate funding issues.

5. CONCLUSION

The operational budget review conducted this financial year has not resulted in a return of funds to GARF. The final position will be determined when the accounts for this financial year are completed. Any GARF surplus 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 Budget Review Memos

Summary of Processed Budget Review Memos - 2020/21

25

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	Approved	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	-
BR21028	Memo	Pending	Information Management	Transfer budget into Office 365 Capital Project	-
BR21029	Memo	Pending	WOC	Re-alignment of Salary budgets to match actual home cost centre spent and budget allocated cost centre	-
BR21030	Memo	Pending	Customer Delivery	To ring fence Hamilton City Council savings from library agreement	-
BR21031	Memo	Approved	Community Assets	To utilize FTE surplus in Salary budgets of Community Assets team to fund ongoing support with asset management Steve Browning.	-
BR21032	Memo	Pending	Roading	River/Horotiu Bridge Road Intersection budget increased by NZTA - local share funded from savings LCLI	-
BR21033	Variation	Approved	Roading	Transfer budgets from Council managed budgets to WDA as per signed variations.	-
BR21034	Variation	Approved	Roading	Transfer budget from Council managed budget to WDA as per signed variation.	-
BR21035	Memo	Pending	Information Management	Transfer budget into Software Maintenance	-
BR21036	Memo	Approved	Three Waters	Three Waters Service Delivery Reform / Stimulus Programme - fully funded by DIA	-
BR21037	Memo	Pending	Community Connections	Tuakau Skate Park Project	-
BR21038	Memo	Pending	Org Planning & Project	Transfer budget from Our Success Programme to Pay Performance Recognition project	-
BR21039	Memo	Pending	Three Waters	Business Case (G1) - Te Kauwhata WWTP Upgrade Phase 2 interim MABR	-
BR21040	Memo	Pending	Three Waters	WGB2021 - 220KW Solar Array at Raglan WWTP	-
BR21041	Variation	Pending	Roading	Transfer budgets from Council managed budgets to WDA as per signed variations.	-

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	20 April 2021
Prepared by	Colin Bailey
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Treasury Risk Management Policy – Compliance Report as at 31 March 2021

I. EXECUTIVE SUMMARY

The purpose of this report is to inform the Strategy & Finance Committee of compliance with Treasury Risk Management Policy as at 31 March 2021.

All areas of treasury risk management are within policy limits.

- This report includes cash balances and borrowings as at 31 March 2021 and is based on the latest cashflow forecast. Cash flow so far this year is as forecast and no new borrowings 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. This is mainly due to lower than budgeted capital expenditure.

Further debt will not be required until the second half of 2021 to finance higher planned capital expenditure in the 2021/22 financial year.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

Treasury Risk Management Policy - Compliance Report at 31 March 2021

Waikato District Council

Treasury risk management policy - Compliance report

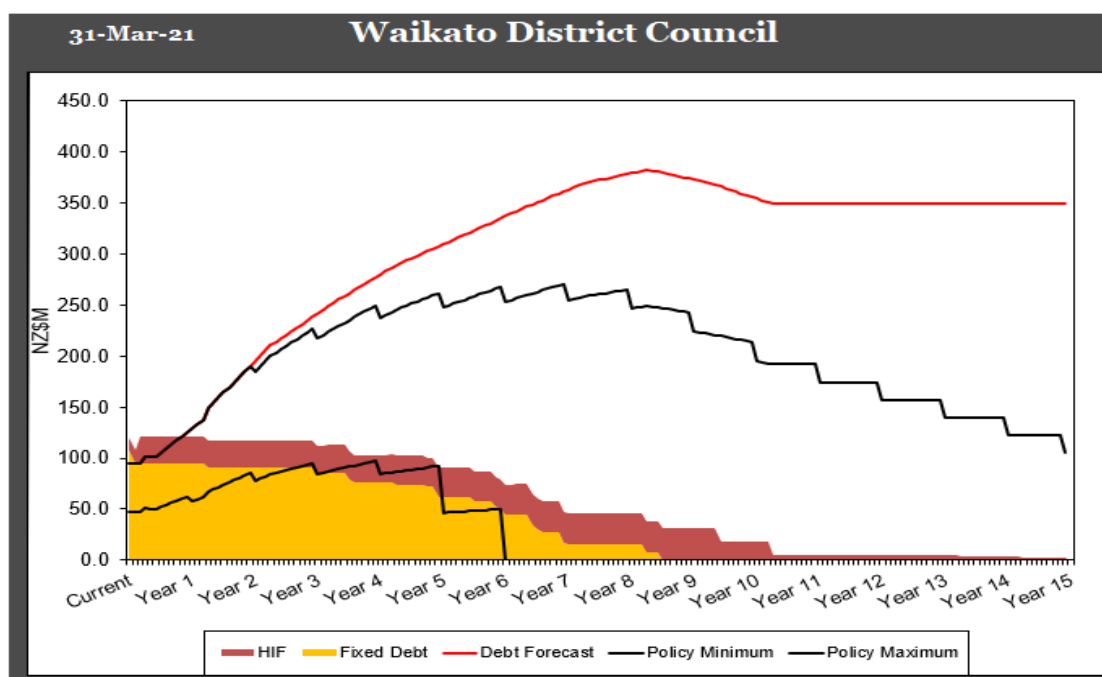
As at 31 March 2021

	Policy criteria	Policy limit	Actual	Within policy?																																								
1	The percentage of net external debt to annual revenue Net external debt = Total annual revenue =	<150%	44.4%	✓																																								
		total external debt (net of related borrower notes) less term deposits and available cash / cash equivalents																																										
		earnings from rates, government grants & subsidies, user charges, interest, dividends, financial and other revenue excluding non-government capital contributions (eg developer contributions and vested assets)																																										
2	Net interest expense on net external debt as a percentage of total annual revenue Net interest expense =	<20%	3.3%	✓																																								
		total interest and financing costs less interest income																																										
3	Net interest expense on net external debt as a percentage of planned annual rates	<25%	4.6%	✓																																								
4	Liquidity ratio Liquidity =	>110%	116%	✓																																								
		external term debt plus committed bank facilities plus available liquid investments as a percentage of external term debt																																										
5	Interest rate benchmark chart Comparison of actual monthly and year-to-date interest payable, including the cost of swaps in place vs borrowing the total debt amount at the combined average of the 90-day bill rate and the five-year investor swap rate over the last two years.																																											
	<table border="1"> <caption>Interest Rate Benchmark Chart Data (Estimated)</caption> <thead> <tr> <th>Month</th> <th>Benchmark (%)</th> <th>Budget (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>Mar-19</td><td>4.25</td><td>4.50</td><td>4.25</td></tr> <tr><td>Jun-19</td><td>4.25</td><td>4.50</td><td>4.45</td></tr> <tr><td>Sep-19</td><td>3.85</td><td>4.50</td><td>4.35</td></tr> <tr><td>Dec-19</td><td>3.95</td><td>4.25</td><td>4.40</td></tr> <tr><td>Mar-20</td><td>3.90</td><td>4.25</td><td>4.15</td></tr> <tr><td>Jun-20</td><td>3.75</td><td>4.25</td><td>4.50</td></tr> <tr><td>Sep-20</td><td>3.30</td><td>4.25</td><td>4.75</td></tr> <tr><td>Dec-20</td><td>2.95</td><td>4.25</td><td>4.70</td></tr> <tr><td>Mar-21</td><td>3.00</td><td>4.25</td><td>4.65</td></tr> </tbody> </table>				Month	Benchmark (%)	Budget (%)	Actual (%)	Mar-19	4.25	4.50	4.25	Jun-19	4.25	4.50	4.45	Sep-19	3.85	4.50	4.35	Dec-19	3.95	4.25	4.40	Mar-20	3.90	4.25	4.15	Jun-20	3.75	4.25	4.50	Sep-20	3.30	4.25	4.75	Dec-20	2.95	4.25	4.70	Mar-21	3.00	4.25	4.65
Month	Benchmark (%)	Budget (%)	Actual (%)																																									
Mar-19	4.25	4.50	4.25																																									
Jun-19	4.25	4.50	4.45																																									
Sep-19	3.85	4.50	4.35																																									
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Dec-20	2.95	4.25	4.70																																									
Mar-21	3.00	4.25	4.65																																									
6	Actual borrowing costs are <= budgeted borrowing costs Current month Year to date	<u>Budget</u> \$457,750 \$4,119,750.00	<u>Actual</u> \$267,539 \$3,423,701	✓ ✓																																								

7	Current interest rate swaps (including forward starts)												
	<u>Amount</u>	<u>Effective date</u>	<u>Termination date</u>										
	\$												
	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> NZ registered banks (each) - ANZ / National - ASB - BNZ - HSBC - Westpac	\$30m	<table border="1"> <tr> <td>\$0m</td> <td>✓</td> </tr> <tr> <td>\$0m</td> <td>✓</td> </tr> <tr> <td>\$19.11m</td> <td>✓</td> </tr> <tr> <td>\$0m</td> <td>✓</td> </tr> <tr> <td>\$0m</td> <td>✓</td> </tr> </table>	\$0m	✓	\$0m	✓	\$19.11m	✓	\$0m	✓	\$0m	✓
\$0m	✓												
\$0m	✓												
\$19.11m	✓												
\$0m	✓												
\$0m	✓												

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

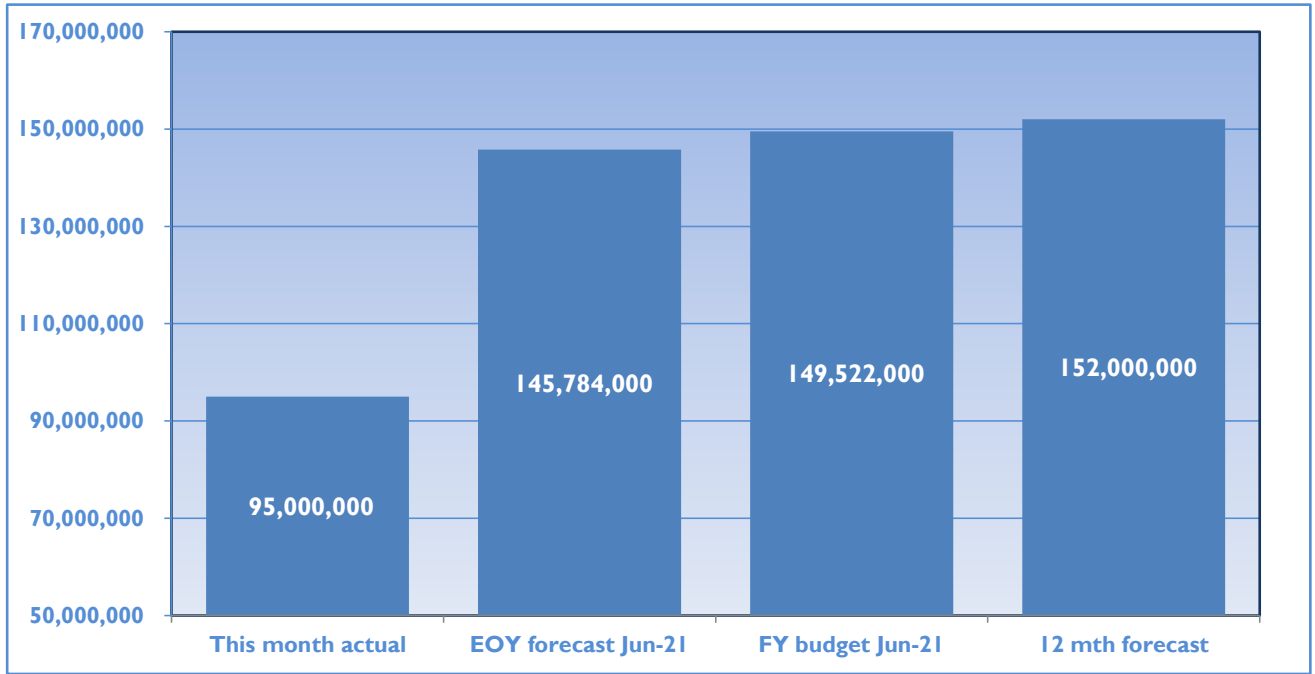
Debt period ending	\$m	Policy criteria	Actual	Within policy
Current	160	50% - 100%	75%	✓
Year 1	129	45% - 100%	93.9%	✓
Year 2	195	40% - 95%	60.1%	✓
Year 3	242	35% - 90%	46.5%	✓
Year 4	280	30% - 85%	36.9%	✓
Year 5	310	15% - 80%	29.2%	✓
Year 6	337	0% - 75%	21.8%	✓
Year 7	363	0% - 70%	12.6%	✓
Year 8	379	0% - 65%	12.2%	✓
Year 9	373	0% - 60%	7.6%	✓
Year 10	354	0% - 55%	4.4%	✓



	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%	3.2%	✓
		finance expenses per statement of comprehensive revenue and expense		

15 Borrowing at March 2021

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



16	Actual monthly (gross) borrowing is within end-of-year budget	\$149,522,000	\$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%	✓

31-Mar-21 **Waikato District Council**

Committed Loan/Stock/Facilities/Investments \$108.5m Policy Liquidity Ratio >= 110%

Current External Debt \$93.5m Current Liquidity Ratio 116%

Current Net Debt (ex pre-funding) \$93.5m 12 month Peak Net \$128.5m

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

Maturity Date Bucket	Drawn Loans	Commercial Paper	Available	Linked Deposits
0-1	24.0	0.0	15.0	0.0
1-2	5.0	0.0	0.0	0.0
2-3	19.0	0.0	0.0	0.0
3-4	9.0	0.0	0.0	0.0
4-5	19.0	0.0	0.0	0.0
5-6	5.0	0.0	0.0	0.0
6-7	9.0	0.0	0.0	0.0
7-8	0.0	0.0	0.0	0.0
8-9	0.0	0.0	0.0	0.0
9-10	0.0	0.0	0.0	0.0
10-11	0.0	0.0	0.0	0.0

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			118
	Short-term bank deposits			33,600
	Total investments			33,600
				\$17,879
	For treasury purposes, LGFA borrower notes are netted off against related borrowing			
19	Community loans			
	<u>Borrower</u>	<u>Current balance \$\$</u>	<u>Maturity date</u>	<u>Interest rate</u>
	Tamahere Hall Committee	52,992	Jun-22	} both at 5.32%
	Te Kowhai Hall Committee	7,179	Jun-22	
	Opuatia Community Centre (ex Franklin loan)	-	Dec-20	0%
		<u>\$60,171</u>		
		<u>\$60,171</u>		
	Policy criteria	Policy limit	Actual	Within policy?
20	<u>Counterparty credit risk - investments</u>			
	NZ Government	unlimited	\$0m	✓
	NZD resistered supranationals	\$20m	\$0m	✓
	LGFA	\$20m	\$1.52m	✓
	NZ registered banks (each)	\$20m		
	- ANZ / National		\$8.4m	✓
	- ASB		\$8.4m	✓
	- BNZ		\$8.4m	✓
	- HSBC		\$0m	✓
	- Westpac		\$8.4m	✓
21	<u>Counterparty credit risk - total</u>			
	NZ registered banks (each)	\$50m		
	- ANZ / National		\$8.4m	✓
	- ASB		\$8.4m	✓
	- BNZ		\$27.51m	✓
	- HSBC		\$0m	✓
	- Westpac		\$8.4m	✓

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	Wednesday 21 April 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 3.1 Statue Barred Rates and Water Debtor Balances Written off on 30 June 2020	Good reason to withhold exists under Section 7 Local Government Official Information and Meetings 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 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.