

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held via Audio Visual Conference on **THURSDAY, 16 SEPTEMBER 2021** commencing at **9.30am**.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand will be in attendance.

3. DISCLOSURES OF INTEREST

4. CONFIRMATION OF MINUTES

Meeting held on Tuesday, 8 June 2021

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	External appointee – Peter Stubbs
Membership:	Deputy Chairperson – Cr Janet Gibb Mayor Allan Sanson (<i>ex officio</i>) Cr Aksel Bech Cr Jacqui Church Cr Jan Sedgwick
Meeting frequency:	As required – no less than four times each year.
Quorum:	Four members

Purpose:

The Audit and Risk Committee is responsible for:

1. Providing objective advice and recommendations to the Council on the adequacy and functioning of the Council's risk management, control and governance frameworks and processes.
2. Ensuring Council fulfils its legal responsibilities;
3. Monitoring the Council's external and internal audit process;
4. Ensuring the independence and effectiveness of Council's Internal Audit processes;
5. Monitoring existing corporate policies and recommending new or amended policies to prevent and prohibit unethical, questionable or illegal activities;
6. Providing a communication link between management, internal auditors/external auditors and Council; and
7. Supporting measures to improve management performance and internal controls.

Terms of Reference:

Risk Management

To review:

1. the Council's risk management framework to ensure it is current and comprehensive, and associated procedures for effective identification and management of financial and business risks, including fraud;
2. whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
3. the effect of the risk management framework on its control environment and insurance arrangements;
4. whether a sound and effective approach has been followed in establishing the Council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
5. the fraud policy and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related issues.

Control Framework

To:

6. review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
7. review whether management has in place relevant policies, processes and procedures, and that these are periodically reviewed and updated;
8. determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
9. review whether appropriate policies and procedures are in place for the management and exercise of delegations;
10. consider how management identifies any required changes to the design or implementation of internal controls; and
11. review whether management has taken steps to embed a culture, which is committed to ethical and lawful behaviour.

External Accountability

To:

12. review the financial statements, provide advice (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Council;
13. satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls;
14. review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements;
15. satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and
16. satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes and has appropriate monitoring in place.

Legislative Compliance

To:

17. determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements; and
18. review the effectiveness of the system for monitoring compliance with relevant laws, regulations, and associated government policies.

External Audit

To:

19. act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
20. provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the audit services provided;
21. review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations;

22. oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions: and
23. provide advice to the Council on action taken on significant issues raised in relevant external audit reports and good practice guides.

Internal Audit

To:

24. act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
25. review the internal audit coverage and annual work plan, ensure that the plan is based on the risk management plan, and recommend approval of the plan by the Council;
26. oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions;
27. review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
28. monitor management's implementation of the internal auditor's recommendations;
29. review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place;
30. recommend to Council the appointment of the internal auditor;
31. periodically review the performance and effectiveness of the internal auditor; and
32. be satisfied that any dismissal of the Chief Financial Officer is based on proper and appropriate reasons, to safeguard the independence of the audit function.

Zero Harm

33. To review:
 - a. The Council's Zero Harm safety framework to ensure it is current, comprehensive and adaptive to new and emerging risks.
 - b. Whether a sound and effective approach has been followed in assessing the safety critical risks and developing related bowties to manage the risks.
 - c. The reporting framework to ensure that the organisation is monitoring what matters.

The Committee is delegated the following recommendatory powers:

34. The committee has no decision-making powers.
35. The committee may make recommendations to the Council and/or the Chief Executive, as appropriate.
36. The committee may conduct and monitor special investigations in accordance with Council policy and approved budget, including engaging expert assistance, on matters within its terms of reference.

Administrative arrangements

Meetings

The committee will meet at least four times each year. An extraordinary meeting may be called to review the annual report. The chairperson is required to call a meeting if requested to do so by the Council, or the Chief Executive.

A meeting plan, including dates and agenda items, will be agreed by the committee each year. The meeting plan will cover all of the committee's responsibilities as detailed in these Terms of Reference.

For clarity, the Council's Standing Orders and Code of Conduct will apply to committee meetings and members.

Membership

In fulfilling their role on the committee, members shall be impartial and independent at all times.

Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.

The Council appoints external members of the committee; the terms of the appointment to be recorded in a contract.

Attendance at meetings

Meetings can be held in person, by telephone, or by video conference in accordance with Standing Orders.

The Chief Executive, Executive Leadership Team members, and external audit representatives will be invited to attend each meeting, unless requested not to do so by the chairperson of the committee. The committee may also ask other Council employees, or other suitably qualified persons with interest or expertise in special topics, to attend committee meetings or participate for certain agenda items.

The committee will meet separately with both the internal and external auditors at least once a year.

Reporting

The committee will regularly, but at least once a year, report to the Council on its operation and activities during the year.

The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year; and
- a summary of the Waikato District Council's progress in addressing the findings and recommendations made in internal and external audit reports, and the Auditor-General's reports (if applicable).

The committee may, at any time, report to the Chief Executive or the Council on any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chief Executive or the Council.

Assessment arrangements

The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council.

Review of Terms of Reference

The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council.

Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	31 August 2021
Prepared by	Gaylene Kanawa Democracy Team Leader
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Tuesday, 8 June 2021.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Tuesday, 8 June 2021 be confirmed as a true and correct record.

3. ATTACHMENTS

A&R Open Minutes – Tuesday, 8 June 2021

MINUTES for a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia held on **TUESDAY, 6 JUNE 2021** commencing at **9.32am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson
Cr AD Bech
Cr JA Church
Cr JM Gibb
Cr NMD Smith [*from 11.30am Item PEX 2.1*]
Cr JD Sedgwick

Attending:

Mr C Susan (Audit New Zealand)

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer) *from 11.15am*
Mr R MacCulloch (General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Delivery)
Ms A Diaz (Chief Financial Officer)
Mr G King (Chief Information Officer)
Mr C Bailey (Finance Manager)
Mr K Abbott (Projects & Innovation Manager)
Mrs K Jenkins (Risk Advisor, Project Management)
Mr M Balloch (Building Quality Manager)
Mr T Hayes (Building Review Team Leader)
Ms S Bourke (Community Safety Manager)
Mrs GJ Kanawa (Democracy Team Leader)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Bech/Sedgwick)

THAT apologies be received from:

- i) His Worship the Mayor and Cr Sedgwick for early departure; and**
- ii) Mr TG Whittaker (Chief Operating Officer) for lateness.**

CARRIED

A&R2106/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Gibbs)

THAT the agenda for a meeting of the Audit & Risk Committee held on Tuesday, 8 June 2021 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be discussed with the public excluded;

AND THAT all reports be received.

CARRIED

A&R2106/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the committee that there were references to Watercare and Waikato Regional Airport in reports in the agenda. She declared an interest as a Director of Watercare and Waikato Regional Airport. It was also noted that there were no decisions required in respect of Watercare nor of Waikato Regional Airport.

His Worship the Mayor advised members of the Committee that he would declare a conflict of interest in regard to discussions (if any) on Waikato District Community Wellbeing Trust.

Councillor Church advised members of the Committee that she would declare a conflict of interest in regard to discussions (if any) on Waikato District Community Wellbeing Trust.

The Chief Executive advised members of the Committee that he would declare a conflict of interest in regard to discussions (if any) around Waikato Local Authorities Shared Services Limited.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Bech)

THAT the minutes for a meeting of the Audit & Risk Committee held on Wednesday, 10 March 2021 be confirmed as a true and correct record.

CARRIED

A&R2106/03

ACTIONS

Agenda Item 5

The report was received [A&R2106/02] and taken as read. The Chief Financial Officer noted the following matters:

- National Emergency Management Agency Rural Water Schemes Update

ACTION: National Emergency Management Agency Rural Water Schemes update to be sent to the Committee.

ACTION: All actions completed on the report and can be closed.

REPORTSChief Financial Officer Report

Agenda Item 6.1

The report was received [A&R2106/02] and taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Some issues arise out of the Budget 2021 that may not serve us so well.
- Evident that the work the Productivity Commission has done previously has had a big impact on legislation, including but not limited to the Finance and Funding Act, detailed options to be considered in regard to rail and Local Government reform.
- District Valuation update – valuation did not go particularly well as first to use WLASS system and caused a few issues. Believe Office of Auditor General will come in and audit the valuation work – if not an internal audit will be done as large part of our revenue base.
- Kainga Ora – consented authority a risk for us – we will capture this as a risk going forward.
- Submitted a remit to LGNZ around Kainga Ora seeking to protect risk Council's risk should they consider not to continue with this business.
- Solid Energy – liabilities occurred for rehabilitations and we need to ensure that this does not happen with Kainga Ora.
- Raised with AON regarding liabilities – Building Consent Authority would still fall to Council.

ACTION: Staff to update the Audit & Risk Committee meeting in June regarding Kainga Ora risks.

- Backlog of valuations on building consents – Relationship piece with Quotable Value NZ who are required to get through those consents – may need to use supplementary rating runs in the first quarter. We do monitor through the year.
- Valuation processes pushed out due to Covid. Experiencing record number of consents and they will be dealing with this issue with all other Councils they provide service to.

- Resource Issue – Requested additional resources in the Long Term Plan process and subject to Council decision later this month it is anticipated this will be approved.
- Is there an option to utilise technology to streamline processes and generate efficiencies where needed. Working through a list of ideas and ways to achieve efficiencies and assist with managing workloads whilst also acknowledging the potential on the overall budget.
- Staff resources will become more of an issue. This is also a New Zealand Inc issue, with an extremely tight labour market.
- Managed peaks and troughs through consultants but even getting push back from them. We will need to increase our own resources and start training people ourselves to ensure less reliance on consultants.

ACTION: Staff to add Quotable Value audit to risk register.

- Submissions on the InfaCom National Infrastructure 30 Year Strategy required 24th June, noting that Councillors have received an email with the draft policy but it will require retrospective approval by Council and will be signed off by the Submissions Forum.
- Regional spatial plans – discussions around Hamilton to Auckland corridor plan, the work that Future Proof is doing, the Metro-spatial plan, the River Communities work already being done – it is believed the Waikato is very well served in this space, therefore the discussion is can we not link all this together and call it a Regional Spatial Plan. However, it is not that easy and paperwork lacks national direction.
- Infrastructure NZ is hosting a session with InfraCom 18 June in Hamilton to discuss these issues.
- Taituara already made submission and we will base ours on the work they have already done.

ACTION: Staff to determine who is handling this submission and report to Council once finalised.

Strategic Risk Register and Emerging Risks June 2021

Agenda Item 6.2

The report was received [A&R2/06/02] and taken as read. In speaking to the report the Risk Advisor highlighted the following points:

- Two new risks have not yet been assessed – Affordability Risk and Community Expectations Risk.
- Key risk activities – all Business Continuity Plans from teams have been received and we are identifying the high priorities which will inform organisational Business Continuity Plan. The work will be finished on this by the end of the week which will lead into our Disaster Recovery Plan.
- Ongoing pandemic response and Local Government Review both have risks that need us to ensure we have good connections with our peers to determine the impacts of the legislation changes as they emerge.
- It was acknowledged that whilst progress has been a slow burn, progress is being made. Work would continue on simplifying the processes.
- Risk Manager – one person cannot have that amount of knowledge – we need to develop clearer picture of risks and how we deal with them on a day to day basis. Part of the Risk Advisor’s role to provide this guidance and training to the organisation.
- Project management framework seems to be still aspirational – the Risk Advisor noted that is not the case as the business is making inroads – report to reflect this.

ACTION: Report to include most up to date information rather than the story of getting there, which does need to be captured but perhaps simplify the report to include latest information only.

- Supply Chain impact due to COVID - Water industry hit particularly hard to obtain pumps/infrastructure which has resulted in impact on the delivery of capital projects. Odd exception in other areas, i.e. wood for fencing and bitumen supply – Marsden point being phased out so we are concerned about our buying power in the future in the international market. Looking at substitutes without compromising quality of product.
- WLASS coordinated infrastructure provision looking at types of work that Council partners are doing to try to achieve better buying power – still an issue finding contractors and materials due to COVID.
- Will become more of a constraint with the property boom causing issues with lack of materials coming from overseas.

ACTION: Impact of COVID on procurement needs to be reviewed by Council and ensure that where substitutes are used, the final quality of the product is not impacted negatively.

- Procurement area and forecasting – need to get better at this. Long Term Plan process more robust this time and has allowed this planning to occur.

RISK**Risk Conversations – Building Quality**
Agenda Item 6.3

The report was taken as read. In speaking to the report Building Quality Manager:

- Resource concerns – are we going to be able to pay more money to attract the right staff. That decision is made by Council, i.e. do we put the fees up to be able to pay more, but need to keep in step with other Councils.
- We are up against a very dollar driven market with Consentium (division of Kainga Ora) and whilst we have not lost any existing staff to this we have lost two prospective candidates due to salary levels.
- Concern that accreditation may be revoked. We have currently replaced staff we have lost, but there is a lag between employees moving on and employing new staff. Contractors are used to fill this gap and ensure that accreditation is maintained.
- We are exposing ourselves to increasing risk when we are not undertaking inspections of swimming pools and warrant of fitness work. There is significant reputational risk also.
- Earthquake prone buildings work has to be done by June next year, contractor confident that this will be completed in time.
- Council public/community facilities are outside of this. The risk assessments were completed last year and any associated work is underway
- Still doing work on high risk building warrants – IQP. Follow up is required to ensure that IQP is delivering in line with expectations.
- Resourcing clearly key theme coming through report – who are contractors (BSC Group, Comply NZ) EQ (Waikato Building and Compliance)
- Swimming pools – are we at risk if someone drowns – owner actually responsible to ensure their pool is fenced correctly, but there is an issue regarding whether we have been completing the checks.
- Can we outsource and can WLASS do this? WLASS has looked at doing this – has not progressed as quickly as has not got buy-in from other Council partners.
- Not a good time to be undergoing a review like this, same for all Councils as they do not have the resource to do a review.
- Can technology be used to reduce workload – Progress being made around Learning & Development, as well as Technology (some cost barriers here) - most Councils will be on same technology except for Hamilton and Otorohanga. Ensuring processes and technology implemented is a key with the Local Government Reform.

ACTION: Further update in September in regard to resourcing and risks.

ACTION: Elements of Learning & Development and technology opportunities to be included in September report.

His Worship the Mayor left the meeting at 10.38am at the conclusion of the above item.

Deep Dive Report – Affordability
Agenda Item 6.4

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Not being able to provide and maintain the services and infrastructure, solely due to funding constraints.
- Debt capacity constraints what we can deliver on the ground – not sure if Local Government Reform work will cover this.
- Should further work be carried out on alternative funding options?. This would include a cost benefit analysis. Cannot keep putting rates up as people cannot afford to pay.
- Need to consider focussing on areas that need investment, rather than those that want additional investment.
- Economies of scale might be addressed through Local Government Reform.
- Resource Management Act – \$250,000 put aside to deal with this reform.
- Central Government must play a part in some way as their reforms are costing Council's significant amount to resource these reviews.
- Challenge is understanding quantum of issue, then take risk based approach whilst not losing sight of the fact of the long term goals - affordability a factor.
- Need greater clarity around cashflow forecast, as well as greater certainty around projects that can be completed before we consider a credit rating.
- There is a margin we pay to achieve a credit rating – need to increase debt by 20m for it to be beneficial.

ACTION: Continue to explore alternative options for funding, including credit rating and focus on areas of greatest benefit

- Consideration needs to be given to moratorium on Private Plan changes for two (2) years once District Plan review is complete.
- Noted that once the Plan is completed it could be superceded or immediately be out of date as the process takes so long to complete. Council did put moratorium on previous plan which was challenged by developers in some cases.

Resolved: (Crs Bech/Gibb)

THAT the Audit & Risk Committee support management's residual risk assessment of High (likelihood possible, consequence catastrophic).

CARRIED

A&R2106/04

Cr Sedgwick – left the room at the conclusion of Item 6.4 at 10.58am and returned during discussion on Item 6.5 below at 11.05am.

Insurable Risk Strategy Update

Agenda Item 6.5

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Last year renewed contract with broker so delay during the year around that.
- Workshops sessions held with AON to understanding of our current insurable risk position with a view to developing a strategy for the future.
- Number of suggestions to go forward and tie in with AON to do this as we have lost internal resource.
- What is the value of progressing with this work as we have been considering how to reduce premiums and self insure.
- Natural disaster cover has got better also with identification of underground assets.
- Gap caused around interdepartmental issues, however using PROMAPP and other technology to protect intellectual property and develop cohesion.

ACTION: Opportunities and actions section of the report needs to be cross referenced against our strategic risks and capture how capex is delivered along with risks we are addressing.

Waikato District Council Zero Harm Report

Agenda Item 6.6

The report was taken as read. In speaking to the report the Chief Executive highlighted the following points:

- Building our health and safety systems but still gaps needed to be filled.
- A key focus is capturing the spirit of the systems and empowering staff to take ownership and drive the culture.
- High priority for Council staff, with high level of commitment driven from the Executive Leadership Team.
- Regular meetings with Alliance, Watercare, City Parks, Solid Waste Contractors and many other contracts to ensure our health and safety risks are fully understood.

ACTION: Staff to include a summary table of meetings held with contractors regarding our Zero Harm strategies.

- Dog Pound – continues to cause concerns. Cannot find a contractor to service the district and actively recruiting to find new people for the team – repurposing staff to other areas, i.e. education. Team ensuring processes being put in place to reduce harm for staff.

- Funding in Long Term Plan for new pound facility which will go to Council workshop to progress and answer physical issues – most high or medium identified risks have been covered.
- Council are obliged under legislation to provide this service. There is more work around dangerous dogs etc rather than unregistered dogs.
- Business Leaders Forum provides good guide on zero harm and well being and Chief Executive actively involved in this forum.
- Ports of Auckland report on health and safety culture. - Council staff have reviewed report and confirm it clearly highlights the importance of an effective health and safety culture.

Cr Gibb – left the meeting at 11.10am and reentered the meeting at 11.15am.

OTHER REPORTS

Resource Consent Compliance Monitoring – KPMG Audit Report Agenda Item 6.7

The report was taken as read. In speaking to the report the Community Safety Manager – Regulatory, highlighted the following points:

- Criticism around community expectations as we set conditions yet do not adequately monitor these. However, we are getting better and developing processes and communication across teams.
- Possibly have optimistic timelines in the report at present due to resource – need to look at function as a whole rather than individual targets as set out in the report.
- Noted that the wellbeing of staff was a real concern as staff are dedicated to achieving outcomes but may cause burn out.
- Eight new land use consents each week so there is definitely an issue in regard to resourcing and we have approved additional resource but this also takes time.

ACTION: Staff to review timelines and ensure they are reasonable and don't add to the burden.

His Worship the Mayor reentered the meeting at 11.25am during the above item.

IANZ Audit Report
Agenda Item 6.8

The Building Quality Manager and Building Review Team Leader took the report as read and the following discussion was held:

- Competency assessments alarming – this was caused with an issue with a contractor who was doing assessments and made assurances work would be completed in time, yet this was not the case. Lesson learnt for future but could not have done differently.
- Building Control Authorities have different view in regard to Competency Assessments to IANZ. Work is being done Waikato Local Authority Shared Services in this area.
- Quality Assurance Manager interviews currently occurring. The manager is a named person in the Quality Assurance Manual and was employed but the function was not being carried out – another lesson learnt.
- Need a mechanism in place to ensure contractors are doing what they say.
- Not good enough if WLASS was not doing something. WLASS has taken different approach at request of shareholders and need to find a new manager to take on role.
- We have an Advisory group and technical committee. However, the level of non-compliance in respect of the manual was a surprise. We are trying to fill gap with a person who has full qualifications to do the role.
- Great case study that it is a risk to the organisation – yet not in register. Losing accreditation is significant risk for the organisation.
- Processes not operating in the way we thought and need to hold external parties to account. Tidy up processes and how did this fall through the gaps.

ACTION: Staff to add to risk register and tidy up processes to ensure no gaps and ensure accreditation is maintained.

Procurement and Contract Management Update
Agenda Item 6.9

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- New Procurement Manager commences 5 July.
- Delivery team providing mature practices and robust processes.

2020/21 Annual Report Preparation

Agenda Item 6.10

The report was received [A&R2103/02] and taken as read. The Financial Manager highlighted the following:

- Found some issues with Capital Expenditure but these will be resolved by end of year.
- National resourcing framework – a lot of pressures on auditors. Looks like we can deliver but issues around resourcing. If there are going to be issues around delivery early warning would be appreciated.

Cr Sedgwick left the meeting at 11.19am following conclusion of the above item.

Post implementation Review – W10/O365 Implementation Project

Agenda Item 6.11

The report was received [A&R2103/02] and taken as read. The following discussion was held:

- Many of the Committee did not know what the project was, needed clearer report titles in future.
- Three different projects – refresh existing devices (upgrades), roll out Office 365 and roll out Microsoft Teams. Due to COVID we put all three projects together but should have reduced the number of project managers (two utilised and we only needed one).
- Partners are accessing CAMS to enable us to ensure they are meeting timeframes and within budget.

Draft Risk Management Policy

Agenda Item 6.12

The report was received [A&R2103/02] and taken as read. The following discussion was held:

- Identify what are essential services – link to Business Continuity Plan.
- Emerging risks need to be captured– what is the work done.
- Reference to Council needs to be consistent, either Waikato District Council or Council not both.

ACTION: Updates suggested to be circulated outside of meeting and can go through to the Policy & Regulatory Committee

Fraud Prevention Policy Review

Agenda Item 6.13

The report was received [A&R2/03/02] and taken as read. The following discussion was held:

- Clarification sought about who policy applies to – add contractors as not just referring to monetary fraud.
- Up front description that Council has zero tolerance to fraud.

ACTION: Updates suggested to be circulated outside of meeting and can go through to the Policy & Regulatory Committee for approval.

Quality & Governance Assurance

Agenda Item 6.14

The report was received [A&R2/03/02] and taken as read.

- Quite a significant amount of progress made – acknowledgement of work done.

Updated Future Work Plan

Agenda Item 6.15

The report was received [A&R2/03/02] and taken as read. No discussion was held.

Register of Interests – Elected and Appointed Members

Agenda Item 6.16

The report was received [A&R2/03/02] and taken as read. No discussion was held.

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (His Worship the Mayor/Cr Church)

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 Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item number 2.2 Cyber Security June 2021 Update		
Item number 2.3 Register of Members' Interests – Staff		

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 2.2 Cyber Security June 2021 Update	7(2)(b)	Protect information where the making available of the information:
	7(2)(b)(i)	Would disclose a trade secret, or
	7(2)(b)(ii)	Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or
	7(2)(e)	Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or
	7(2)(j)	Prevent the disclosure or use of official information for improper gain or improper advantage.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	6 September 2021
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Updated Audit & Risk Committee Action Register

1. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Audit & Risk Committee Action Register for the Committee's information.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the updated Action Register for September 2021.

3. ATTACHMENTS

- Updated Audit & Risk Committee Action Register – September 2021

Audit & Risk Committee: Action Register – September 2021

#	Action	Owner	Date Assigned	Date Due	Status
1.	Action Register – June 2021 National Emergency Management Agency Rural Water Scheme Update to be sent to Committee	Risk Advisor	June 2021	September 2021	Complete. Emailed to Audit & Risk Committee on 28 May 2021.
2.	Chief Financial Officer Report Staff to update the Audit & Risk Committee regarding Kainga Ora risks.	Chief Financial Officer	June 2021	September 2021	No further feedback has been received to date on this matter. Council has not signed the agreement with Kainga Ora.
3.	Chief Financial Officer Report Staff to add Quotable Value audit to risk register.	Chief Financial Officer	June 2021	September 2021	Complete.
4.	Chief Financial Officer Report Infacom National Infrastructure 30 Year Strategy submission Staff to determine who is handling this submission and report to Council once finalised.	Chief Financial Officer	June 2021	September 2021	Complete: The submission was prepared by Council's Acting General Manager Community Growth and approved by Council within the stipulated timeframe.
5.	Strategic Risk Register and Emerging Risks June 2021 Report to include most up to date information rather than the story of getting there, which does need to be captured but perhaps simplify the report to include latest information only.	Risk Advisor	June 2021	September 2021	Complete. A review of the all the strategic risk mitigations is underway. Mitigations which included historic information have either been archived or updated and will now only reflect the current situation. The report will now only include the latest updates.
6.	Strategic Risk Register and Emerging Risks June 2021 Impact of Covid on procurement needs to be reviewed by Council and ensure that where substitutes are used, the final quality of the product is not impacted negatively.	Risk Advisor	June 2021	September 2021	Complete. This is captured in the <i>Strategic Risk Register and Emerging Risks September 2021</i> report.

#	Action	Owner	Date Assigned	Date Due	Status
7.	Risk Conversations – Building Quality Further update in September regarding resourcing and risks.	Building Quality Manager	June 2021	September 2021	Complete. The <i>Risk Conversations</i> report will be delivered from the Building Quality team again this quarter. It will cover updates on resourcing and Learning & Development / technical opportunities that have been explored.
8.	Risk Conversations – Building Quality Elements of Learning & Development and technology opportunities to be included in September report.	Building Quality Manager	June 2021	September 2021	Complete. The <i>Risk Conversations</i> report will be delivered from the Building Quality team again this quarter. It will cover updates on resourcing and Learning & Development / technical opportunities that have been explored.
9.	Deep Dive Report – Affordability Continue to explore alternative options for funding, including credit rating and focus on areas of greatest benefit.	Chief Financial Officer	June 2021	September 2021	Noted.
10.	Insurable Risk Strategy Update Opportunities and actions section of the report needs to be cross referenced against our strategic risks and capture how CAPEX is delivered along with risks we are addressing.	Chief Financial Officer	June 2021	September 2021	Noted.
11.	Waikato District Council Zero Harm Report Staff to include a summary table of meetings held with contractors regarding our Zero Harm strategies.	Zero Harm Manager	June 2021	September 2021	Complete. This is currently part of the Executive monthly Zero Harm Dashboard but will be included in the Zero Harm report to Audit & Risk going forward.
12.	Resource Consent Compliance Monitoring – KPMG Audit Report Staff to review timelines and ensure they are reasonable and don't add to the burden.	Community Safety Manager	June 2021	September 2021	The KPMG report has been a 'launchpad' for undertaking the detailed business analytics work we need to do to more completely understand and re-design this part of our business. This is work in progress and will be managed cognisant of expectations and resource appropriately.

#	Action	Owner	Date Assigned	Date Due	Status
13.	IANZ Audit Report Staff to add to risk register and tidy up processes to ensure no gaps and ensure accreditation is maintained.	Building Quality Manager	June 2021	September 2021	Complete. The Building Quality team have added relevant information to their business risk register which will be presented to the Committee again as this quarters <i>Risk Conversation</i> report.
14.	Draft Risk Management Policy Updates suggested to be circulated outside of meeting and can go through to the Policy & Regulatory Committee.	Risk Advisor	June 2021	September 2021	Complete. Updates were made and the report was presented to the Policy & Regulatory Committee on 21 July 2021 where it was received and approved with no changes.
15.	Fraud Prevention Policy Review Updates suggested to be circulated outside of meeting and can go through to the Policy & Regulatory Committee for approval.	Chief Financial Officer	June 2021	September 2021	Complete. Updates were made and the report was presented to the Policy & Regulatory Committee on 21 July 2021 where it was received and approved with no changes.

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	05 September 2021
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Chief Financial Officer Report

I. EXECUTIVE SUMMARY

This report aims to keep the Audit & Risk Committee abreast of risks and issues that could impact council and its stakeholders from a financial perspective.

Covid Considerations

The resurgence of Covid, aside from the obvious health concerns, may lead to a reduction in revenue and possible loss of employment causing temporary and/or permanent hardship for residents, ratepayers, sole-traders, and contactors in our district.

The following support packages are available from the government to mitigate the financial impact:

- *Covid-19 short term absence payments – a one-off amount of \$359 per eligible employee*
This package supports employees (permanent or on contract) who cannot work from home but need to stay home to await the outcome of a covid test for themselves, a dependent child or someone they live with who has been at a location of interest and are awaiting clearance;
- *Covid-19 leave support scheme – a two-week lump sum amount of \$1,200 for fulltime employees and \$718 for part-time employees*
This package supports employees who are required to self-isolate;
- *Covid-19 wage subsidy scheme – a two-week lump sum amount of \$1,200 for fulltime employees and \$718 for part-time employees*
This package subsidises wages for businesses who cannot operate under alert level 4 restrictions and anticipate a 40%+ drop in revenue

The Committee will recall that in 2020 the Raglan Holiday Park Papahua was successful in its application for the Covid-19 wage subsidy. Given the changes to this scheme, the camp will not be applying further funding.

- *Covid-19 resurgence support payment – \$1,500 per business plus \$400 per fulltime employee to a maximum payment of \$21,500 (50 FTE's) or up to \$1,900 for sole-traders*
This package subsidises wages and fixed costs for businesses who experience a 30%+ drop in revenue or capital raising ability over a 7-day period when the alert level is level 3 or above for a week or more;
- *Small business cashflow loan scheme – one-off 5-year loan, interest free if repaid within 2 years*
For viable businesses that employ less than 50 employees, experiencing a minimum of 30% revenue decline when compared to the same month in the prior year

The potential areas of financial risk for council from the current Covid outbreak are:

- Reduction in revenue for our tourism/hospitality-based operations could result in a need for additional funding (2 x Camps, Woodlands, Waikato Regional Airport and Tourism Office etc.)
- Philanthropic and grant-based community funding could slow or decline in value and/or government funding may be re-purposed
- Core cashflow may deteriorate where ratepayer's individual circumstances are affected, which could in-turn impact council's working capital management (liquidity)
- Potential downturn in consenting activity impacting revenue/cashflow
- Capital programme delays and/or supply chain issues which could result in higher costs (inflationary pressures, contractor availability etc.)

Examples of Council's current risk mitigations for periods of financial uncertainty include:

- Retention of surplus building consents revenue to cover periods of decreased consenting activity
- Maintaining a 'structure plan non-growth' reserve to assist where growth expectations are not realised
- Rates remission and postponement policies to support ratepayers experiencing financial hardship

Three Waters Reform

Council has been on a journey for several years to provide better value water services for our communities. This initially involved working with neighbouring councils to explore delivery via a Sub-Regional Council Controlled Organisation (CCO) before consulting with the community through our 2018-28 Long Term Plan to instead secure a 30+ year service concession arrangement with WaterCare Services Limited (WSL). Council finalised the agreement with WSL in October 2018.

Subsequently the government announced a nation-wide three waters reform programme in July 2020, an outcome of which is to establish new water service delivery entities. Council, signed up to the Memorandum of Understanding (MOU) and Funding Agreement securing \$11.34 million of grant-funding to progress water related improvements.

This funding must be uplifted by March 2022. Every Council in New Zealand signed the MOU and provided localised data to inform the detailed cost/benefit analysis to determine the approach to reform.

Since this time Council has prepared its 2021/31 Long-term Plan and determined that the current state of our assets combined with increasing compliance expectations and anticipated growth required a significant change in direction. By 2031 the Long-term Plan envisages three waters services to cost approximately \$4,900 per connected property.

The government proposal, released in July 2021, seeks to establish four statutory, publicly owned entities. Waikato district sits within entity B, which includes the Bay of Plenty, Waikato, Taranaki, and the upper parts of Manawatu-Whanganui regions. The accompanying legislative framework will protect from privatisation (i.e., proposals would be subject to referendum) and envisages Local Authority assets and debt transferring to the new entities without payment, ensuring that ratepayers are not 'taxed' twice.

The modelling considers the expected position of each council on 30 June 2024, the intended work programmes from 1 July 2024 onwards (from Long-term plans and infrastructure strategies) and applies a series of detailed assumptions to estimate the financial impacts for the proposed entities and their customers. The modelling work has been subject to independent reviews, with those experts finding that the results are probably conservative in terms of benefits assessment.

Council staff have received the dashboard data and undertaken the initial impact assessment work on Council's preparedness for reform in conjunction with Tūhura Partners.

The key considerations of the impact assessment are categorised as follows:

- Service – asset management, planning, compliance with standards etc.
- Workforce, Delivery and Capability – staffing, IT systems, supply chain
- Finance and Funding – debt capacity, costs/efficiency, impact on rates, stranded costs
- Social, Community and Economic Wellbeing

As was the case with our own investigations on establishing a three waters CCO, the financial data related to reform is also favourable. It should be noted that the financial dashboard does not include the \$2 billion "better off" package or the \$500 million stranded costs (no worse off) package announced on 15 July. Waikato District Council's indicative share of these packages is \$32 million and \$5 million respectively, subject to a reform due diligence process.

Staff will hold workshops with the Waters Governance Board/ Council during September to discuss the issues and opportunities ahead.

More information on the issues and detailed proposal can be found at:

[Better water is for everyone](#)

<https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Rating of Whenua Māori – Update

The Local Government (Rating of Whenua Māori) Amendment Act was enacted in April 2021. 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. The most substantive provisions came into force on 1 July 2021. The legislation 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.
 - An application to write off rates arrears under this provision is required before any action is taken.
 - There are approximately \$300,000 of rates in arrears in this category and this is fully provided for in the financials.
- For Māori land rating units that are entirely unused and Māori land protected by Ngā Whenua Rāhui Kawenata to be non-rateable.
 - Council remits general rates each year on the two Ngā Whenua Rāhui Kawenata properties in the district.
 - In 2021/22 staff have processed remissions on all Māori Freehold Land (MFL) properties that are unproductive and have previously been given remissions under our previously policy whereby the owners had to apply each year.
 - These automatic remissions amount to approximately \$400,000 for the year. This will be an ongoing cost.
- A statutory remission process to promote rates remissions for Māori freehold land under development.
 - Staff are unaware of any MFL that falls into this category currently.
 - There is no anticipated loss of rating revenue from this provision.
- 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.
 - This is covered by the ‘contiguous properties’ provisions of existing legislation.
 - There is no anticipated loss of rating revenue from this provision.
- 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.
 - This is similar in principle to the retirement village changes in recent years, and systems are in place for when applications under this provision are received.

As of 1 July 2021, there were a total of 686 MFL properties in the district.

District Valuation Objections - Update

Quotable Value Limited (QV) received 462 objections following the 2020 District Valuation; 21 commercial and industrial, 50 rural, 220 lifestyle, 121 residential, and 50 mining/other. Most of the objections were in respect of values being higher than the owners expected, by a total of approximately \$40 million.

Property owners were advised by QV that their objections would be assessed, and the results advised by the end of November 2021. To date staff have not received any results back from QV. The current Covid alert level restrictions may impact the timing of the valuation work as many of the objections will require site visits. In the unlikely event that all objections are accepted at the values proposed by the owners, the reduction in general rate income in 2021/22 would be around \$280,000. Additional rates strike income from building consents valued in June is expected to mitigate this risk in full.

The quantum of valuation movements coupled with the Covid-19 alert level changes may result in payment concerns for ratepayers. Council has rates remission and postponement policies to assist in times of financial hardship, and staff are providing advice on payment options based on the individual's circumstance.

Insurance renewal

Council's insurance programme has a renewal date of 1 November and as such fall outside the usual Committee reporting cycle. Staff have provided the required information to Aon New Zealand Limited and will distribute an update to the Committee once negotiations are complete. Council's insurance premiums for the 2020/21 renewal amounted to \$790,000, with material damage and professional indemnity making up the lion's share of the costs.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the updates from the Chief Financial Officer.

3. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	20 August 2021
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Strategic Risk Register and Emerging Risks September 2021

1. EXECUTIVE SUMMARY

This report details:

- Strategic Risk update (gap analysis).
- Emerging Risks.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the Strategic and Emerging Risks as outlined in the attached register.

3. STRATEGIC RISK GAP ANALYSIS

Waikato District Council is managing eleven Strategic Risks. During the last quarter, work to review risk treatments for all risks contained within the Strategic Risks Register has continued. Seven of the eleven risks have now been reviewed including Zero Harm, Community Expectations, Climate Resilience, Asset Management, Cyber Security, People and Culture, and Business Resilience. The remaining four are expected to be complete by the end of October 2021. This work aims to determine the effectiveness of existing risk treatments and to identify and prioritise gaps. Gap analysis drills into the difference between the residual risk assessment and risk appetite, to provide assurance that priority is being given to work that addresses the identified gaps.

Tables 1 and 2 (below) detail all eleven Strategic risks and their alignment with Councils Risk Appetite. In summary:

- Seven risks are currently assessed to be outside of Councils Risk Appetite.
- Four risks are within appetite.

Table I. The Strategic Risks documented below **do not** align with Councils current Risk Appetite.

Key	Title	Inherent Rating	Residual Rating	Risk Appetite	Comment
R00184	Zero Harm: Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/management of shared health and safety responsibilities with other PCBUs.	Extreme (25)	Extreme (20)	Low	A Zero Harm Strategic Risk control plan and work programme are in place. Updates on progress are provided to the Committee via the Zero Harm report.
R00185	Asset Management: Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.	Extreme (20)	High (16)	Low	Asset Management Plans support the LTP to inform operational and capital expenditure in line with agreed levels of service. These plans form the basis of the ongoing work programme and operations.
R00128	Cyber Security: Council is exposed to significant business disruption caused by unauthorized access or damage to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour (externally or internally initiated).	Extreme (20)	High (12)	Moderate	Councils has in place a Cyber Security & Maturity Improvement programme which aims to improve performance and reduce risk.
R00189	Regional & National Strategic Planning & Legislative Reform: Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.	High (12)	Moderate (8)	Low	Council actively participates in key planning forums providing access to key decision makers and insight to policy direction and legislative change, including reviews of the Resource Management Act, Local Government, and the Waters Reform.
R00234	Climate Resilience: Waikato District Council is exposed to litigation or financial impact as the result of failing to meet legislative requirements associated with emissions reduction.	Extreme (20)	Extreme (20)	High	Council has developed a Climate Resilience action plan. Recruitment for a Climate Resilience Coordinator is underway. This role will coordinate, implement, and oversee the action plan. Outcomes from the plan will help to mitigate the risk.
R00233	Community Expectations: Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.	Extreme (20)	Assessment Underway	Moderate	The Long Term Plan (LTP) has set community expectations. Recent review has allowed re-consideration of the need for and desire to carry out projects that have not commenced and appropriate re-allocation of budgets. The includes Community Blueprint projects agreed with the community.

Key	Title	Inherent Rating	Residual Rating	Risk Appetite	Comment
R00235	Affordability Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.	Extreme (20)	High (15)	Moderate	Existing and new treatments for this risk are being documented. Council's integrated planning mechanisms prioritise work programmes within funding limits every year and recent legislation has introduced additional funding and financing mechanisms for councils. Residual risk is likely to remain relatively high but stable for the next 12 to 24 months.

Table 2. The Strategic Risks documented below **do** align with current Risk Appetite.

Key	Title	Inherent Rating	Residual Rating	Risk Appetite	Comment
R00230	Growth: Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.	Extreme (20)	High (12)	High	This risk has undergone a deep dive review during the last quarter and recommendations will be presented to the September committee meeting. Approved changes will be made to the risk post Audit and Risk Committee approval.
R00190	People & Culture: Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.	High (16)	Moderate (9)	Moderate	This risk remains within appetite. Existing mitigations are currently effective.
R00053	Business Resilience: Business function is significantly disrupted due to a lack of organisational resilience.	Extreme (20)	Moderate (9)	Moderate	This risk remains within appetite. It will be closely monitored during the next quarter due to recent activity associated with COVID-19.
R00188	Economic & Social Development: Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.	High (16)	Moderate (9)	Moderate	This risk remains within appetite. Existing mitigations are currently effective.

A copy of the current strategic risk register is attached (Appendix I).

Strategic Risk Activities

During the last quarter, the following risk activities were conducted:

- Initial draft of the organisations (high level) business continuity plan (“OBCP”).
- Identification of key Information Management systems and infrastructure to support Disaster Recovery Planning (“DRP”).
- Review and update of all Strategic Risk Mitigations (underway).
- Mitigation planning for new strategic risks.

Planned activities for the next quarter include:

- Finalise the OBCP.
- Complete review and update of all Strategic Risk Mitigations.
- Review and update of the Risk Culture Maturity program.

4. EMERGING RISKS

The following activities are identified as having potential business impact in the risk context.

I. Pandemic Response

Impact: **Business Resilience:** *Business function is significantly interrupted due to a lack of organisational resilience.*

In response to the resurgence of COVID-19 in New Zealand, Council have initiated the Incident Management Team “IMT” to support business operations. The IMT, led by Kurt Abbot, will coordinate, and oversee, the implementation of all team business continuity plans in alignment with Level 4 lockdown requirements, including the continued delivery of identified essential services. The IMT will remain active for the duration of lockdown and until Waikato District returns to Level 1 restrictions.

In addition, Council will provide support to the Civil Defence and Emergency Management Group Emergency Coordination Centre “GECC” as required.

2. Significant Government Reform

Impact: **Regional & National Strategic Planning & Legislative Reform:** *Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.*

Council will be impacted by several significant Government Reforms over the next four years including the Local Government Review, the Three Waters Reform, and the Resource Management Reform.

During this time Council can expect uncertainty regarding local authority structures and mandates which will increase risk in areas including affordability, planning, asset management and staff engagement and retention. Existing mitigation strategies for these risks include proactive engagement with key planning forums, decision makers, and interim and modelling reports to ensure Council is well informed and in a position to prepare for and adapt to change.

3. Climate Change

Impact **Business Resilience:** *Business function is significantly disrupted due to a lack of organisational resilience.*

The International Panel on Climate Change recently released its Sixth Assessment Report. Report projections suggest impacts relating to New Zealand Local Government are likely to include:

- increased need for community support from the perspective of natural hazards associated with extreme weather events e.g. droughts, flood, agricultural system impacts.
- impacts to planning and development (land-management and land-use decisions and practices) associated with natural hazards.
- impacts to existing community assets associated with extreme weather events and the evolving norms in weather patterns; and
- Financial impacts related to weather events.

Developing an all of Council understanding of the potential impacts and integrating adaption and mitigation measures into planning and operations is a key business requirement to assist with business continuity and mitigating associated disruption. Council has developed a Climate Resilience Action Plan as part of this.

4. Global Supply Chain Interruptions

Impact: **Community Expectations:** *Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.*

The impact of COVID-19 on procurement remains a significant emerging risk with ongoing delays forecast in key supply areas. Council is working to develop a procurement strategy which considers how Council will optimise procurement going forward and will continue to monitor Central Government advice on global supply chain trends. This is likely to impact both delivery of Council projects and the building activity within the district.

5. CONCLUSION

Management continues to proactively monitor and manage key areas associated with the Strategic Risks to maintain effective business operations.

Emerging risks are being monitored and responded to as they develop.

6. ATTACHMENTS

Appendix I. Strategic Risk Register August 2021

Filter: Portfolio(s): Strategic

RESIDUAL
20.0
EXTREME

INHERENT
25.0

R00184

PEOPLE, STRATEGIC, OFFICE OF CHIEF EXECUTIVE, ZERO HARM

Zero Harm; Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/ management of shared health and safety responsibilities with other PCBUs.

People are harmed as a result of the Council failing to identify, implement, review and maintain appropriate health and safety policies, procedures, and processes or develop and sustain a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.

OWNER Gavin Ion

CREATED 9/5/2016 10:47:22 AM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

TREATMENT MC00415

PLANNING AND OBJECTIVES

Council has clearly documented health and safety objectives and a plan to achieve these objectives that is consistent with its Zero Harm Commitment. These objectives are detailed in the Zero Harm Strategic Improvement Plan which identifies high level strategic health and safety improvement activities to deliver on Council's Zero Harm vision of Work Safe, Home Safe.

The plan is developed by the Zero Harm Team and reviewed and approved by the ELT. The Plan is shared with Council, Audit and Risk Committee, the Safety Action Team and communicated to the organisation by the ELT. Progress on achieving the plan is reported on to the ELT and Council via the Monthly Zero Harm Report.

This treatment impacts the likelihood of the risk by providing a framework and action plan for continually improving health and safety performance.

TREATMENT MC00416

RISK IDENTIFICATION AND MANAGEMENT

Documented processes have been established and implemented at Council for the proactive and systematic identification, assessment and management of health and safety critical risks and hazards. These processes in place and maintained as part of the Zero Harm Safety Management System (ZHSMS).

Critical health and safety risks are identified and managed using the BowTie Risk Management approach. These risks are documented in an organisational risk register in BWare Safety Manager. Other operational hazards are identified and recorded in workgroup hazard registers that are also managed in BWare Safety Manager.

This treatment impacts the likelihood of harm by identifying and prioritizing operational risks across the organisation and planning mitigation to reduce, transfer or avoid the risk.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

05 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

05 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

TREATMENT MC00435

MANAGEMENT FRAMEWORK

A documented health and safety management system framework based on the Plan-Do-Check-Act principles to manage health and safety risks and opportunities has been implemented at Council. This system is currently written and has been audited to AZ/NZS 4801. A revised health and safety management system is currently being written and implemented to comply with the newly introduced AS/NZS ISO 45001:2018 requirements.

This treatment impacts the likelihood of the risk by ensuring that documented system and processes are in place to manage health and safety.

TREATMENT MC00437

PERFORMANCE MONITORING

Council has in place in place processes for evaluating, monitoring and measuring health and safety performance in relation to;

- Its activities and operations and the identification and management of hazards and risks
- Effectiveness of operational and other controls
- Progress towards achievement of health and safety objectives

Progress on achieving the Zero Harm Strategic Improvement Plan objectives is reported on to the ELT and Council via the Monthly Zero Harm Report.

The ELT champion and participate in the management of Critical Health and Safety risks including the completion of 6 monthly risk reviews.

All People Leaders including the ELT are required to undertake monthly Zero Harm Engagement Conversations with staff and others. These conversations can include the management of risks/hazards and also whether there are any other outstanding or important matters from a Zero Harm perspective that should be considered.

This treatment impacts the likelihood of the risk by ensuring the Executive Leadership Team and People Leaders are aware of progress for improving health and safety performance and the management of risks/hazards.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Sep 2021

FREQUENCY:

The first Weekday of every 6 months

TREATMENT MC00545

INCIDENT, NON-CONFORMITY AND CORRECTIVE ACTION

Council has in place a system and documented processes for the reporting, investigation and taking of corrective and preventative actions from health and safety incidents and non-conformances. The documented process includes the use of structured investigation tools (e.g. 4 Step Structured Problem Solver or Incident Causation Analysis Methodology (ICAM)) for the identification of root causes to ensure the health and safety incident does not reoccur or occur elsewhere.

BWare Safety Manager is used to record health and safety incidents and assign corrective or preventative actions. The completion of actions is tracked weekly by the Zero Harm Team and status reports provided and discussed with the Executive Leadership Team (ELT) on a weekly basis.

This treatment impacts the likelihood of the risk by clearly defining processes for the investigation of health and safety incidents and requirements for the implementation of corrective or preventative actions.

TREATMENT MC00584

PROCUREMENT AND CONTRACTOR SAFETY MANAGEMENT

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards.

Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

05 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

40

TREATMENT MC00606

LEADERSHIP AND COMMITMENT

A documented health and safety policy and related health and safety objectives are established and are compatible with the strategic direction of the organisation.

This treatment reduces the likelihood of the risk by providing clear and visible organisational health and safety commitment and expectations.

TREATMENT MC00607

ROLES AND RESPONSIBILITIES

Health and safety responsibilities and authorities for relevant roles are assigned, documented and communicated at all levels within Council. This treatment reduces the likelihood of the risk by ensuring clear and transparent responsibilities for organisational health and safety.

TREATMENT MC00608

WORKER ENGAGEMENT AND CONSULTATION

Documented processes are in place for the establishment, implementation and maintenance of a worker health and safety consultation and participation system. This consultation and participation system is known as the Safety Action Team (SAT).

This treatment reduces the likelihood of the risk by providing opportunities for worker involvement in health and safety improvements and a forum for workers to raise health and safety issues to management for resolution.

TREATMENT MC00620

RISK SCOPE AND CONTEXT

A documented health and safety risk assessment is completed to determine the scope, boundaries and applicability of Council's Zero Harm health and safety management system (ZHSMS). The assessment has taken into consideration external and internal issues relevant to Council's purpose that can affect health and safety. It has identified interested parties other than workers in relation to health and safety and also what are the health and safety requirements in relation to planned or performed work activities, products or services that are within Councils control or influence.

This treatment reduces the likelihood of the risk by ensuring that the scope and context of the health and safety management system is correct.

SIGNOFF(S): Lynn Shirley

DUE DATE: 01 Aug 2022

FREQUENCY: The first Weekday of every 12 months

SIGNOFF(S): Lynn Shirley

DUE DATE: 01 Aug 2022

FREQUENCY: The first Weekday of every 12 months

SIGNOFF(S): Lynn Shirley

DUE DATE: 01 Aug 2022

FREQUENCY: The first Weekday of every 12 months

SIGNOFF(S): Lynn Shirley

DUE DATE: 01 Aug 2022

FREQUENCY: The first Weekday of every 12 months

41

TREATMENT MC00621

RESOURCES

Council has identified and allocated sufficient economic, human and technology resources to support the establishment, implementation, maintenance and continual improvement of the Zero Harm safety management system (ZHSMS). Council has in place a Zero Harm Team that consists of 3 FTEs (Zero Harm Manager and two Zero Harm Advisors). The Zero Harm Team has an annual budget for running the Zero Harm function and delivering activities identified in the Zero Harm Strategic Plan. A resourcing plan is developed annually to support the delivery of the Zero Harm Strategic Plan.

TREATMENT MC00622

TRAINING AND COMPETENCE

Council has in place a clearly documented health and safety training needs analysis that determines the necessary competence of workers to ensure their health and safety.

A process is in place to ensure that workers receive and maintain the necessary competence (including the ability to identify hazards) via appropriate education, training or experience. Records of health and safety training are maintained by the Zero Harm Team in a health and safety training register and BWare Safety Manager. The training register and BWare Safety Manager also track refresher training requirements.

This treatment reduces the likelihood of the risk by clearly identifying the health and safety training needs of new, transferring or returning workers.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

05 Aug 2022

FREQUENCY:

The first Weekday of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

05 Aug 2022

FREQUENCY:

The first Weekday of every month

TREATMENT MC00162

Activity Management Policy

Councils Activity Management Policy provides statements on how Council will manage assets and deliver associated services in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service. Its purpose is to outline the level of management appropriate for each activity for Council to achieve best management practice and meet statutory obligations.

This treatment impacts the likelihood of the risk by outlining what level of activity management the organisation is willing to commit to, therefore setting expectations for the organisation to deliver against.

SIGNOFF(S):

Robert Ashley

DUE DATE:

01 Sep 2021

FREQUENCY:

The first Day of every 12 months

RESIDUAL
16.0
HIGH

INHERENT
20.0

R00185

STRATEGIC, TECHNICAL, COMMUNITY ASSETS, SERVICE DELIVERY

**Asset Management;
Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.**

Assets failures (including Waters and Roothing) caused by poor planning, maintenance and or management.

OWNER Roger MacCulloch

CREATED 9/5/2016 11:06:29 AM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

42

TREATMENT MC00163

Infrastructure Strategy 2018-2048

The WDC 2018-2048 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

TREATMENT MC00464

Asset Management Plans

The National Asset Management Standards dictate and define Councils Asset Management Plans (AMPs). The AMPs are supported by Activity Management Plans which aim to link the delivery of services to the infrastructure that support them. AMPs are living documents which are reviewed at least annually and also undergo a 3 yearly re-write to feed into Councils Long Term Plan (LTP) cycle.

This treatment impacts the likelihood of the risk by ensuring Councils AMPs adhere with national standards.

TREATMENT MC00465

Asset Management Strategies

Council has a number of asset management specific strategies in place and under development. These include:

- Parks & Facilities; Toilet Strategy, Cemetery Strategy, Trails Strategy, Te Kauwhata Trails Strategy, Esplanade Strategy, Parks Strategy, Aquatic Facilities Strategy, Sport and Recreation Strategy (joint with Sport Waikato), Playground Strategy
- Roothing; Waikato Integrated land transport strategy (TO DO)
- Waters; 50 year water/wastewater/storm water strategies, 30 year infrastructure plan

This treatment impacts the likelihood of the risk by detailing and making visible Councils commitments for the management and maintenance of assets along with Councils commitment to level of service requirements.

SIGNOFF(S):

Roger MacCulloch
Ian Cathcart

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Robert Ashley

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Megan May

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

43

TREATMENT MC00466

Asset Management Systems

Service Delivery performs regular and continual collection of asset data for the purpose of condition assessment. This data informs programmes of work associated with asset maintenance and renewals. Data collection sources include (but are not limited to):

- RAMM
- Asset Finder
- SPM
- dTIMS

This treatment impacts the likelihood of the risk by ensuring that data driven planning can take place to maintain assets. It also impacts the consequence by supplying the information required to ensure currency of asset condition reporting and any required contingency activities.

TREATMENT MC00527

Council has a dedicated asset management team. Key functions of the team include implementation of regular condition assessments (a requirement of both facilities maintenance and open spaces maintenance contracts) and monitoring asset related data to ensure it is maintained (current) and applied during the planning process.

This treatment impacts the likelihood of the risk by assisting Council to maintain asset data to enable appropriate decision making during planning. Furthermore, it impacts the consequence of the risk by alerting Council to asset condition which facilitates early intervention should it be required.

SIGNOFF(S):

Robert Ashley

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Robert Ashley

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 6 months

RESIDUAL
16.0
HIGH

INHERENT
20.0

R00234

COMPLIANCE/ REGULATORY, STRATEGIC, OFFICE OF CHIEF EXECUTIVE

**Climate Resilience; Emission Reduction Targets
Waikato District Council is exposed to litigation or
financial impact as the result of failing to meet
legislative requirements associated with emissions
reduction.**

Council fails to implement key actions to align with national reduction targets resulting in either prosecution or a need to financially offset emissions

OWNER Vishal Ramduny

CREATED 1/14/2021 11:36:17 AM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Major (4)
DESCRIPTORS

44

TREATMENT MC00617

Climate Response and Resilience Policy
The Climate Response & Resilience Policy demonstrates consideration for the needs of future generations by adopting best practice behaviours through a proactive climate change and emissions reduction strategy, and it aligns with Central Government legislation and Waikato District Council's existing commitments.

This treatment impacts the likelihood of the risk by providing guidance on Council's responsibilities regarding climate change including how the organisation undertakes actions that minimise the effects of Climate Change through:

- the reduction of greenhouse gas emissions
- the development of adaptation measures

TREATMENT MC00618

Climate Response and Resilience Plan
The Climate Action Plan outlines the Council's response to climate change and provides actions that will help Council teams and the District to mitigate, build resilience and adapt to climate change.

The plan impacts the likelihood and the consequences of the risk by providing WDC actions which, when put into effect, meet audit and statutory obligations, and community expectations, to mitigate and adapt to climate change.

TREATMENT MC00623

Climate Resilience Resource
Council has in place a dedicated role with responsibility for coordinating, progressing, and delivering the Climate Action Plan. The position is also responsible for coordinating the organisations annual emissions stock-takes and coordination of emissions reductions strategies.

This treatment impacts the likelihood of the risk by ensuring that emissions data is current and reduction strategies are effective.

SIGNOFF(S): Jim Ebenhoh
DUE DATE: 01 Feb 2022
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Gavin Ion
DUE DATE: 01 Feb 2022
FREQUENCY: 1st day of every 6 months

SIGNOFF(S): Jim Ebenhoh
DUE DATE: 01 Sep 2022
FREQUENCY: 1st day of every 12 months

RESIDUAL
15.0
HIGH

INHERENT
20.0

FINANCIAL, STRATEGIC, FINANCE, OFFICE OF CHIEF EXECUTIVE

Affordability
Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.

Council is unable to provide or maintain required infrastructure or services due to a lack of funds sourced through rates or via other funding sources.

R00235

OWNER Alison Diaz

CREATED 1/14/2021 11:37:33 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL
15.0
HIGH

INHERENT
20.0

REPUTATION/ IMAGE, STRATEGIC, COMMUNITY PROJECTS, SERVICE DELIVERY

Community Expectations
Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.

Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme outcomes.

R00233

OWNER Tony Whittaker

CREATED 1/14/2021 11:35:15 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

TREATMENT MC00121

Waikato District Council's Communication and Engagement Strategy

The Communication and Engagement Strategy provides guidance on Council's communication and engagement activities and practices, including public meetings. These include but are not limited to:
- Long Term Plan, Bylaws and Annual Plans Special Consultative Procedure
- Reserve Management Plan (RMP - as per the Act)
- Policy or strategy (statutory) Special Consultative Procedure
- Policy or strategy (non-statutory) Section 82 and significance and engagement policy specification.

This treatment impacts the likelihood of the risk by providing Council employees a practical guide to how we engage. Application of actions to deliver the strategy provide opportunities for people within the community to engage with Council in a variety of different mediums.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

46

TREATMENT MC00165

Significance & Engagement Policy

The policy outlines how WDC will assess "significance", as required by the LG Amendment Act. A particular issue is the determination of whether an issue is of "high" significance or not in regard to the impact on communities.

Environmental, social and cultural well-beings also form part of a significance determination.

This treatment impacts the likelihood of the risk by providing a practical guide that outlines how to assess the impact of action and suitable engagement practices to meet the assessment.

TREATMENT MC00430

Long Term Plan

Every three years Council creates Long Term Plan (LTP) works streams that capture programmed works scheduled to deliver the LTP commitments. These work streams include annual Activity Management Plans (AMPs) that dictate which programmes will be undertaken (through projects and initiatives) for the subsequent period.

The LTP is also used to re-set community expectations by re-forecasting historic LTP projects. This allows periodic re-consideration of projects and appropriate re-allocation of budgets.

This treatment impacts the likelihood of the risk by detailing and documenting Councils annual and triannual work plan.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Roger MacCulloch

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00431

Project Management Framework

The Project Management Framework provides a common and widely understood set of processes and tools to be used for project delivery across Council. It includes stakeholder engagement practices which assist in determining community needs and wants and in delivering projects effectively to meet those expectations in line with budget allocation. The framework includes:

- An all of business Project Management Methodology
- Portfolio Management Structure
- Processes
- Roles & Responsibilities
- Escalation
- Prioritization
- Project Management System

This treatment impacts the likelihood by providing Project Managers a higher level of understanding of community expectations and by facilitating appropriate planning using a consistent approach to project work.

SIGNOFF(S):

Kurt Abbot
Kirsty Wellington

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 6 months

RESIDUAL

12.0

HIGH

INHERENT

20.0

R00128

STRATEGIC, TECHNICAL, INFORMATION MANAGEMENT, OPERATIONS

**Cyber Security;
Council is exposed to significant business disruption caused by unauthorized access or damage to privileged information and or reduced data integrity resulting from cyber attack or employee behaviour (externally or internally initiated).**

Council systems or the information contained within are compromised by cyber crime or a lack of compliance with process resulting in significant financial, reputational, and or business impact.

OWNER Geoff King

CREATED

RISK LIKELIHOOD Descriptors Likely (4)

DESCRIPTORS

RISK CONSEQUENCE Descriptors Catastrophic (5)

DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Descriptors Possibly (3)

DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Descriptors Major (4)

DESCRIPTORS

DESCRIPTORS

TREATMENT MC00427

CyberEdge Liability Insurance:

Council has in place cyber security insurance cover. Inclusions listed are:

- Data administrative investigations
- Data administrative fines
- Electronic data
- Repair of policy holders reputation
- Repair of individuals reputation
- Notification and monitoring costs
- Forensic service costs
- Media content library
- Cyber extortion
- Network interruption insurance

This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.

SIGNOFF(S):

Alison Diaz

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

48

TREATMENT MC00428

IM Business Continuity & Disaster Recovery Plans:

The IM team have in place an IM BCP & DRP including a disaster recovery plan that aligns the technical IT recovery procedures with the enterprise BCP. It includes;

- a communication plan
- prioritising the critical systems for recovery first
- regular tests of back up and recovering procedures
- simulations with various scenarios

This treatment impacts the consequence by detailing priority procedures in the case of an incident, ensures selected systems/process are functional and that staff are aware of their responsibilities and trained to manage them in the case of an event. The IM BCP & DRP will be reviewed in 2021 to align with the 2021 revision of the Organisational Disaster Recovery Plan.

TREATMENT MC00434

Internal and External Audit

The IM risk position is assessed using both internal and external audits and assessments e.g. the 2015 SSS ICT Security Risk Assessment, 2017 Vo2 Cyber Security Protection assessment, 2020 ALGIM Cyber Security Maturity & Benchmarking Assessment and the annual Audit NZ IS Controls audit. People, process, and technical improvements identified through the audit process informs Councils 3 year cyber security maturity improvement.

This treatment impacts the likelihood of the risk by providing an independent view of cyber security and facilitating continuous improvement.

SIGNOFF(S):

Geoff King

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

49

TREATMENT MC00624

Cyber Security Improvement Programme

The programme outlines annual initiatives to improve cyber security. It is approved annually by the Audit and Risk Committee. The initiatives completed / underway / planned for 2021/21 are:

- Mail Marshall expansion to include URL sandboxing [now completed]
 - Firewall review & hardening [In Progress]
 - Always on VPN (aka Zero Trust / Borderless Security) [In Progress]
 - Security Incident Response Plan [In Progress]
 - Exchange Online & Advanced Threat Protection [Planned]
 - Cloud Backup Architecture [Planned]
 - Phishing Surveys and targeted user training (improving our peoples cyber security maturity) [Planned]
 - Replacing / upgrading end-of-life applications & servers [Planned]
- programme

This impacts the likelihood and consequences of the risk through continuous improvement.

TREATMENT MC00625

National Cyber Security Centre (NCSC) Monitoring:

NCSC monitoring of internet traffic is in place for Council.

This treatment impacts the consequences of the risk through the addition of another level of monitoring to assist with early detection and intervention of cyber threats.

TREATMENT MC00626

Cloud Based Solutions Policy:

Council has in place a cloud based solutions risk assessment policy and framework. The policy aligns with the AoG NZISM standard.

As new cloud solutions are adopted and existing cloud solutions are converted this treatment impacts the likelihood of the risk by defining specification requirements, including security, for cloud based solutions.

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2024

FREQUENCY:

1st day of every 36 months

TREATMENT MC00627

AoG NZISM Framework and Standards:

Council is adopting, where it is appropriate to do so, the GCSB NZISM Framework and aligning to the associated standards. The Framework is set by the Government Chief Digital officer.

As this treatment is adopted across council systems it will reduce the likelihood of the risk by ensuring that Council practice aligns with best practice standard.

TREATMENT MC00628

Integrated Technical Security Systems:

Currently Cyber security is managed using a range of security measures at various layers of connection (referred to as "Security In-depth" or "Layered Security"). They include, but are not limited to:

- Software & Hardware Firewalls
- Segregation of the Wired & Wireless network
- Mail filtering (Mail Marshal)
- Antimalware & behaviour monitoring (Sophos)
- Mobile Device Management (Intune)
- URL Sandboxing
- etc

The council has a 3-year Cyber Security Improvement programme, with the annual improvements endorsed & monitored by Audit & Risk.

This treatment and the enhancements implemented through the evolving cyber security improvement programme reduce the likelihood of, but do not avoid, the risk by means of blocking and alerting external and internal malware and attackers gaining access to the environment.

TREATMENT MC00629

Information Management Response Processes:

The IM Team have specific processes in place to detect and respond to cyber threats. These include, but are not limited to:

- Responding to cyber security attacks
- Activating Disaster Recovery

This treatment reduces, but does not avoid, the consequences of the risk by assisting in early identification and timely response. The processes describe containment and recovery procedures.

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00630

Cyber Security Education:

IM has in place a programme that aims to increase awareness of cyber threats and educate staff on how to avoid threats and or respond in the event of an incident. The programme includes periodic blog posts, emails and presentations at key meetings such as chamber chat. During 2021 phishing surveys have also been approved as part of the Cyber Security Programme (approved by the Audit and Risk Committee).

This treatment will impacts the likelihood of the risk by increasing staff awareness and by collecting relevant data to determine and focus training requirements.

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2022

FREQUENCY:

1st day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

20.0

R00230

POLITICAL, STRATEGIC, COMMUNITY GROWTH, ECONOMIC & COMMUNITY DEVELOPMENT

**Growth;
Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.**

This may include but is not limited to; decay in LOS, unmanageable funding allocations, speed of growth exceeding or not meeting growth forecasts, etc.

OWNER Vishal Ramduny

CREATED 8/14/2018 2:19:14 PM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

TREATMENT MC00500

District Development (Growth) Strategy

The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00590

Hamilton to Auckland Corridor Programme and Future Proof Partnership

This project examines growth pressures and opportunities across district boundaries.

This treatment impacts the likelihood of the risk through an enduring partnership approach, coordination of growth challenges and opportunities with the intention of giving effect to governments Urban Growth Agenda. It also impacts the consequence of the risk by ensuring transparency allowing for mitigation strategies to be implemented should developments arise.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

28 Feb 2022

FREQUENCY:

The last Day of every 6 months

TREATMENT MC00592

District wide & Local Area Blueprints
These documents capture communities visions and will help to inform future work programmes (including funding allocation).

This activity impacts the likelihood of the risk by ensuring that our growth management approach reflects community aspirations and provides a platform of understanding for Council to facilitate planning. Furthermore it provides an idea of the disruption that Council is trying to avoid. It also informs the growth strategy in coordination with other sub-regional initiatives e.g. corridor plan.

TREATMENT MC00593

District Plan Review
Incremental reviews are performed e.g. plan changes. Council is in the process of a comprehensive review (since 2014).

This treatment impacts the likelihood of the risk by setting the regulatory framework for sustainable use of natural resources and growth management to ensure it reflects strategic direction of Council and partners.

TREATMENT MC00595

Integrated Land Use & Infrastructure Planning
This treatment is not stand alone, it informs all strategic, policy and infrastructure planning undertaken by Council.
This approach includes;
- Recognition of the need within Council for a more integrate, focused and agile approach e.g. the creation of the Community Growth Group
- Development and maintenance of relationships with partners/agencies/service providers to enable a more unified planning approach as well as increasingly collaborative work with our neighboring councils (Hamilton and Auckland) to manage cross-boundary effects of growth.
- Addressing climate change mitigation by factoring such considerations into our network infrastructure planning, protecting highly versatile soils for food production, and identification of hazards
- Ensuring that this integrated planning approach flows through into funding decisions in the next Long Term Plan.

This treatment impacts the likelihood and consequences of the risk.

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 28 Feb 2022
FREQUENCY: The last Day of every 6 months

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 28 Feb 2022
FREQUENCY: The last Day of every 6 months

SIGNOFF(S): Clive Morgan
Vishal Ramduny
DUE DATE: 28 Feb 2022
FREQUENCY: The last Day of every 12 months

TREATMENT MC00596

Community Growth Group

This group was created as part of the restructure in response to identified growth impact. The intent of the group is to ensure an integrated approach to land use, infrastructure planning and economic and social development across Council.

Within the Community Growth Group a Growth Analytics function has been created to monitor growth and population changes to better prepare us to respond to growth pressures.

This treatment impacts the likelihood of the risk by providing a dedicated team focusing on growth, growth management and community development.

TREATMENT MC00597

Implementation of National Policy Statement on Urban Development.

This action impacts the likelihood of the risk by ensuring that Council monitors the adequacy of residential and business land to meet forecast demand.

SIGNOFF(S):

Vishal Ramduny
Clive Morgan

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

William Gauntlett
Vishal Ramduny
Jim Ebenhoh

DUE DATE:

28 Feb 2022

FREQUENCY:

The last Day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00190

PEOPLE, STRATEGIC, OFFICE OF CHIEF EXECUTIVE, PEOPLE & CAPABILITY

People & Culture;

Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.

Council are unable to recruit, promote or keep staff in core service positions due to a lack of appropriately trained people, industry competition or perceived or actual Council culture.

OWNER Vanessa Jenkins

CREATED 9/5/2016 12:22:54 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

54

TREATMENT MC00474

People Strategy

The People Strategy guides the direction of Councils people management including but not limited to;
- Succession, recruitment and workforce planning
- Initiatives
- Support requirements (inc technology, market analytics and metrics)

This treatment impacts the likelihood by providing the structure to implement pro-active actions associated with attracting and maintaining resources.

TREATMENT MC00475

Maintenance of peripheral workforce

Council's business groups maintain relationships with key consultancy practices for the purpose of employing specialist services and/or for providing resources where personnel vacancies exist or where it is identified that supplementary personnel are required in addition to the permanent workforce.

This treatment impacts the consequence of the risk by providing options for temporarily filling vacancies facilitating time for recruitment whilst maintaining business as usual.

TREATMENT MC00476

Organisational Change Program

An organisational change program has been implemented to deliver initiatives associated with improved workplace culture and leadership. The program comprises a number of project work-streams championed by the Executive Leadership Team. The program is overseen and led by the Change Manager.

This treatment impacts the likelihood of the risk by providing a strategic approach to changing the organisational culture.

TREATMENT MC00600

Recruitment Strategy

Council actively reviews and updates it's recruitment strategy to meet employment market requirements.

This treatment impacts the likelihood of the risk by ensuring a current and effective approach to employment and retention of employees.

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

20 Jul 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Roger MacCulloch
Sue O'Gorman
Tony Whittaker

DUE DATE:

01 Oct 2021

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Angela Parquist

DUE DATE:

01 Nov 2021

FREQUENCY:

The first Day of every 3 months

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
20.0

R00053

BUSINESS CONTINUITY, STRATEGIC, OPERATIONS, PROJECTS & INNOVATION

**Business Resilience;
Business function is significantly disrupted due to a lack of organisational resilience.**

Council operations are impacted through failure to create and prioritize action plans for implementation in the event of a business impact incident.

OWNER Kurt Abbot

CREATED

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

55

TREATMENT MC00456

Civil Defence & Emergency Management (CDEM) Waikato District Council is part of the CDEM group. The role of the group is to work in partnership with communities to ensure the effective and efficient delivery of emergency management within the Waikato region. Council employees are obligated to provide support where necessary as part of their roles (subject to situation specific circumstance). Council staff are trained in specific emergency management roles and have processes and procedures that aim to both reduce the impact of incidents and (where possible) to maintain the provision of Council services.

This treatment impacts the consequences of the risk by ensuring there is an organisational understanding of Councils commitment to maintain and manage the on-going delivery of Council services during an incident.

TREATMENT MC00574

EMERGENCY PREPAREDNESS AND RESPONSE

The Incident Management Framework (Business Continuity) is designed to respond the incidents significantly affecting business with the potential to have an effect on the community. This may occur prior to escalation to CDEM response or simultaneously where different management teams are required to manage different impacts.

Consistency in our approach to incidents and emergencies as an organisation means we have the ability to manage an event of any size, undertaken as a matter of scalability. Should an incident escalate and require a significant CDEM response all we would be required to do is increase the response capability. The alignment of our business continuity with CDEM practices means the training we undertake, the language we use and how we respond to our community is done efficiently and effectively to reduce the overall impact.

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Kelly Newell
Donna Tracey
Angela Parquist
Kurt Abbot
Reece Turner
Mervyn Balloch
William Gauntlett

DUE DATE:

FREQUENCY:

Once

TREATMENT MC00601

Risk Management Framework:

Councils Risk Management Framework includes policy, processes, support, tools, templates and user guides. The Framework details organisational expectations and best practice risk management behaviours across all levels of the business.

This treatment impacts the likelihood of the risk by ensuring that Council employees are equipped to effectively identify and manage risks and the associated consequences. It assists employees to appropriately plan and implement contingency plans.

TREATMENT MC00603

In-House Resilience Resources

Council has several key resources assigned to work in the business resilience space. These include;

- Risk Advisor; accountability for the Risk and Business Continuity portfolios
- Emergency Management Advisor; accountable for building strong relationships specific to community preparedness and resilience.
- Emergency Management Team Leader; accountable for delivering on the strategic direction for building resilience for the organisation and the community.

These resources operate independently and as a virtual team to provide internal and external risk and hazard identification, response and coordination, as well as liaising across regional and national stakeholder groups to enable continuous improvement and partnership opportunities.

This treatment impacts the likelihood of the risk by facilitating cross organisational oversight of resilience functions and enabling delivery of resilience related programmes (both internally and externally) through appropriate resourcing. It addresses the consequence through facilitation of appropriate response and contingency planning.

SIGNOFF(S):

Katja Jenkins

DUE DATE:

01 Jun 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00604

Annual Resilience Work Programme

The programme is developed to address priority activities outlined through the CDEM capability assessment, the organisational change requirement and continuous improvement initiatives. It includes key pieces of work such as;

- Community Response & Resilience Planning
- Strategic Planning for Recovery
- Business continuity planning
- Public Education

This treatment impacts the consequence of disruptive events by increasing community preparedness, incorporating risk mitigation and response into community planning activities and through the contingency planning process.

TREATMENT MC00605

Risk Culture Program:

The program aims to progress Councils risk culture by enabling an appropriate and consistent approach to risk taking and encouraging the use of risk practices to inform decision making. It focuses on educating teams on risk purpose, organisational risk appetite and application of risk practices.

This treatment impacts the likelihood by providing employees a greater level of understanding of appropriate risk practice and promoting the benefits of proactive risk management and continuity planning. It also addresses the consequences of the risk through developing organisational processes associated with contingency planning.

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00188

TREATMENT MC00163

Infrastructure Strategy 2018-2048

The WDC 2018-2048 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

SIGNOFF(S):

Roger MacCulloch
Ian Cathcart

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

POLITICAL, STRATEGIC, COMMUNITY GROWTH, ECONOMIC & COMMUNITY DEVELOPMENT

**Economic & Social Development;
Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.**

Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.

OWNER Vishal Ramduny

CREATED 9/5/2016 11:32:26 AM

RISK LIKELIHOOD DESCRIPTIONS Likely (4)

RISK CONSEQUENCE DESCRIPTIONS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTIONS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTIONS Moderate (3)

TREATMENT MC00469

Waikato 2070 Growth and Economic Development Strategy

Council has an economic development programme which is integrated with the strategic land use plan. This enhances our economic development strategy whilst providing greater clarity and understanding as to our growth potential and risks. Regional economic development remains the domain of Te Waka. Council continues to work with Te Waka as a partner.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00471

Social Development Initiatives

Council has adopted a number of socially related strategies that aim to consider and provide for the social outcomes in the districts communities.

These include, but are not limited to:

- Place Making Strategy
- Heritage Strategy
- Youth Engagement Plan
- Grant Funding Scheme

Although these initiatives impact the likelihood of the risk by providing a degree of focus and resources dedicated to social development they are essentially limited as a result of no guiding social development strategy or policy (for example, the ex-Franklin Social Wellbeing Policy).

TREATMENT MC00472

Cross Boundary Initiatives

These initiatives aim to foster integrated planning across territorial boundaries, ensuring greater efficiencies and settlement planning across boundaries.

Example:

- North Waikato Infrastructure Programme Business Case,
- Future Proof
- Waikato Plan
- MOU Auckland Council
- National Policy Statement on Urban

Development capacity (requires collaboration with HCC to make land available for infrastructure to support residential and commercial development)

This treatment impacts the likelihood of the risk by providing a holistic approach to economic development and preventing limitations associated with territorial authority boundaries.

SIGNOFF(S):

Clive Morgan
Vishal Ramduny

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Julie Dolan

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

RESIDUAL
8.0
MODERATE

INHERENT
12.0

R00189

POLITICAL, STRATEGIC, COMMUNITY GROWTH, PLANNING & POLICY

**Regional & National Strategic Planning & Legislative Reform;
Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.**

Amendments to local or national legislation, government practices or other authorities require significant change to business operations.

OWNER Vishal Ramduny

CREATED 9/5/2016 12:21:58 PM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Moderate (3)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Likely (4)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Minor (2)

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TREATMENT MC00135

Council participates as a key stakeholder in the Waikato Mayoral forum, Waikato LASS and Future Proof. Through these initiatives Council proactively contributes to a single voice for the Waikato region to central government.

This treatment impacts the likelihood of the risk by capitalising on relationships with other councils in the region and by being part of a collaborative governance approach.

TREATMENT MC00490

The Long Term Plan (LTP) and Annual Plan process provide a basis for an assessment of legislative and other external and internal influences on the business.

This treatment impacts the likelihood of the risk by ensuring Council is adequately informed of Regional and National governance development and provides a set process to accommodate currency of information to future planning.

TREATMENT MC00491

Through applied process Councils keeps abreast of Government's legislative pronouncements and becomes involved through the submissions process in any development that would advocate Councils best interest.

This treatment impacts the likelihood of the risk by ensuring that Council not only has the required information regarding developments but an avenue to respond to/influence outcomes.

TREATMENT MC00492

Councils Chief Executive (CE) is committed to building a relationship with Wellington to facilitate open communication and ensure the organisation receives timely information and has opportunity for response and contribution.

Regular meetings are held with Central Government ministers and with a key manager in the Department of Internal Affairs.

This treatment impacts the likelihood of the risk by assisting in the timely communication of information and developments.

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Nov 2021

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Oct 2021

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Christine Pidduck

DUE DATE:

01 Nov 2021

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Nov 2021

FREQUENCY:

1st day of every 3 months

TREATMENT MC00500

District Development (Growth) Strategy

The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00598

Alignment of Council's "People and Capability" function to current and potential future needs of the organisation in terms of participating in, and responding to, national and regional strategic planning and legislative reforms.

This treatment impacts the likelihood of the risk by ensuring adequate numbers of staff, with diverse, flexible skills, including negotiation and persuasion, and the ability to provide value in a variety of planning and governance frameworks.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Jim Ebenhoh
Vanessa Jenkins

DUE DATE:

04 Apr 2022

FREQUENCY:

The first Monday of every 12 months

Open Meeting

To	Audit & Risk Committee
From	Sue O’Gorman General Manager Customer Support
Date	4 September 2021
Prepared by	Mervyn Balloch Building Quality Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Risk Conversations – Building Quality

I. EXECUTIVE SUMMARY

The purpose of this report is to provide an update to the Committee on progress made in the Building Quality area in the last quarter to mitigate risk as outlined in the attached Building Quality - Risk Register.

The Building Quality Manager and Building review Team Leader attended the June 2021 Audit and Risk Committee meeting and presented a Risk Conversation report. The Risk Conversations enable key staff within the organisation, who are managing risk in their everyday activities, (expect this to be third tier managers and/or team leaders) to come and share “their business”, from a risk perspective, with the Committee.

It provides the Committee an opportunity to dialogue with these staff to obtain assurance, from a governance perspective, that appropriate controls and culture are in place. A progress update was requested for the September 2021 meeting.

The key changes to note since June are the recruitment of staff – existing vacancies have been filled and some additional positions have also been filled. Some recruitment is still underway due to a tight employment market. All the IANZ audit non-compliances have been cleared by IANZ and Council’s accreditation has been retained with the next audit to be carried out in February 2022. A Quality Manager has now been recruited for the Waikato Building Cluster Group and this should greatly assist in achieving better outcomes in future audits.

The current business risks register for the Building Quality team is attached. Updates are captured in the comments column and demonstrated in bold red text. The register includes key operational risks and controls affecting this area of the business.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the progress made on mitigation of risk in the Building Quality area.

3. ATTACHMENTS

- Building Quality - Risk Register



Team / Project Name: **Building Quality**

Completed By: **Merv Balloch, Terrence Hayes**

Date: **6/04/2021**

63 Risk Register

Risk Ref #	Risk Statement	Inherent Risk			Risk Treatment	Residual Risk score			Contingency action(s)	Risk Owner	Monitoring/ Reporting	Comment
	Risk statement; "bad outcome, cause"	Likelihood	Consequence	Factor	What can we do about each significant risk to either eliminate it or reduce it?	Likelihood	Consequence	Factor	If the risk becomes reality...what action(s) will we implement?	Who has responsibility for monitoring and reporting this risk? (One person!)	What is the frequency for monitoring	Additional information.
BQ-R001	Waikato District is exposed to negative economic impacts (reduced capacity for growth) caused by Waikato District Council losing IANZ accreditation.	1	4	Low	<p>Employ trained and skilled staff.</p> <p>Develop a strong understanding of our requirements to meet IANZ accreditation standards.</p> <p>Engage with IANZ biannual audits.</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we can ensure all the required auditing, training and continual improvement is carried out in order to meet the accreditation regulations and to ensure WDC don't lose their accreditation.</p>	1	4	Low	Draw on all available contractor and Waikato Building Consent Group (WBCG) resources when / if available and expertise to assist in retaining WDC accreditation.	Merv Balloch	Annually	<p>2 new staff have been employed for building inspections. We are currently recruiting for 2 Building Review Officers and 2 Pool / Compliance officers. There have been challenges associated with availability of suitable candidates however we are hoping to fill positions prior to end of year.</p> <p>IANZ audits usually occur every two years.</p>
BQ-R002	Waikato District Council incurs unnecessarily high costs due to our reliance on contractors to meet building review and inspection service requirements (lack of appropriately qualified human resources, increased demand trend and competitive market).	5	3	High	<p>Implement overtime for existing staff (where appropriate and with consideration to burnout).</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we don't need to use contractors. Ensure we have enough resources to cover for retirements, sickness, leave training and staff turnover.</p> <p>Explore opportunities for technology to reduce workload.</p>	4	3	High	Implement fees and charges at a level that covers the costs of having to use contractors so that our ratepayers are not disadvantaged. It is important to realise that contractor are not always available and at present are fully committed across the country.	Merv Balloch	Weekly	<p>Building consent trends continue to increase. At this stage resourcing is not meeting increasing demand requirements and Council is reliant on contractors. This cost is off set by funds from the building quality process.</p> <p>Recruitment is underway however filling positions is likely to take a number of months (finite resources within the market and a competitive market). Once positions are filled the residual risk is likely to decrease.</p> <p>A project manager has been engaged to lean existing processes in an attempt to gain efficiencies and reduce workload. The "Alpha 1" programme which can be used to process building consents was considered however it was found to be unsuitable (less efficient) than the existing processes.</p>
BQ-R003	Waikato District Council fails to meet IANZ audit requirements as the result of prioritizing Building Consent Authority requirements e.g. processing and inspections, over MBIE model requirements (such as reviewing internal systems and audits).	4	3	High	<p>Provision of feedback (via the IANZ audit) to MBIE regarding LASS internal process requirements for maintaining Quality Manual and internal auditing of member Councils.</p> <p>Implement internal audit (underway)</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we can ensure that all the Building Consent Authority (BCA) requirements are fulfilled in the required timeframes to a satisfactory level.</p> <p>Apply lessons learnt from IANZ audit 2021.</p>	4	3	High	Draw on all available contractor and WBCG resources and expertise to assist in regaining Council's accreditation.	Merv Balloch	Annually	<p>Audit outcomes are made available to Peer Councils and therefore poor outcomes have the potential for reputational damage.</p> <p>The last IANZ audit identified 31 general non-compliance and 2 serious non-compliance (as outlined in the report received by the Audit and Risk Committee June). All the non-conformances have since been cleared by IANZ and Councils accreditation has been retained. As a result of the high number of non-compliances IANZ will perform a follow up audit in 12 months rather than the usual 24 month schedule. Council is confident that there will be an improvement on the previous results. The subsequent audit will allow us to re-assess the residual risk in this area.</p>
BQ-R004	Waikato District Council loses accreditation as the result of processing delays (outside of statutory requirements) due to a lack of building review officers or inspectors (lack of human resources)	4	4	High	<p>Implement overtime for existing staff (where appropriate and with consideration to burnout).</p> <p>Recruit additional resources (currently underway).</p> <p>Commit to resourcing to a level where we can ensure all consents are processed within the statutory timeframes. This would ensure Council doesn't lose their accreditation.</p> <p>Apply lessons learnt from IANZ audit 2021.</p>	4	4	High	Draw on all available contractor and WBCG resources and expertise to assist in regaining Council's accreditation. It is important to realise that contractor are not always available and at present are fully committed across the country.	Merv Balloch	Quarterly	<p>WDC relies heavily on contractors at a high cost due to a lack of appropriately qualified people (finite resources within the market and a competitive market)</p> <p>Some leniency exists if a few delays are incurred however ongoing delays may result in accreditation being revoked.</p> <p>Contracting resources are only effective if consents are allocated within 10 days of submission.</p> <p>The outcomes from the 2021 IANZ audit was that Councils accreditation was retained. There were however a high number of non-compliances and IANZ will perform a follow up audit in 12 months rather than the usual 24 month schedule.</p> <p>Council is confident that there will be an improvement on the previous results. The subsequent audit will allow us to re-</p>
BQ-R005	Waikato District Council is unprepared in the event of legislative changes (associated with national housing demand).	3	3	Moderate	<p>Maintain relationship with peer Council's to support exposure to information regarding potential legislative changes.</p> <p>Ensure appropriate resourcing i.e. Having a fully staffed team with capacity to respond in the event of any sudden change in legislation. Almost without exception the changes in legislation over the last 10 years have resulted in council having more work not less. Recruitment is underway.</p>	3	3	Moderate	Depending on the legislation change engage appropriate contractors to assist till we can resource ourselves to a position where we could carry out the work associated with whatever the changes required.	Merv Balloch	Quarterly	<p>There is uncertainty with regard to the potential for legislative change e.g. previous change included requirement for team to achieve qualifications. Due to resourcing deficits this type of change would cause significant team disruption. Once fully resourced the residual risk will be reduced. This resourcing will need a future focus to ensure we can meet increasing demand.</p>



Team / Project Name: **Building Quality**

Completed By: **Merv Balloch, Terrence Hayes**

Date: **6/04/2021**

64 Risk Register

Risk Ref #	Risk Statement	Inherent Risk			Risk Treatment	Residual Risk score			Contingency action(s)	Risk Owner	Monitoring/ Reporting	Comment
	Risk statement; "bad outcome, cause"	Likelihood	Consequence	Factor	What can we do about each significant risk to either eliminate it or reduce it?	Likelihood	Consequence	Factor	If the risk becomes reality...what action(s) will we implement?	Who has responsibility for monitoring and reporting this risk? (One person!)	What is the frequency for monitoring	Additional information.
BQ-R006	Waikato District Council loses key staff due to market competition.	4	4	High	Review salaries for the Building Unit staff to bring them into line with the private sector. If necessary increase consent costs to facilitate salary increases (user pays).	4	4	High	Draw on all available contractor and WBCG resources to cover staffing deficit. It is important to realise that contractor are not always available and at present are fully committed across the country.	Merv Balloch	Annually	e.g. Consentium offers higher remuneration, other districts have less growth pressure. BQ is self funded. Fund distribution could be considered to improve retention i.e. remuneration review. Council has recently undergone the annual performance review cycle. Salary increases to align with peer Councils have been submitted; they are yet to be approved and are not guaranteed.
BQ-R007	Waikato District Council fails audit requirements due to internal administration requirements being deprioritized (lack of human resources)	4	3	High	Recruit additional resources (temporary resources have been hired). Commit to resourcing to a level where we can ensure all consent administration is carried out to support both the Building Consent Authority and Territorial Authority functions within the statutory timeframes. This would ensure WDC don't lose their accreditation.	3	3	Moderate	Draw on internal administration resources, if available. Failing that hire in temporary contractors. Down side to this is that it takes time to train temporary resources which exacerbates the situation.	Merv Balloch	Quarterly	Administration resources are often stretched as a result of having to support other parts of the business and when we use contractors there is often a significant administration component that is overlooked. Recent recruitment has seen a temporary resource appointed. This is facilitating some of the required administration to be addressed. Permanent resourcing would help to reduce the residual risk further.
BQ-R008	The Building Quality team are unable to maintain appropriate business function due to a lack of capacity in our resources.	5	4	Extreme	Recruit additional resources (currently underway). Resource the team so there is capacity to cover possible retirement, or staff leaving. Succession planning to ensure we have built in redundancy Identify key development areas and potential resources for development.	4	3	High	See if there is capacity at other WBCG members or contractors to assist us. Failing that recruit to fill the gaps in the staff levels. Training of staff requires a great deal of time and effort from other staff which in turn slows the team down.	Merv Balloch	Annually	There needs to be enough staff adequately prepared (training and experience) to fill vacancies (retirement or movement) so the business is able to future proof capacity requirements. Filling positions is likely to take a number of months (finite resources within the market and a competitive market). Once recruitment is complete and staff are fully trained the residual risk will decrease.
BQ-R009	Waikato District Council is exposed to reputational damage (amongst peers) due to deprioritization of Territorial Authority requirements (potential to fail Territorial Authority audit). This includes swimming pools, BWOF's and Earthquake prone work.	5	4	Extreme	Recruit additional resources (recruitment underway). Have enough resource to be able to carry out the required inspections and associated administration on both BCA and TA functions.	5	4	Extreme	We will apply whatever resource we can obtain from either within the team or externally from contractors, other WBCG members (provided they're available) to carry out the work.	Merv Balloch	Quarterly	A Territorial Authority audit is underway. At this point it is probable that WDC will do poorly during the audit due to a lack of resources to focus on TA requirements. Impacts could also extend to increased cost e.g. fees for follow up on audit requirements, requirement for additional contract services. This situation would also compound existing over stretched administration to meet audit requirements. We are currently recruiting for 2 Pool / Compliance officers. There are challenges associated with availability of suitable candidates however we are hoping to fill positions prior to end of year. We are currently in the process of engaging a contractor to carry out the earthquake prone work using the procurement process.

Open Meeting

To	Audit & Risk Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	27 August 2021
Prepared by	Will Gauntlett, Growth and Analytics Manager Maggie Hong, Principal Analyst
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Deep Dive Report – Growth

I. EXECUTIVE SUMMARY

This Deep Dive Report provides an opportunity for the Audit & Risk Committee to gain an understanding of how management view risk and to assess management’s control actions and mitigation procedures.

The report includes:

- Risk background
- Internal/external threats & impact
- Inherent Risk
- Examination of associated treatments
- Residual risk assessment
- Forecast
- Recommendations

This report relates to the strategic risk **R00230 Growth** - *Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.*

Generally, the term 'growth' can refer to economic growth (i.e., gross domestic product) but can also relate to increases in the population or number of households. For the purpose of this risk, the focus is on population and household growth.

As with any future land-use and infrastructure planning comes with inevitable uncertainty and risk. It is important that the Council has access to robust and up to date growth projections, and that it makes informed planning and investment decisions based on the best information available. The ability to monitor growth against a forecast and adapt plans to changing circumstances is also vitally important.

2. RECOMMENDATION

THAT the Audit & Risk Committee confirms:

- i) the existing risk be changed as follows - **“Council experiences significant business, financial and community disruption as the result of ~~inaccurate growth forecasts~~. population and household growth not occurring in line with forecasts.”**;
- ii) the current risk treatments be removed and replaced with the new risk treatments outlined in this report; and
- iii) the inherent and residual risk likelihood and consequence be updated as outlined in this report.

3. BACKGROUND

3.1 RISK BACKGROUND

The Waikato district has experienced a substantial increase in population and household numbers during the last decade. The provision of appropriate infrastructure and services for a district experiencing increasing growth has several challenges. In addition to complexity managing finances and infrastructure delivery, one of the main challenges for the Council is to provide the right infrastructure at the right place at the right time, to match market activity.

Growth forecasting plays a key role in making investment and infrastructure delivery decisions, because forecasts reduce uncertainty by determining the direction of future trends. However, decisions based on growth forecasts that substantially differ from actual observed growth can lead to suboptimal outcomes for the Council and for local communities.

It is understood that this strategic risk was first identified more than three years ago during a discussion on new infrastructure investment. While the Council had forecasted significant growth it was questionable whether the forecasted growth would eventuate. This question remains relevant today, as the potential consequences of over-/under-investment are more severe for a growing district.

It is noteworthy that the current risk statement was developed prior to the formation of the Growth & Analytics team. At that time, there was no role within the organisation specifically accountable for growth analytics advocacy.

3.2 FORECASTING BACKGROUND

Stats NZ is New Zealand’s official data agency. Its national and subnational population projections provide an indication of the future trends in the size of the population, based on different combinations of fertility, mortality, and migration assumptions. Similarly, National Family and Household Projections are derived from population projections using additional living arrangement assumptions. While these projections are updated every two to three years by incorporating the latest demographic trends from the Census and demographic estimates such as Estimated Resident Population (ERP), they are not designed to be exact forecasts or to project specific annual variation.

Aiming to provide consistent and defensible projections of demographic and economic indicators across the Waikato region, the work on Waikato Projection started in 2015. In particular, the University of Waikato (UoW) uses the Census data to perform population and household modelling for the Hamilton, Waikato and Waipa subregion. Using these projections, the Waikato Integrated Scenario Explorer (WISE) model spatially allocates the growth based on parameters such as zoning, densities, transport, economic and employment drivers, and land-use constraints to determine where the growth is likely to be realised.

In late 2016, the Waikato Forecasting Group, consisting of staff representatives from Future Proof partners, was established to ensure future projections meet the needs of individual councils for their planning work. Integrating economic information, social and population statistics and environmental data across the Waikato Region, the project was able to create tools for long term, holistic planning and decision-making. So far, the UoW projections have been used for regional, sub-regional and district land use and infrastructure planning and policy formulation and for business decisions. Plans informed by population and household forecasts include the Future Proof Strategy, the Waikato Plan, the Waikato Regional Transport Model, Waikato 2070, and the Waikato District Plan.

In 2020, the UoW re-forecasted population and household growth at territorial level (i.e., UoW2020) to factor in assumptions regarding the impacts of Covid-19 in respect to border closures and changes in international migration. Later during that year, UoW2020's medium growth scenario was formally adopted by the Waikato District Council as the default growth scenario. Those projections were used to inform Waikato District Council's Infrastructure Strategy, Assets Management Plans, the 2021-2031 Long Term Plan (LTP), and the proposed Waikato District Plan zone hearing reports.

The latest UoW projections (UoW2021) became available at the end of March 2021. On 28 May 2021, Future Proof partners agreed that all local authority partners will use the "high growth" scenario for the purpose of Future Proof and post-LTP 2021-2031 planning. In order to ensure consistency in the policy framework, staff have taken a paper to the Strategy and Finance Committee with a recommendation that the high growth scenario from the UoW2021 be adopted as Waikato District Council's default growth projection from 21 September 2021 onwards.

4. DISCUSSION AND ANALYSIS

4.1 INTERNAL/EXTERNAL THREATS & IMPACT

The risk, as currently written, focuses on the cause of disruption being "inaccurate" population or household forecasts. This is assumed to mean a situation where the observed population growth is significantly higher or significantly lower than the forecast that was used to inform the business decision. That may be due to:

1. The forecasting being poor – e.g., as a result of poor modelling methods, incorrect assumptions/inputs, a breakdown in the data collection process, etc (external threat).
2. The fact that forecasting is a point-in-time estimate ("best guess") of what the future might look like and, even with the best inputs and methods, may not be accurate (external threat).

3. Forecasting is based off historic trends so is unable to predict a significant change in trend (external threat).
4. A significant disruption to society significantly impacting growth, such as a significant change in human migration (e.g., Covid-19 border restrictions) or reproductive patterns (external threat).
5. Incorrect use of projections by the business, e.g., the outputs of the model being misunderstood and incorrectly used, or inconsistent forecasts being used across the business (internal threat).

As mentioned in the previous section, population and household projections are used to inform all significant infrastructure investments that the Council makes. The impacts of this risk are mostly related to poor infrastructure planning or, in other words, not having the right infrastructure in the right place at the right time. Given the limited nature of resources coupled with Council's debt cap, over-investment in one area generally means under-investment in another. The lack of adequate infrastructure and services can lead to lost business efficiency/productivity and missed growth opportunities.

Some examples of the risk consequences are:

- Non-availability of essential/non-essential services due to higher demand – only minor disruption to be expected in the long term as major shortfalls should be identified and corrected as part of Council's Annual Plan process;
- Underutilisation due to lack of demand – underutilisation is likely to be minimal in the long term, additional efforts may be required to encourage growth;
- Moderate but short-term resourcing deficit – additional specialist roles may be required to fast-track project to fulfil expected demand;
- Additional financing cost for funding unplanned infrastructure projects - given the current low rate of interest, the maximum exposure is expected to be no more than \$500k;
- Poor service delivery due to the unmet demand - adverse local media coverage can harm the Council's reputation and image; and
- Breach of policy, process or legislation due to insufficient infrastructure provision - the National Policy Statement on Urban Development 2020 (NPS-UD) requires tier 1 local authorities (e.g., Waikato District Council) to provide infrastructure-ready development capacity to meet expected demand for housing and business land.

Despite all possible efforts, population and household projections are not predictions of the future. Given that current modelling cannot anticipate future policy changes and unforeseen events, and projection uncertainty increases as geographic size decreases, it is almost certain that the forecasted growth will be inaccurate. However, the probability of a significant deviation between the UoW growth forecasts and the actual observed growth is considerably lower, especially at the district-wide level, given the robust forecasting methodologies and the regular updates. Nonetheless, projections remain a useful indication of a possible future and should continue to be used as part of the planning and policy-making process.

Overall, based on the above analysis, the Growth risk has a moderate risk consequence and a possible risk likelihood according to Council's risk matrix.

Associated strategic risks that may have an impact or be impacted by the Growth risk have been considered as part of the risk assessment process.

RISK DESCRIPTION	ASSOCIATION
<p><u>Community Expectations</u> Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.</p>	<p>Growth rates differing significantly from projections could result in poor infrastructure decisions which may not adequately address community needs.</p>
<p><u>Affordability</u> Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.</p>	<p>Poor infrastructure planning decisions because of growth rates differing significantly from projections could result in poorly conceptualised funding streams to deliver on network or social infrastructure.</p>
<p><u>Asset Management</u> Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.</p>	<p>Growth rates differing significantly from projections could result in assets not being fit for purpose anymore therefore resulting in either wastage or a shortage.</p>
<p><u>Business Resilience</u> Business function is significantly disrupted due to a lack of organisational resilience.</p>	<p>Unexpected growth or a reduction in growth due to a major external shock can impact on the day-to-day business function and level of service delivery. This will require the business to recalibrate its efforts accordingly.</p>
<p><u>Economic & Social Development</u> Waikato district suffers inhibited economic and social development and or missed funding opportunity because of poor planning, investment strategy, and or relationships.</p>	<p>Robust growth forecasting information is required to ensure that Council and other service providers (such as government agencies) can cater for social needs of the district's residents and the needs of businesses with surety.</p>

Several direct and in-direct risks have been identified and considered as part of the risk assessment process.

RISK DESCRIPTION	ASSOCIATION
<p>Supply chain failure</p>	<ul style="list-style-type: none"> • Data gathering to inform robust population growth forecasts • Skills and knowledge to fully understand population forecasts generated by Stats NZ or UoW.
<p>Pandemic recovery</p>	<ul style="list-style-type: none"> • May require the recalibration of population forecasting. • Possible redirection of resources.

4.2 MITIGATIONS AND TREATMENTS UNDERTAKEN

The Council has continued to work with its Future Proof partners to promote and procure up-to-date population and household projections. Recent plans and strategies, such as Waikato 2070 and the 2021-31 Long Term Plan, were based on the most up-to-date forecasts available at the time they were written.

The establishment of Council's Community Growth Group and the establishment of a dedicated Growth and Analytics function within that group has gone some way to increase the visibility of the importance of using accurate growth projections. Council has only recently appointed a Principal Analyst within its Growth & Analytics Team to have oversight over population trends within the district. This will provide an increased level of rigour with regards to population and household projections and their use within the business.

The team will continue to work on the monitoring of development capacity and actual dwellings consented, to ensure any deviations from current trends can be detected early.

Inherent Risk Score

Current inherent risk scores (prior deep dive):

RISK LIKELIHOOD: Likely (4) Strong probability of occurrence in the foreseeable future/ History of frequent occurrence.

RISK CONSEQUENCE: Catastrophic (5) Financial exposure \geq \$1.5M in any 12-month period.

Proposed new inherent risk scores (post deep dive):

With consideration to identified internal and external impacts and associated risks, Management considers that the inherent risks scores be downgraded. It is considered that there has been a positive improvement on the likelihood of the impact eventuating due to treatment actions being undertaken, in addition to a significantly lower risk consequence as a result of re-evaluation. In simple terms, the significant reduction in the risk consequence is due to re-considering the lens through which the consequence is considered, as an example, considering the value of the additional interest paid rather than the total infrastructure investment when considering the financial impact of a decision.

RISK LIKELIHOOD: Likely (4) Strong probability of occurrence in the foreseeable future/ History of frequent occurrence.

RISK CONSEQUENCE: Moderate (3) – e.g., financial exposure \geq \$0.5M in any 12-month period, short term political attention with moderate impact to deliverables associated with LTP objectives.

The inherent risk factor is therefore Moderate (12).

Note: all identified risks have been documented and will be managed in accordance with Council's risk management policy and associated processes.

4.3 EXAMINE ASSOCIATED TREATMENTS

Treatments were established, some three years ago, with consideration to the identified associated, direct, and indirect risks. Treatments were:

- MC00500 – Waikato 2070 – Growth and Economic Development Strategy
- MC00590 – Hamilton to Auckland Corridor Programme and Future Proof Partnership
- MC00592 – District Plan Review
- MC00595 – Integrated Land Use & Infrastructure Planning
- MC00596 – Community Growth Group
- MC00597 – Implementation of National Policy Statement on Urban Development (NPS-UD).

As part of this deep dive, the existing treatments have been thoroughly reviewed.

Apart from MC00596 (creation of the Community Growth Group), all other treatments identified are plans and strategies and have a negligible impact due to the nature of this risk. They are the decisions that are made based on the forecasting. They will be what is impacted if the population growth turns out to be significantly different than forecast.

Regarding MC00596, the Community Growth Group has been created and therefore this treatment is now completed.

It is recommended that the existing treatments be removed, and new treatments established. It is noted that these treatments were established some time ago and did not benefit from the specific analytical expertise in the Growth & Analytics team.

Proposed new risk treatments:

EXISTING/NEW	TREATMENT	IMPACT	COMMENT	FREQUENCY
New	<p>Review current forecasts and enable the adoption of best available forecasts</p> <p>The Council will make a policy decision to adopt an official population forecast for staff to use. Population projections are undertaken periodically (e.g., following a Census or major disruptive event) so it is important to use the most up-to-date forecast.</p>	<p>This treatment will reduce the likelihood of Council basing decisions and plans on incorrect or out-of-date projections. It will also ensure there is one version of the truth when it comes to projections.</p>	<p>This is a Policy treatment.</p>	<p>12 Monthly</p>

EXISTING/NEW	TREATMENT	IMPACT	COMMENT	FREQUENCY
New	<p>Continue to invest in forecasting system</p> <p>Continue to invest and promote investment in regional forecasting agencies such as the University of Waikato. This includes partnering and using common forecasts to ensure economies of scale.</p>	This will ensure projections are undertaken at required frequency and that investment is made in the modelling skills and systems to ensure a high level of accuracy of forecasts.	This is a System treatment.	6 Monthly
New	<p>Establish a growth monitoring programme</p> <p>The Growth & Analytics team will establish a monitoring programme to track actual growth compared with forecast. This can inform trigger points within the business and within their plans.</p>	This treatment will enable the provision of an early indication of whether the forecast is representative of the realised growth and offers an early opportunity for the business to respond, rather than waiting for updated forecast.	This is an Action/Activity treatment.	6 Monthly
New	<p>Boost Council's in-house analytical capability</p> <p>Boost Council's in-house analytical capability and support with partner-collaboration and/or consultancy support where required.</p>	This will reduce the likelihood of the risk by ensuring that the Council uses the best available forecast and reduces the likelihood of poor forecasts being used.	This is an Action/Activity treatment.	6 Monthly
New	<p>Educate the business on forecasts</p> <p>Educate the business on population forecasts, what they mean, what they don't mean, how best to use them in planning and decision making including promoting contingency planning/agility in decision-making.</p>	This treatment will improve the quality of decisions made based on forecasts.	This is an Action/Activity treatment.	6 Monthly
New	<p>Review plans and strategies</p> <p>Review plans and strategies periodically and in line with updates to population projections</p>	This will reduce/temper the consequences if an expected population forecast does not eventuate by ensuring that the Council investment responds in a timely manner as opposed to compounding poor decisions with a delayed response.	This consolidates the theme of the existing treatments into one. This is a Strategy treatment.	12 Monthly

4.4 RESIDUAL RISK ASSESSMENT

This residual risk assessment considers all identified risk areas, risk treatments and treatment impacts affecting the strategic risk.

Current residual risk scores (prior deep dive):

RESIDUAL RISK LIKELIHOOD: Possible (3) Feasible; a possibility of occurrence / History of casual occurrence.

RESIDUAL RISK CONSEQUENCE: Major (4) Financial exposure \geq \$500k but $<$ \$1.5M in any 12-month period.

Proposed new residual risk scores (post deep dive):

The residual risk has been revised following the overhaul of the risk treatments. Appropriate treatment measures have been identified and undertaken or planned, as detailed in this report. Most of the treatments impact the risk likelihood. The main new risk treatments impacting the risk consequence is the monitoring of actual growth as well as the review of strategies and plans – these treatments particularly reduce the consequence of compounding poor decisions. Remedial actions could also be identified following a suboptimal outcome to reduce the overall consequence (such as promoting/incentivising housing investment in a town if, following infrastructure investment, the population growth less than projected).

RISK LIKELIHOOD: Possible (3) - Feasible; a possibility of occurrence / History of casual occurrence.

RISK CONSEQUENCE: Minor (2) – e.g., financial exposure \geq \$10k but $<$ \$100k in any 12-month period, short term political interest with negligible impact to LTP objectives.

The residual risk factor in this area is proposed to be Moderate (6).

4.5 FORECAST

Staff have recommended to the Strategy & Finance Committee that the high growth scenario from the UoW2021 be used as Waikato District Council's default growth projection from 21 September 2021 onwards. This will be in line with that used by Future Proof. Upon approval, the Council will adopt the latest population and household projections for on-going planning and policy activities. It is expected that the new proposed treatments outlined in this paper will enable a positive improvement on the likelihood of the impact eventuating, as well as reduce the potential risk consequence.

5. CONSIDERATION

The following recommendations relate to the current risk and are for consideration:

- It is recommended that the wording of the risk be changed as follows:

Existing wording: *Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.*

Proposed new wording: *Council experiences significant business, financial and community disruption as the result of population and household growth not occurring in line with forecasts.*

- It is recommended that the current risk treatments be removed and replaced with the new treatments outline in this report.
- It is recommended that the inherent and residual risk likelihood and consequence are updated as outlined in this report.

6. CONCLUSION

The Council has undertaken a significant step towards developing a greater understanding of this risk and its impacts and how to reduce the likelihood and consequence of it occurring. This step being the creation of the Community Growth Group and specifically the recent establishment of the Growth & Analytics team within which sits Council's Principal Analyst. This increase in capacity and capability to both assess and respond to this risk, has resulted in a complete overhaul of the risk treatments associated with this risk. It is expected that the residual risk likelihood will reduce through these treatments. In addition, the inherent risk consequence has been downgraded due to a re-evaluation undertaken as part of this deep dive. The residual risk has also been downgraded. As a result, the residual risk factor in this area is considered to be Moderate (6).

7. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	2 September 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318/ 3240189
Report Title	Tax Risk Management Update

I. EXECUTIVE SUMMARY

The Audit & Risk Committee supported the adoption of a Tax Governance Framework in 2015. The purpose of the framework is to ensure Council moves towards and maintains best practice governance and tax compliance standards. The framework documents Council's tax risk management strategy (low risk profile), staff responsibilities, and reporting mechanisms for tax related issues. Inland Revenue has also signalled its expectations that all large organisations have tax risk management incorporated within their governance framework.

This report identifies the relevant tax issues for the 2020/21 financial year and the current year to date in accordance with Council's Tax Governance Framework.

2. TAX RISK MANAGEMENT UPDATE

Tax issues in excess of \$10,000

Staff identified one GST compliance issue in the period to date. As a result, Council's tax advisors, PwC, have been instructed to make the following voluntary disclosure to the Inland Revenue Department ("IRD"):

- a) In February 2020, the GST should have included a claim for GST on expenditure incurred in February 2020 for which a valid tax invoice was held. However, an error occurred in the February 2020 GST return, with a refund of \$311,199.08 being claimed. This error occurred because when the GST return was prepared, there was an error in the spreadsheet. Instead of reversing the GST input tax already claimed in the January 2020 period, it picked up the December 2020 figure. This resulted in a significantly lower adjustment than the adjustment required. As a result, GST was overclaimed by \$311,199.08 in February 2020.

Tax Returns and Payments

All tax returns and tax payments were made within the relevant timeframes during the 2020/21 financial year and in the current year to date. Procedures put in place since the last report to Council have ensured deadlines are met and no penalties have been incurred.

Tax Advice

Council sought external tax advice from PwC on the following issues during the 2020/21 financial year:

- Requested assistance with the preparation and filing of Council's income tax return for the year ended 20 June 2020.
- GST advice of relation to land purchase/sale.
- GST considerations for multi-party funding arrangements.
- Support in relation to a wage subsidy claim made by Kopua Holiday Park, Raglan.
- A voluntary disclosure in relation to a GST error.

Reviews

No reviews were undertaken in the 2020/21 financial year due to the disruption from Covid. The Tax Management Strategy included in the attachment to this report reflects the intention to return to a planned approach to managing the tax risk of the Council. This is particularly relevant with the current distractions due to Three Waters Reform, the Resource Management Act Reform and the commencement of the Future of local Government Review.

Possible Risks

- Inland Revenue have confirmed they will be moving to increased use of data analytics on tax returns submitted (as used for the Covid wage subsidy reconciliations), in relation to payroll and GST.
- Inland Revenue have indicated in their work programme for the next 12 to 24 months that FBT is the next area to be reviewed.

Other matters of note

An update on tax implications and allowances in respect of flexible working arrangements is included in the attached Annual Update.

3. RECOMMENDATION

THAT the Audit & Risk Committee notes the tax risk management update.

4. ATTACHMENTS

PwC Annual Update 2021

Waikato District Council Annual Tax Update As at 31 August 2021

By Phil Fisher & Kelly David



1

- Tax governance framework
- Tax contribution
- Tax strategy
- Significant work undertaken

Introduction

Introduction

Tax Risk Governance Framework was adopted by Waikato District Council (Council) as a pro-active step towards identifying and managing tax risk to maintain Council's low risk profile. As part of the Tax Governance Framework, we have prepared this annual tax update as a report to Council's Audit and Risk Committee ARC.

This document provides:

- A summary of the more substantive tax advice Council have sought from PwC during the period ended 31 August 2021.
- Commentary on tax matters currently being addressed as at 31 August 2021.
- A more general update on the wider tax environment which may affect Council – refer Part Two.

Tax Governance Framework

As previously discussed, Inland Revenue have highlighted the need for an increased focus on tax governance by all significant enterprises. When you combine this explicit reference with the fact that Inland Revenue have now started issuing organisations (albeit a small number to date) with tax governance review letters, it is appropriate that Council has responded to this development.

Inland Revenue guidance around good governance practice focuses on the need for organisations to develop an effective tax control framework. As we have worked through with you, we have developed this, along with a supporting tax risk management strategy. Please see a draft example of this strategy for Council to consider overleaf. The effectiveness of any strategy is only optimised once operationalised.

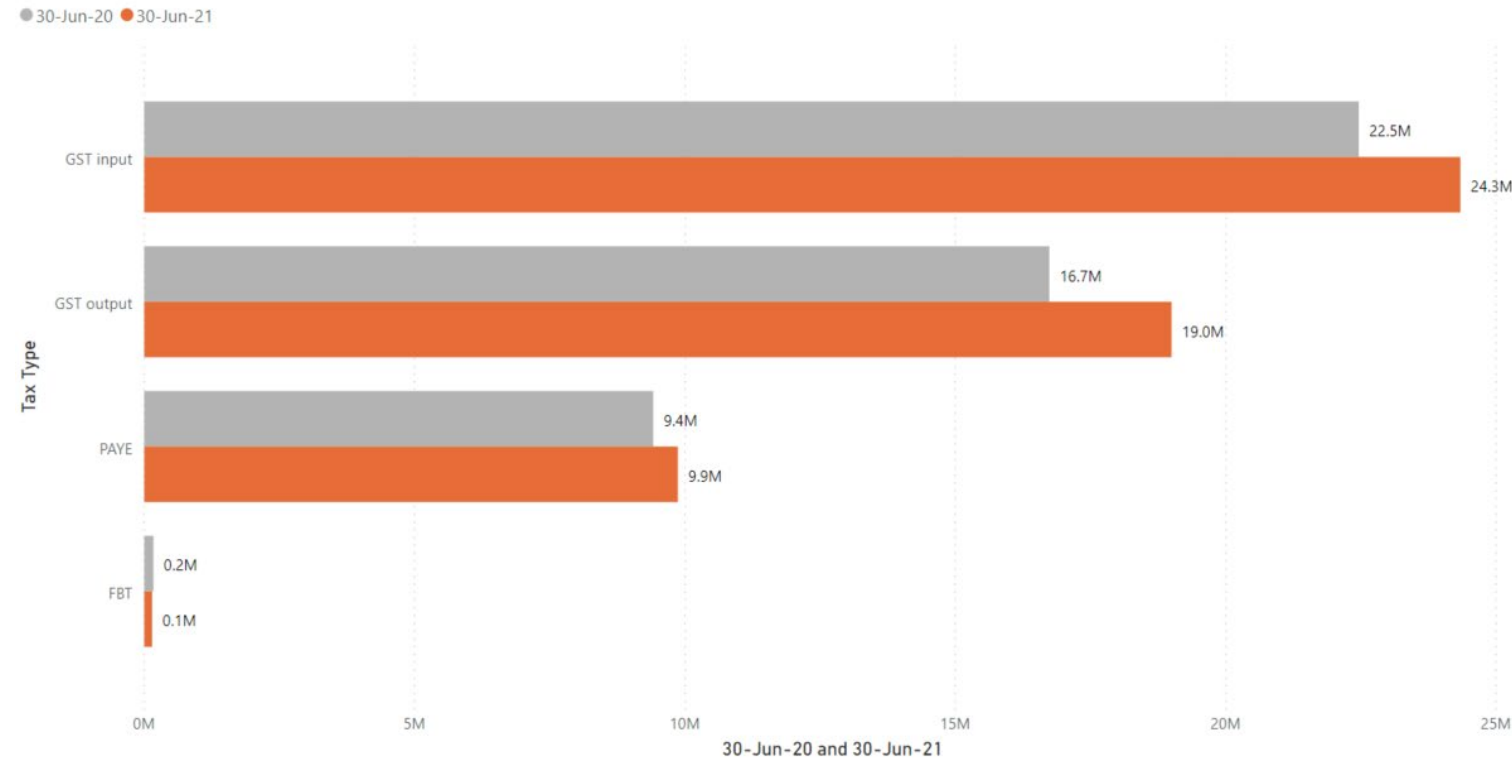
Council's tax figures

Council's tax figures

Council is largely exempt from income tax, with the main exception being income from CCOs. This position may change in future as discussed in the recent tax developments section of this report.

As illustrated, the majority of the tax accounted for by Council is PAYE (including withholding tax and Employer Superannuation Contribution Tax), GST and FBT. The figures below reflect the 12 months ended 30 June 2021.

30-Jun-20 and 30-Jun-21 by Tax Type



The graph shows steady increase for all tax types, reflecting Council's growth and activity in the District.

We also expect FBT will increase in the upcoming year as a result of changes in the top marginal tax rate. However, this will not be material in the context of the other amounts of tax accounted for.

We note Council also has \$112,862.04 of income tax losses available to be carried forward to the 2021 income year. This ability to offset may change in the future and we urge Council to keep abreast of developments in this area.

Tax Risk Management Strategy example ⁸¹

Financial Year to 30 June:	2021	2022	2023	2024
PwC tax helpdesk facility	✓	✓	✓	✓
PwC online tax policies & guides	✓	✓	✓	✓
Independent tax evaluations:				
• GST			✓	
• PAYE		✓		
• FBT	✓			
• Tax Data Analytics				✓
Income tax return independently reviewed	✓	✓	✓	✓
Tax disclosure notes independently reviewed	✓	✓	✓	✓
Tax agency – income tax	✓	✓	✓	✓
Report to Audit and Risk Committee on tax risk management	✓	✓	✓	✓
External advice sought on major issues	As required	As required	As required	As required
Other tax training provided to staff	As required	As required	As required	As required

Tax advice provided during period⁸²

Tax advice sought – period ended 31 August 2021

For the most part, the tax compliance of Council has been 'business as usual' for much of the year with the various tax returns (income tax, GST, PAYE, FBT, etc.) being filed on time and without any concerns being raised.

Relevant work undertaken throughout the year included:

- GST considerations for multi-party funding projects
- Support in relation to the wage subsidy claim made by Council
- GST advice in relation to land purchase/ sale
- A voluntary disclosure in relation to a GST error (ongoing)

To support the ongoing risk management, Council:

- Continued to subscribe and actively use PWC's online indirect Tax Policies and Guides
- Sought assistance on a number of ad hoc queries to strengthen their business decisions with confirmation of the potential impact of the relevant tax issues
- Received assistance with completion and filing of the income tax return for the year ended 30 June 2020.
- Commissioned PWC to provide an annual update.

We note that this 2021 year was slightly 'unusual', with the impact of Covid-19 interrupting some of the usual tax plan adopted by Council. The Tax Risk Management Strategy on page 5 reflects Council officers intent to return to a planned focus for managing the tax risk of Council. This is particularly relevant with all the current 'upheaval' and distractions of 3 Waters, the Resource Management Act reform, and the commencement of the Future of Local Government review.

2

- Tax Developments

Tax Developments

A brief overview of relevant tax developments

Local Authority Income Tax Changes signalled

Inland Revenue released a draft paper entitled *Local Authorities – Dividends from council controlled organisations and loss grouping in March 2021*. The timing of the paper is interesting given Central Government's work in relation to the 3 water reform and RMA reform, and its announcement of a full review of Local Government. We assisted with several submissions on the paper and made one of our own in which we recommended Inland Revenue undertake a more holistic approach to reforming how CCOs are taxed rather than make small changes that may be superseded in future.

In summary the paper compares CCOs to state owned enterprises and on that basis proceeds to recommend that dividends paid by CCOs to their parent Local Authorities should be exempt from income tax. While on the face of it this sounds appealing it is not clear from the paper whether losses can still be offset or subvention payments made amongst Council owned groups, or whether losses will be retained or forfeited. Additionally, many Councils claim a deduction for interest incurred in deriving income from a CCO. If this income is no longer taxable income, this raises a question over whether Councils can still claim interest deductions? Many Councils also claim donation deductions. These deductions (interest and or donations) typically generate losses which can then be offset around the group. With little or no taxable income from CCOs this loss generation will cease. This may cause Councils to reconsider how they distribute funds to the community. It may be that making donations from a CCO might now be more appropriate but it will be for Councils to consider how they extend governance and control over who donations are made to.

In conclusion, any Council with a group structure needs to be aware of these potential changes and care should be taken when planning for future use of any current losses. We also recommend care is taken if group restructuring or changes are planned to ensure there are no unexpected tax implications.

August 2021 Wage Subsidy and Resurgence Support Payment

The new COVID-19 Wage Subsidy (WS) and Resurgence Support Payments (RSP) were announced on 17 August 2021, and are intended to provide Government support for businesses and organisations in light of the recent nationwide move to Alert Level 4. The subsidy covers a two-week period, paying \$600 a week for each full-time employee, and \$359 a week for each part-time employee.

for applying for the WS is 11:59pm on Thursday 2 September 2021, and for the RSP the deadline is one month after all of NZ returns to alert level 1. Businesses and organisations are required to show at least a 40% decline in revenue over a period of 14 consecutive days between 17 August and 31 August 2021 compared to a typical 14 day period in the six weeks before moving to alert level 4. This is a higher threshold compared to previous iterations of the wage subsidy which only required a 30% decline in revenue.

Whilst local authorities are not prohibited from applying for the WS and RSP schemes, in reality they will not meet the criteria. However, for businesses in the community, these schemes may prove critical.

Other relevant points of note that potentially impact Council include:

Increase marginal tax rate to 39%

From 1 April 2021 the new top marginal tax rate of 39% was implemented. This applies to annual personal income over \$180,000. This has repercussions for other tax types to mitigate risk of potential distortions particularly around avoiding the new higher tax rate. A couple of the consequential changes that are immediately relevant for Council include:

- **FBT:** The FBT rate on amounts of all inclusive pay over \$129,681 will be increased to 63.93% to ensure consistent treatment of cash and non-cash remuneration. This also means that applying the single rate option means applying this new rate of 63.93% to all benefits provided. This is a notable increase from 49.25%. There are steps that can be taken to mitigate the impact of this, and it makes FBT a key focus area for 2021/22.
- **ESCT:** ESCT will rise to 39% on superannuation contributions made for an employee whose ESCT rate threshold exceeds \$216,000. Given a notable number of ESCT related issues across our client base, it will be even more important to ensure KiwiSaver and ESCT compliance obligations are met prospectively.

Mileage rate

Inland Revenue released Operational Statement 19/04: "KM 2021" on 27 May 2021. This increases the Tier One rates to 79 cents for all vehicle types and reduces the Tier Two rates to 27 cents for petrol or diesel vehicles and 16 cents for petrol hybrid vehicles, with electric vehicles remaining the same at 9 cents.

Inland Revenue Activity

Recent discussions with senior Inland Revenue staff have confirmed that they will be moving to increasing use of data analytics of tax returns submitted, in particular in relation to payroll and GST. We have already seen evidence of the power of this with Inland Revenue cross checking payroll filings for wage subsidy reconciliations. Accordingly, we have developed a suite of data analytical tools that can check the payroll tax calculations along with providing a range of other insights over the workforce that can be useful as organisations increasingly focus on ensuring they have the appropriate staffing levels, there is pay equity etc.

In a separate meeting with Inland Revenue policy officials PwC heard about the Inland Revenue tax policy work program for the next 12-24 months. Amongst other issues the FBT regime was signalled as the next employment tax area to be considered. There have been no further details on this to date but we look forward to a full review of this area.

Tax Developments

A brief overview of relevant tax developments

Flexible working arrangements

Inland Revenue has released Determination EE003 in relation to payments to employees for working from home and for using their own telecoms/usage plans. There is no substantive change from the previous iterations that this document builds on and combines (EE001, EE002, EE002A, EE002B). The same 'safe harbour' thresholds remain:

- \$400 for furniture or equipment purchases
- \$5/week for telecommunication usage plans
- \$15/week for other working from home costs (e.g. electricity).

Determination EE003 applies until 31 March 2023.

We are seeing a significant increase in queries from Local Government clients regarding flexible working arrangement particularly where in order to attract appropriate talent to roles Councils are engaging employees and contractors from distant locations. Some are working remotely from outside the region and some are travelling frequently to the region.

Inland Revenue released the Operational Statement 19/05: Employer provided travel from home to a distant workplace income tax (PAYE) and fringe benefit tax in December 2019 which provides some guidance in this area however there are some discrepancies between how travel is treated and how accommodation is treated. We recommend that all flexible and remote working arrangements Council is considering entering into are discussed with the finance team prior to agreeing with an employee. Failure to do so can add a considerable unexpected tax cost.

We note that Inland Revenue released OS 21/01 10 June 2021 Operational Statement on the Income tax treatment of accommodation provided to employees. While no substantial changes have emerged it does consolidate a number of the various tax rules that apply to accommodation payments. Again, this is very topical for those Council's with an increasingly remote workforce.

Miscellaneous updates

- Restoring depreciation deductions for non-residential buildings: Depreciation deductions at 2% has been reintroduced for commercial and industrial buildings from the 2020/21 income year. The depreciation deductions will be available to all sectors and will apply to both new and existing buildings on a permanent basis. Whilst providing tax benefits, it will initially add complexity to the deferred tax calculations and the tax return for 2020/21.
- Inland Revenue's prescribed interest rate has reduced from 5.26% to 4.50% from 1 July 2020.

- Inland Revenue's use of money interest rates remain static, effective from 8 May 2020. The debit rate is 7.00% and the credit rate is currently 0.00%.
- On 23 March 2021 the Government announced that it intended to extend the bright line test to 10 years (this was subsequently included as a Supplementary Order Paper to the Taxation (Annual Rates for 2020-2021, Feasibility Expenditure and Remedial Matters) Bill. In addition, the Government announced that it plans to disallow interest deductions on residential investment property. The legislation will apply from 1 October 2021. Both measures are part of a wider package intended to help address housing affordability. As Council has recently transitioned its social housing to Kainga Ora this will have less impact for Council, however it is important to understand these changes should Council be entering into any agreements for sale and purchase of land.
- The Taxation (Annual Rates for 2020-2021, Feasibility Expenditure and Remedial Matters) Bill received Royal Assent on 30 March 2021. The Bill includes tax deductions for feasibility expenditure on new investments, tightening of the land tax rules for habitual buying and selling of land, purchase price allocation requirements for parties to agree on when buying and selling businesses, income tax treatment of leases subject to NZ IFRS 16 and remedial changes to GST.

Final word...

Inland Revenue Policy Officials had indicated that we could expect a large Tax Bill in August 2021. However, following the Covid-19 outbreak and the suspension of Parliament, the release of this has been delayed. From our discussions with the Policy Officials, we have inferred that there will be a number of aspects within the Tax Bill that will be relevant to Council, so we will monitor its progress and provide an update to Council Officers as soon as this is released.

Thank you

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Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	6 th September 2021
Prepared by	Lynn Shirley Zero Harm Manager
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 1866302
Report Title	Waikato District Council Zero Harm Report

1. EXECUTIVE SUMMARY

The purpose of this report is to present an overview of Waikato District Council's current health and safety performance to the Audit & Risk Committee

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the Zero Harm Update.

3. REPORT

Primary Objective

Council is committed to pursuing a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.

Disciplined Management Systems

Zero Harm "Work Safe, Home Safe" Strategic Plan for FY20/21

The Zero Harm Team completed a review of Council's health and safety performance and implementation of the Zero Harm Strategic Plan activities for FY20/21 in preparation for developing the FY21/22 plan.



Performance Reporting

Following the end of the financial year the Zero Harm team has completed a review of our zero-harm performance across several health and safety metrics. The results for the last two financial years are shown in the below table.

Measures	FY 19/20 Result	FY 20/21 Result
Events reported in BWare Safety Manager (Lead)	221	203
Total Recordable Injuries (TRIs) e.g. Lost Time Injury, Restricted Work Injury or Medical Treatment Injury (Lag)	3	4
WorkSafe NZ Notifiable Events (Lag)	1	1
First Aid Injury events (Lag)	25	19
Serious Near Miss events (Lead)	6	4
Near Miss events (Lead)	117	107
New Uncontrolled Hazards (Lead)	Not measured	17
Safety Engagement Conversations (Lead)	1985	2872

Strategic Improvement Planning

Over the last month the Executive Leadership Team (ELT) have shared a high-level overview of the FY21/22 Zero Harm Strategic Plan (the “Plan”) priorities with their business units.

The Zero Harm team has also completed a Work Programme Task Breakdown to identify the activities and resources required to deliver on the Plan. This will enable tracking and reporting on progress.

Training and Competency

Over the last three months the Zero Harm Team has continued to arrange and coordinate the delivery of training to support;

- the management of the critical risk of workplace violence
- the auditing of Council’s health and safety management system

The table below illustrates the training that has been organised or delivered.

Training delivered or planned	Number of workers required to complete training	Number of workers trained
Situational Safety and Tactical communications Training (1-day course delivered by CERT)	168	102 have completed course to date 4 more courses were booked for August/September and are now being rebooked for October/November
Auditing Health and Safety Systems (ISO 19011 and ISO 45001) (2-day course delivered by Impac)	3	2

Contractor Management - Interaction with Other PCBUs

The Zero Harm team alongside the relevant Council Contract Manager, have continued to understand and progress the development of relationships with other Persons Conducting a Business or Undertakings (PCBUs) who we share overlapping health and safety duties with.

Key activities undertaken in the past three months include;

- Review of existing and new contracted work or services health and safety plans confirm identification and implementation of relevant COVID-19 risk management controls. These reviews are being undertaken by Council Contract Managers with support from the Zero Harm team.
- The review of contract specific health and safety plan for the district wide tree maintenance contract
- Review of investigation report from Watercare Services Ltd following overturned forklift incident that occurred at Huntly Water Treatment Plan. Event occurred while a Watercare contractor was unloading stillages of handrailing. The event was reported to WorkSafe NZ.
- Completion of On-Site Traffic Management Risk Assessment for Woodlands Estate in conjunction with Woodlands Homestead Manager.
- Event investigation undertaken after a Serious Near Miss (Severity 3) event was reported by the Facilities Maintenance contractor. The contractor observed a Council staff member undertaking work at height without adequate controls in place. A structured problem solve (investigation) was undertaken, that was led by the Community Connections Manager and supported by the Zero Harm team.
- Organisational wide email sent to all staff by Chief Executive, outlining the importance of following worksite safety controls. This was following concerns raised by a contractor that WDC staff at Ngaruawahia Office were not following worksite access controls that had been put in place while contractors were undertaking work.

Zero Harm Auditing and Assurance

The Zero Harm Team continues to progress the completion of the actions from the KPMG H&S Governance Audit. Council received 29 improvement actions and to date we have now completed ~ 86% (25 actions). All actions yet to be implemented are assigned, time bound and being managed in BWare Safety Manager.

Worker Health and Safety Inductions

The Zero Harm team is currently undertaking a review of our existing health and safety induction programme for new, returning or transferring workers. The review is focused on ensuring correct and relevant health and safety information is being delivered to workers at the appropriate time.

The new induction programme will consist of the following different modules:

- Workgroup First Day H&S Induction
- Zero Harm Worker Induction
- Zero Harm People Leader Induction
- Annual Zero Harm Refresher Induction

New look training and reference material is being developed for each of the induction modules. The Zero Harm Refresher Induction will form part of the annual Work Safe, Home Safe event.

Critical Safety Risk Management

Hazardous Substances

The six-monthly risk review for critical risk of using or handling hazardous substances was recently completed. The review identified no controls that have been implemented as weak. The risk control plan is currently 47% implemented. There were 23 actions identified during the risk review. These have been loaded into BWare Safety Manager for tracking to closeout.

Given the number of actions raised the ELT Risk Champion Vishal Ramduny requested another risk review be completed in three months to monitor progress. Key areas of focus for the next three months include;

- The development of Standard Operating Procedures (SOPs) for all tasks involving the handling/use of hazardous substances
- The review and updating of Emergency Response Procedures for a hazardous substances spill or leak event

Workplace Violence

As mentioned above the Zero Harm team has been focused on organising the one-day Situational Safety and Tactical Communications Training being delivered by CERT. The health and safety training needs analysis identified 168 staff (including Elected members) who need to complete this training. To date, nine courses have been delivered, with 102 attendees.



Monthly user testing has also been rolled out for all the Blackline G7C and G7X personal safety devices. The purpose of the testing is to ensure that units are operating correctly. This is especially important for units that are not being used daily. Actions are being assigned from BWare Safety Manager to track the completion of the testing. New G7C units have also been deployed to Library/Service Centre sites to replace the existing EGIS units.

Mental Wellbeing

As part of the Our Plan 'People Chapter' a project plan has been developed to commence work on the critical risk of Mental Wellbeing. The focus of the project is on undertaking an organisational assessment against "The Mental Wellbeing by Design framework" developed by Dr Hillary Bennett from Leading Safety.

People and Organisational Safety Culture

Safety Culture and Leadership

The new 'Safety Culture and Leadership Standard' that will form part of Council's documented Zero Harm Safety Management System has been reviewed and approved by the Executive Leadership Team (ELT). In July the Chief Executive invited a senior manager from external organisation to share his safety leadership experiences with the Executive Leadership Team. The Safety Culture and Leadership Standard has also been shared with the Safety Action Team and is attached to this report.

Zero Harm Engagement Conversations

At the beginning of August, the Zero Harm team, released a new process for people leaders to record safety conversations. Each people leader is required to complete and record a minimum of two conversations per month.

Previously these conversations were called “Safety Engagement Conversations” but are now known as Zero Harm Engagement Conversations, to better align with our mission of pursuing a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks. The intent is to drive the thinking that Zero Harm is not just about safety but also health and personal wellbeing.

As illustrated by the following figure, Zero Harm Engagement Conversations provide an opportunity for a people leader to demonstrate several safety leadership characteristics including;

- Communication
- Collaboration and;
- Providing feedback and recognition

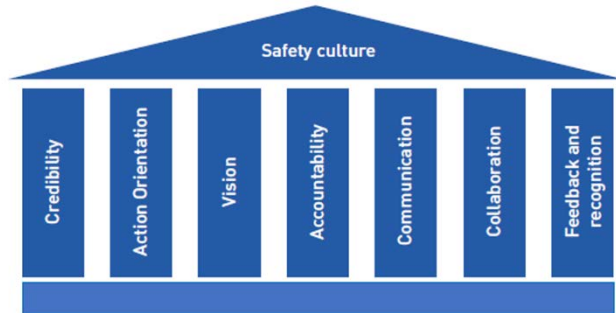


Figure 2 - Safety Leadership Characteristics to Support Safety Culture Development. Source IOGP (2019)

This will help create and maintain our organisation’s safety culture.

Zero Harm Engagement Conversations will now be classified into one of three types (Occupational Health, Occupational Safety and Personal Wellbeing). The people leader is also required to record the main topic of the conversation from the lists below. This will enable further data analysis to be undertaken.

Zero Harm Engagement Conversations		
Occupational Health Topics	Occupational Safety Topics	Personal Wellbeing Topics
<p><i>These are risks or situations the organisation reasonably ought to know about that or has control over that may impact a staff members health</i></p> <ul style="list-style-type: none"> • Remote working • Using a computer workstation • Work-related stress • Work-related fatigue • Work-related pain or discomfort • Bullying or harassment • Drugs and/or alcohol • Work-life balance • Work task design • Workplace change • Work-related injury • Zero Harm culture • Mental wellbeing • Other 	<p><i>These are risks or systems the organisation reasonably ought to know about that or has control over that may impact a staff members safety</i></p> <ul style="list-style-type: none"> • Workplace violence • On road driving • Working alone • Working with dangerous animals • Working with firearms • Working on or near roadways • Training and competency • Contractor management • Accident or near miss management • Hazard or risk management • Use of safety equipment or clothing • Unsafe work conditions • Unsafe work practices • Emergency response • Asbestos • Hazardous substances • Working at height • Other 	<ul style="list-style-type: none"> • Non-work-related injury • Relationships/family • Personal medical issue • Personal stress • Personal health • Recreation/leisure • Other

A total of 217 Zero Harm Engagement Conversations were recorded in BWare for August using the new form. This is a 23% decrease on the number recorded in July. Coaching and support with using the new form will continue to be provided to people leaders by the Zero Harm team.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

This report is to assist Councillors with their due diligence requirements as Officers. The report should start the conversation and provide opportunities for Councillors to raise questions and discuss progress.

4.2 OPTIONS

Council could choose to accept the report or not. Council could ask for additional information if needed.

5. CONSIDERATION

5.1 FINANCIAL

There are no direct financial requirements identified in this report.

5.2 LEGAL

This report is prepared as part of assisting Council to meet its duties in accordance with the Health and Safety at Work Act 2015 and associated regulations.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a Zero Harm Commitment (Policy) and Zero Harm Strategy which forms the basis of our health and safety philosophy and management system.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councillors, as Officers under the Health & Safety at Work Act 2015 are required to undertake due diligence to ensure appropriate health & safety systems are in place and operating.					

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
			Households
			Business
			Other Please Specify

6. CONCLUSION

This report provides an update on our Zero Harm Safety Management System and monthly health and safety performance.

7. ATTACHMENTS

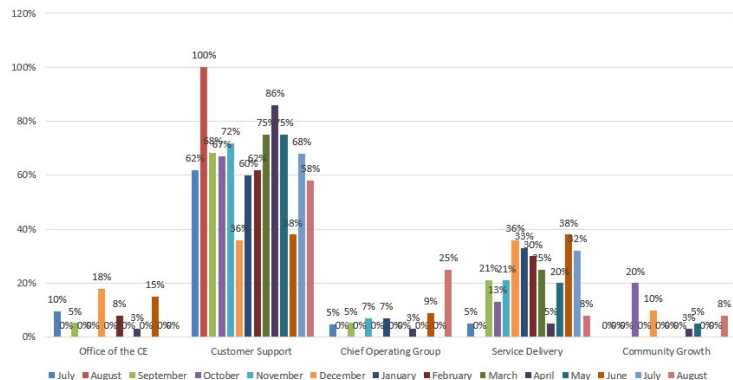
Zero Harm Dashboard – (August 2021)
ZHSMS I.I.I Safety Culture and Leadership Standard V2 06.09.2021

Zero Harm Performance Dashboard - August 2021

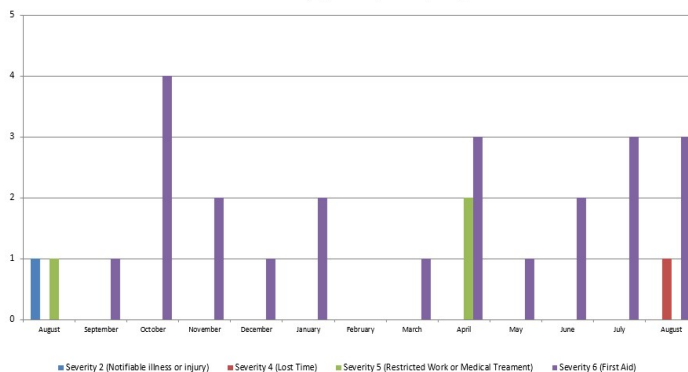


Event Management

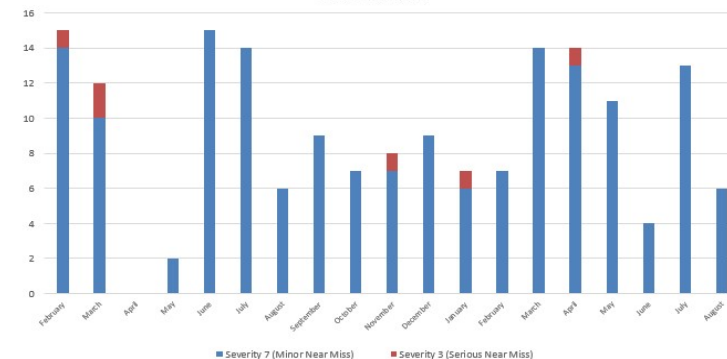
Percentage of Total Events Reported by Business Unit



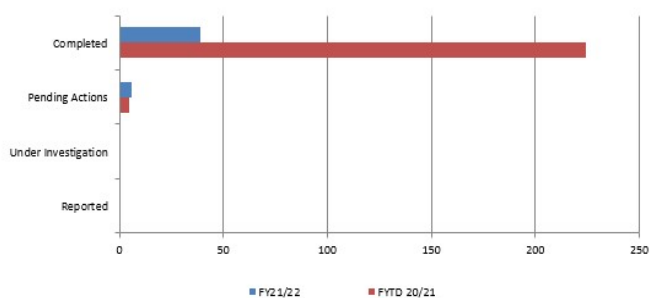
Personal Injury Events by Severity Rating



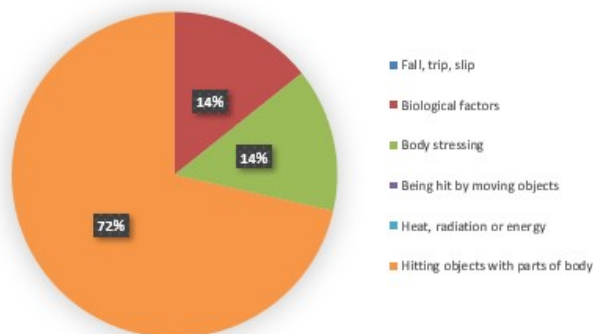
Near Miss Events



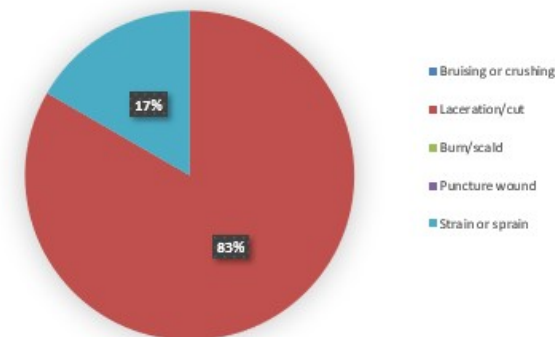
Event Management Status



Mechanism of Harm Year to Date

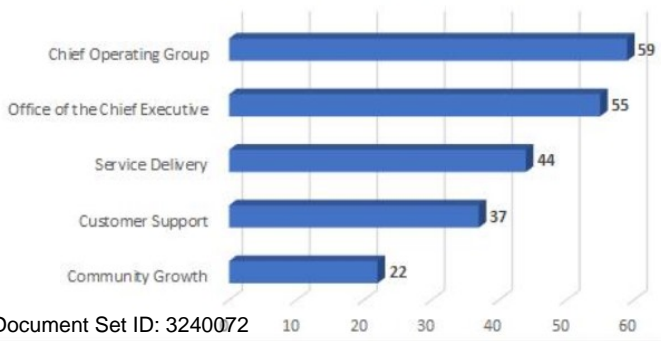


Nature of Injury Year to Date



Zero Harm Engagement Conversations (Safety Leadership)

Zero Harm Engagement Conversations - August 2021
Number of Conversations per Group

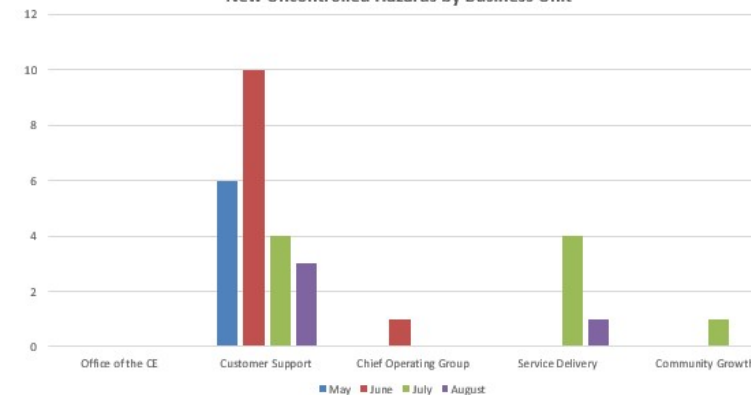


Zero Harm Engagement Conversations - August 2021
Nature of Conversation



Hazard & Risk Management

New Uncontrolled Hazards by Business Unit



Zero Harm Performance Dashboard - August 2021



Contractor Safety Management

Contractor Safety Management Activity Undertaken by the Zero Harm Team and Contract Managers	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Contracted Work H&S Risk Assessment	4	3	3		7		3	2	3					
Contract Manager H&S Advice and Support					5			3	3	3	2			
Contractor Site Visit or Inspection	1		9	2	11	1	2		4	15	15	3	1	
Contractor Pre-Start or Tool Box Meeting			1		2					2	1	1		
Contractor H&S Meeting			4	1	1	2	1	2		3		3		1
Contractor Task or JSA Review and Approval	2	1	4	5			3	3	3	1		2	1	
Contractor Task or JSA Field Audit		1	2							1	1			
Contracted Work Safety Plan Review and Approval	4	3	2	1		2	3	2	2	4	1	2	1	
Contracted Work Safety Plan (SSSP) Field Audit				1					1	2	1	1		
Contracted Work End of Project H&S Review				1	1								1	

Key Take Outs

A summary of key insights from the August's Zero Harm Performance

- There has been an increase in events reported in both the Chief Operating and Community Growth business units.
- A Lost Time Injury occurred in August when a staff member sustained a back strain while lifting a back pack weighing approximately 10kg. The back pack was filled with items for working from home during Alert Level 4.
- There has been a decline in recording contractor health and safety management activities in BWare Safety Manager over the past two months.
- A review of the personal injury events that have occurred in July and August shows that the most common injury being reported are minor cuts to fingers from handling paper or packaging and when using scissors.

Critical Risk Management

Risk	Description	People Exposed	Risk Management Activities	Gaps/Improvements/Progress	Controls in Place	Controls to be Implemented	Level of Assurance	Incidents/Issues/Events
Hazardous substances	Exposure to hazardous substances both short or long term have the potential to result in harm to personnel, equipment and the environment. It is therefore essential that hazardous substances are used, stored and disposed of correctly to ensure minimum exposure and to prevent events occurring. Typical methods of exposure to personal may result from contact with the skin, mucus membranes or through inhalation of fumes released from the substances. Examples of hazardous substances include cleaning products, agricultural chemicals, laundry chemicals etc.	Workers (ours and contractors), members of the public	PPE standards Standard Operating Procedures (SOPs) Worker Inductions Emergency Response Procedures (spills and leaks)	Focus over next three months is to develop Standard Operating Procedures (SOPS) for all tasks involving hazardous substances The review and updating of emergency response procedures for hazardous substances spill or leak also be prioritised.	23	26	47%	The recently completed risk review identified no controls that have been implemented as weak. 23 actions were identified during the risk review. These have been loaded into BWare Safety Manager for tracking to closeout.

This was the first risk review for the Critical Risk of Hazardous Substances.

Prior to undertaking the risk review Zero Harm Advisor Neil Hancock undertook site inspections of all sites except Ngaruawahia Dog Pound. A documented audit of controls was completed at each site and the outcome of these inspections was used to inform the risk review.

The following are examples of two new hazardous substance hazards identified during recent site inspections. Control actions to manage these hazards were raised in BWare and have now been implemented.



1. Purpose

Waikato District Council (“the Council”) recognises that safety leadership and the organisation’s safety culture are interconnected. Safety leadership is critical to developing and maintaining a mature safety culture, and subsequently is reflected in strong safety performance.

The purpose of this Standard is to provide clear guidance on the processes that Council will utilise to continually develop and foster safety leadership and the organisation’s safety culture.

2. Scope

The Standard applies to all Council operations.

3. Definitions

Just and fair culture: A just and fair culture exists when it is acknowledged that honest mistakes are made, systems will fail, and workers are treated justly and fairly when they report or are involved in occurrences.

In a just and fair culture, clear lines are drawn around acceptable and unacceptable behaviour. Safety occurrences are analysed to determine individual, workplace and organisational contributing factors and identify opportunities to enable organisational learning. This does not mean we will have a no-blame culture. Unsafe actions that are clearly intentional or negligent are distinct from actions that are unintentional and will be dealt with separately by People and Capability performance management systems.

Safety culture: A common set of values, beliefs, attitudes and working practices that determine people’s behaviours (Hudson, 2017).

Zero Harm Engagement conversation: A conversation undertaken with workers, contractors or others about health, safety or wellbeing.

4. Responsibilities

The Council (PCBU) and Officers are responsible for:

- Ensuring the requirements of this Standard are met in all Council operations
- Providing adequate budget and resources to enable the Safety Culture and Leadership Standard to be fully implemented
- Reviewing safety culture and safety leadership improvement initiatives and outcomes where undertaken

Executive Leadership Team (ELT) is responsible for:

- Ensuring the delegation of appropriate health and safety responsibilities and accountabilities to all levels of management to support implementation and adherence to this Standard
- Ensuring this Standard is understood, implemented, and complied with at all levels of the organisation
- Reviewing safety culture and leadership program metrics and where required supporting improvement initiatives
- Providing visible health and safety leadership to enable the development of a mature safety culture
- Role modelling Council’s Zero Harm Essentials
- Role modelling the seven ‘Safety Leadership Characteristics’ and providing coaching to support People Leaders to develop their safety leadership skills

People Leaders are responsible for:

- Role modelling Council's Zero Harm Essentials and mature safety behaviours
- Providing visible health and safety leadership through regular **Zero Harm** Engagement conversations and observations
- Responding to any health and safety issues raised by workers, Safety Action Team (SAT) representatives and other stakeholders, as appropriate, and where required escalating these issues to the Executive Leadership Team
- Ensuring that any organisation wide Zero Harm communications (e.g. Hazard Alerts etc.) are effectively communicated to all workers and other stakeholders, as appropriate

Safety Action Team (SAT) Representatives are responsible for:

- Role modelling Council's Zero Harm Essentials and mature safety behaviours
- Providing a voice for workers who might not otherwise speak up about health and safety issues
- Providing a mechanism for workers to speak to management about health and safety issues

Zero Harm Team is responsible for:

- Providing coaching and support to ensure this Standard is understood, implemented and complied with
- Providing guidance and direction for Zero Harm activities to develop safety leadership and the safety culture within Council
- Supporting the Executive Leadership Team and People Leaders to provide visible health and safety leadership
- Role modelling Council's Zero Harm Essentials and mature safety behaviours
- Providing coaching to support People Leaders to develop their safety leadership skills

5. Safety Culture and Safety Leadership

5.1 Safety Culture

A safety culture is often described as “the way we do things around here” and reflects the values, beliefs, and attitudes within an organisation. This has significant influence on what people do and why they do it. A mature safety culture contributes to strong safety performance.

It is important to remember that safety culture is just one aspect of an organisation's broader culture. A culture forms naturally whenever there are groups of people working together to achieve a common goal. Organisational culture is invisible as most people are not consciously aware of the shared beliefs and assumptions that influence their behaviour, and it is very difficult to measure accurately. It is heavily influenced by management and is constantly changing.

A positive safety culture is one where workers understand the importance of safety and exhibit positive safety behaviours. Examples of positive safety behaviours include wearing personal protective equipment (PPE) without being asked, completing risk assessments for tasks before starting work and reporting all events. If an organisation has a negative safety culture, safety may be seen as unnecessary, and this might lead to workers having poor safety practices. Negative safety behaviours including taking shortcuts or choosing to ignore safety procedures.

Research has shown that there are number of characteristics present in organisations with a mature safety culture (Hudson, 2017). These are;

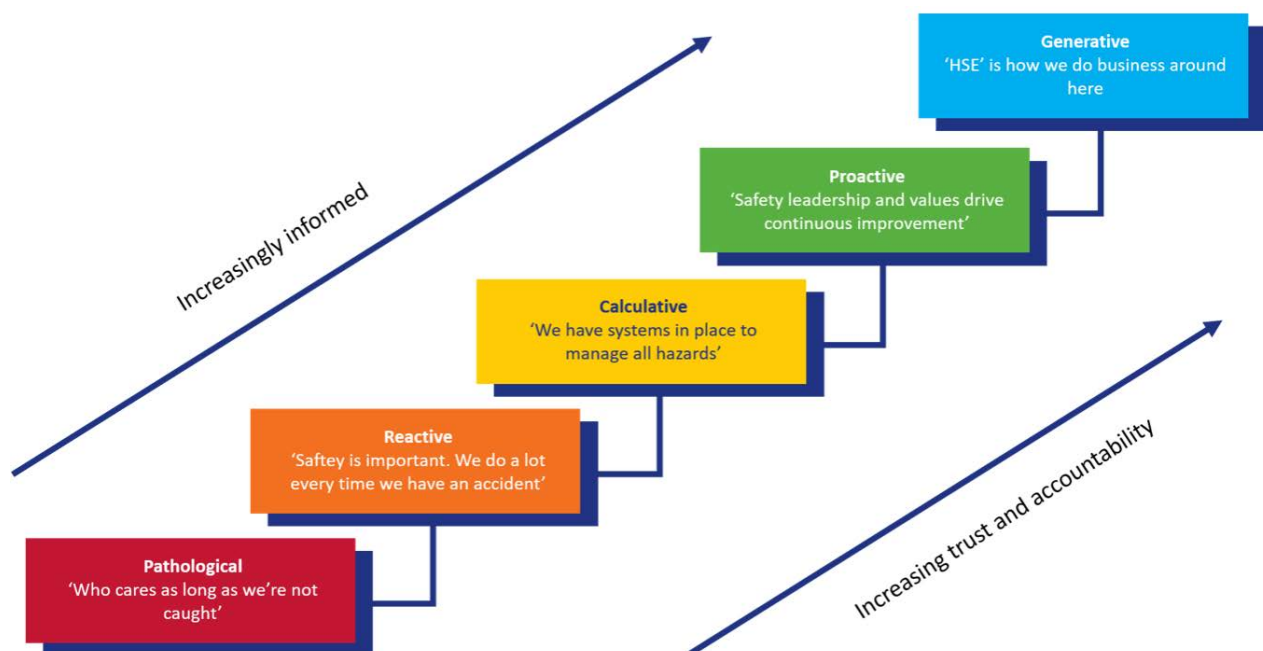
1. **Leadership** – Leaders are not afraid to do difficult things. Everyone knows where leaders stand on managing risks.

2. **Respect** – Individuals are respected as are the risks they face. Experts are listened to, even when they are low in the hierarchy – this leads to being informed. Managers know what is really going on and workers are willing to report their own errors and near misses, which are often hard for them to say and for managers to hear.
3. **A mindful ethos** – Everyone is wary and always ready for the unexpected.
4. **A just and fair culture** – There are clear lines between what is acceptable and unacceptable, that everyone agrees upon. What makes it just, is that there are well understood consequences, both positive and negative. What makes it fair is that everyone from top to bottom agrees where the lines are drawn and the consequences of crossing them.
5. **A learning ethos** – There is a willingness to adapt and implement necessary reforms based on lessons learned.

5.1.1 Safety Culture Maturity Model

As an organisation sets out to improve its safety culture there are several models that can be used to measure progression. Council will describe and measure the progression of its safety culture maturity using Hudson's (2001) model that is illustrated in Figure 1.

Figure 1 - Safety Culture Model of Hudson. Source Hudson (2001)



Hudson's model illustrates that safety cultures can be distinguished along a line from pathological, caring less about safety than about not being caught, through calculative, blindly following all the logically necessary steps, to generative, in which safe behaviour is fully integrated into everything the organisation does. The descriptions of each stage are detailed in the following table.

Table 1 – Safety Culture Stage Descriptions

Stage	Description
Pathological	Safety is a problem caused by workers. The main drivers are the business and a desire not to get caught by the regulator.
Reactive	Organisations start to take safety seriously but there is only action after incidents.
Calculative	Safety is driven by management systems, with much collection of data. Safety is still primarily driven by management and imposed rather than looked for by the workforce.
Proactive	With improved performance, the unexpected is a challenge. Workforce involvement starts to move the initiative away from a purely top-down approach.
Generative	There is active participation at all levels. Safety is perceived to be an inherent part of the business. Organisations are characterised by chronic unease as a counter to complacency.

5.2 Safety Leadership

Leadership, and safety leadership (as a subset of ‘good’ leadership) is in a constant state of flux, changing in response to the threats, demands, and opportunities conveyed by the current work situation. Safety leadership is a particular type of leadership that promotes both physical and psychological safety, and so contributes to a positive safety culture, a physically and mentally healthy workplace, and business performance generally. A leading New Zealand Chief Executive has stated that “if you can’t lead safety, you can’t lead” because safety leadership is about caring and looking after people. It is critical to developing and maintaining a mature safety culture.

Effective safety leadership is a combination of commitment and action that influences others to do the same. Safety leadership needs to be led from the top by being embraced and practiced by senior leaders. However, in a positive safety culture, safety leadership is shown at all levels.

Managers and Team Leaders make a major contribution to determining the safety culture of an organisation as they provide direction to workers in terms of planning or supervising their work. They also provide motivation to workers to achieve goals by rewarding, inspiring and leading by example. Their decisions, actions and behaviours set benchmarks for safety through the systems and processes they put in place, promote and support. Many of these actions overlap with good leadership practices in general, and are especially useful in safety-specific situations. There are also several actions that are specific to safety leadership, such as being vigilant to risks and detecting hazards.

Safety leadership is about exhibiting a strong commitment to safety, getting involved and inspiring others to have positive safety behaviours. Strong leadership and management commitment is directly related to safety performance as it demonstrates by example to workers what actions will be rewarded, tolerated or punished, which in turn influences what actions and behaviours workers initiate and maintain.

If leaders at all levels of the organisation, are consistent in their actions then they can influence others and over time have an impact on the safety culture of an organisation.

5.3 Council’s Health and Safety Commitment

Council is committed to providing a safe and healthy working environment for its workers, elected members, contractors, volunteers and communities. Council’s commitment to health and safety is detailed in Our Zero Harm Commitment. *Refer to ZHSMS 0.6 Our Zero Harm Commitment* for more information.

5.4 Chief Executive (CE) Commitment

To support the development of a positive safety culture all Council staff are given a pocket card outlining the Chief Executive's commitment to them. This card gives Council staff the authority to only start work when all safety critical controls are in place. If they are unable to put all safety critical controls in place prior to starting work, then they must immediately report this to the appropriate Manager or Team Leader.

OUR ZERO HARM COMMITMENT

Waikato District Council is committed to providing a safe and healthy working environment for our staff, elected members, contactors, volunteers, communities and visitors.

Your health, safety and wellbeing are the most important thing to me. To ensure your safety and the safety of others, you have my authority to only start work when all safety critical controls are in place.

If you are unable to put all safety critical controls in place prior to starting work, then you must immediately report this to the appropriate Manager or Team Leader.

Gavin J Ion
Chief Executive

WORK SAFE, HOME SAFE

I am aware that health and safety is everyone's non-negotiable responsibility.

I understand that I am authorised to only start work when all safety critical controls are in place.

Name:

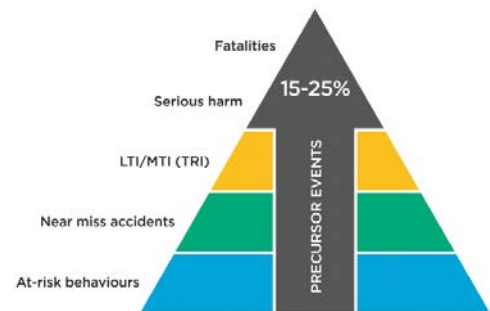
Signature:

Date Signed:



5.5 Council's Zero Harm Essentials

Like many organisations, Council has had a strong focus on the reduction of total recordable injuries (also known as TRI's). However the vast majority of these events are unlikely to lead to serious injury or fatality. Research has in fact shown that across all the events that could lead to injury, that occur in an organisation, only around 15-25% of them could ever have resulted in serious injury or fatality. To support the reduction of these serious or potentially serious events Council has developed and implemented our Zero Harm Essentials.



The Zero Harm Essentials have been designed to provide guidance on the correct behavioural safety controls that our people should follow to reduce the likelihood of harm from our critical safety risks.



6. Leading Safety

As previously stated, the actions of leaders at all levels can influence and impact the safety culture of an organisation. Council has adopted the following model illustrated in Figure 2 that details the visible traits, behaviours, and actions (collectively known as safety leadership characteristics) that are vital to the development of a positive safety culture. As a consequence, safety leadership competency is characterised as an ability to demonstrate the following seven leadership characteristics.

Whilst these practices (actions) are valuable to leadership generally, they are described in detail below with safety in mind.

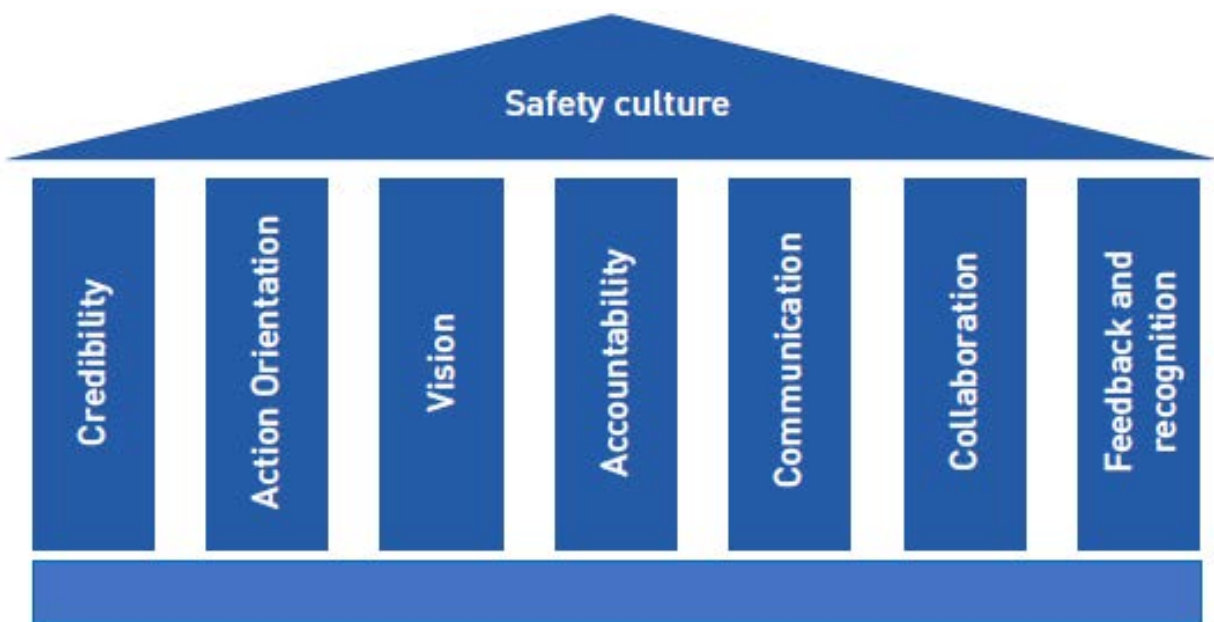


Figure 2 - Safety Leadership Characteristics to Support Safety Culture Development. Source IOGP (2019)

6.1 Credibility

When a leader has credibility, they receive the trust, goodwill, support and collaboration of people in the organisation to make the improvements that they want. Credible leaders are trusted by the workforce, are believed to be genuinely committed to safety, are consistent between what they say and do and value the views and expertise of the workforce. To build credibility leaders begin developing trust by acting in ways that provide benefit to their employees.

6.2 Action Orientation

No safety management system, learning or knowledge can make a difference in an organisation until it is turned into real action. An action orientated leader goes beyond monitoring compliance with rules and regulations. Action orientated leaders encourage suggestions, motivate their staff and engage with the workforce to solve safety issues. Leaders must be proactive rather than reactive in addressing issues and give timely meaningful responses to safety concerns, demonstrating a sense of personal urgency and energy to achieve results.

6.3 Vision

Leaders create a sense of purpose for a team with a shared vision. They establish a destination for a team to reach over the longer term, even when it is not obvious how that destination might be reached. A vision is the foundation on which a strategy is built. A leader needs to be able to “visualise” what excellent safety performance looks like and communicate this vision in a compelling way.

6.4 Accountability

As well as taking personal accountability for safety critical activities and process and personal safety management, leaders help others understand their accountabilities. In terms of leadership in safety, “being accountable” means that leaders take responsibility for activities being conducted in a safe manner. Leaders ensure employees take accountability for safety-critical activities.

6.5 Communication

How leaders communicate about safety creates and maintains the safety culture of the organisation.

6.6 Collaboration

Leaders who encourage active employee participation in resolving safety issues gain the trust and respect of the workforce, and increased employee ownership and engagement in those issues.

6.7 Feedback and Recognition

Leaders give feedback on progress in safety improvement and employees’ involvement and ownership. This is a powerful tool for encouraging safety and building a stronger safety culture. Leaders also look for feedback from the workforce on their own contribution.

6.8 Developing and Improving Safety Leadership Characteristics

There are a number of actions that a leader can undertake to develop each of the seven safety leadership characteristics and translate them into visible actions. The following table contains a practical overview of “key actions” that both promote and harm a safety culture.

Table 2 – Key Actions for each Safety Leadership Characteristic

	Things that promote a good safety culture	Things that harm a safety culture
Creditability	<ul style="list-style-type: none"> • Influence through interaction in the field and at safety meetings • Develop healthy, trusting workplace relationships • Be honest and open with information • Be visibly committed and courageous • Serve your people • Manage uncertainty and create an environment to learn 	<ul style="list-style-type: none"> • Hiding information about safety performance, even if it is not well perceived • Compromising operational safety limits to protect production or profit • Creating an environment of fear or blame
Action orientation	<ul style="list-style-type: none"> • Setting standards and ensuring risk controls are performing as required • Encouraging reporting, analysis and learning from events taking appropriate risk actions • Understanding “work as done” • Following-up on the implementation of corrective and preventative actions 	<ul style="list-style-type: none"> • Not following up on the management system problems or actions • Not assuring adequate management of operational scenarios and risk controls • Over-reliance on administrative controls – not using a ‘Hierarchy of Controls’ • Not making technical expertise available

Vision	<ul style="list-style-type: none"> • Provide a clear organisational vision • Communicate the vision by word and actions • Turn the vision into strategic improvement plans • Monitor progress • Avoid sole focus on outputs 	<ul style="list-style-type: none"> • Not engaging the workforce in developing the strategy • Have a false sense of success when verification processes show “satisfactory results”
Accountability	<ul style="list-style-type: none"> • Help people understand their roles and responsibilities • Help people to be able to deliver those responsibilities through capability, tools and resources • Help people feel ownership for their roles and responsibilities • Understand the context when accountabilities are not met • Manage the potential consequences of organisational change on safety 	<ul style="list-style-type: none"> • Not understanding the risks associated with assets under your control • Seeing human error as a cause of trouble • Not developing the workforce to understand the consequences of risk
Collaboration	<ul style="list-style-type: none"> • Manager engagement by showing enthusiasm and dedication for safety • Work for the team and with the team • Develop key relationships and mutual collaboration 	<ul style="list-style-type: none"> • Not encouraging the team to discuss safety concerns • Not talking or developing relationships with unions • Not involving the workforce in safety programmes, in new safety initiatives, projects or improvement activities
Communication	<ul style="list-style-type: none"> • Actively listening • Being assertive with peers and other leaders • Consider the “Hierarchy of Effectiveness for Communication” • Adapting your leadership style for effective communication • Promoting speaking-up and reporting 	<ul style="list-style-type: none"> • Responding badly to a safety event • Not supporting the resolution of raised safety issues • Not suggesting safety improvements to senior managers of the organisation
Feedback and Recognition	<ul style="list-style-type: none"> • Show genuine care • Recognise good performance • Coach to develop others in safety • Get feedback on your own performance in building culture 	<ul style="list-style-type: none"> • Not giving regular feedback and coaching on individual and team safety performance • Inappropriate use of disciplinary actions • Not being fully transparent about safety incidents

6.9 Zero Harm Engagement Conversations

Zero Harm Engagement conversations are a vital part of helping build and sustain a positive safety culture. They provide an opportunity to demonstrate visible health and safety leadership through conversation and observation. People Leaders are required to regularly undertake Zero Harm Engagement conversations. They allow People Leaders to:

- Meaningfully engage with workers
- Get worker feedback on critical safety risk controls and their effectiveness
- Actively follow up on improvements
- Share knowledge of risk controls
- Share knowledge of health and wellbeing controls
- Learn from workers
- Provide recognition and feedback
- Reinforce safe practices and behaviours

Zero Harm Engagement conversations are not intended as inspections to check conformity to a specific safety requirement. Rather their aim is to allow People Leaders and workers to communicate about how Council is managing health, safety and wellbeing and how we can improve.

Zero Harm Engagement conversations must be recorded by People Leaders in BWare Safety Manager.

6.10 Safety Leadership Training

All People Leaders shall be provided with information, tools, coaching and where required training to support safety leadership skill development.

7. References and Related Documents

- Business Leaders' Health and Safety Forum. (2014). What is safety leadership – A guide for Chief Executives
- Hudson, P. (2001). Safety Management and Safety Culture – The Long, Hard and Winding Road, Netherlands.
- Hudson, P. (2017). Safety in Mind: Hudson's culture ladder, Flight Safety, Australia.
- Hudson, P. (2001). Aviation Safety Culture, Safeskies, 1-23.
- International Association of Oil and Gas Producers (IOGP). (2019). Safety Leadership in Practice: A Guide for Managers, Report 453.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	2 September 2021
Chief Executive Approved	Y
Reference #	GOV318
Report Title	Proposed Revision of the Audit & Risk Committee Terms of Reference

I. EXECUTIVE SUMMARY

The objective of the Audit & Risk Committee (“the Committee”) is to consider, review, and support improvement of, the adequacy and functioning of Council’s risk management and internal control frameworks, and to manage expectations and relationships between Management, Auditors (both internal and external) and Council.

The recent appointment of Peter Stubbs as independent Chair of the Committee has prompted a review of its Terms of Reference. The intention was not to reconsider the purpose of the Committee but instead, consider improvements and refinements in the context of other specific Council frameworks in place. This will ensure the work programme of the Committee is relevant and does not duplicate the work of other committees of Council.

The amendments to the Terms of Reference have consolidated certain objectives, reduced duplication, and removed items where other Council committees are responsible for that outcome. An example of the latter is where accountability for Council’s performance framework is with the Strategy & Finance Committee. The attached Terms of Reference includes adjustments recommended following the workshop of the Committee on 01 September 2021.

The support of the proposed revised Terms of Reference (‘the what’) by the Committee is a precursor to a paper to Council seeking adoption. The Committee will then adopt a work programme (‘the how’) to deliver on the Terms of Reference objectives.

2. RECOMMENDATION

THAT the Audit & Risk Committee recommend to Council they adopt the revised Audit & Risk Committee Terms of Reference.

3. ATTACHMENTS

Attachment I: Proposed Audit and Risk Committee Terms of Reference

Audit and Risk Committee

Reports to:	The Council
Chairperson:	Mr Peter Stubbs
Membership:	Deputy Chairperson – Cr Janet Gibb Mayor Allan Sanson (<i>ex officio</i>) Cr Aksel Bech Cr Jacqui Church Cr Jan Sedgwick
Meeting frequency:	As required – no less than four times each year.
Quorum:	Four members

Purpose:

The Audit and Risk Committee is responsible for:

1. Considering and reviewing the adequacy of Council’s risk management and internal control frameworks.
2. Monitoring and seeking assurance on the functioning of Council’s risk management and internal control frameworks (including systems and processes).
3. Managing the independent auditor (internal and external) expectations and relationships.

Terms of Reference:

To achieve the above purpose the Audit and Risk Committee will:

1. Annually review council’s risk management framework to ensure it is effective¹
2. Ensure the strategic risk register is current and relevant
3. Ensure Council has an effective internal control framework to identify and manage business risk (at the risk portfolio level)
4. Review Council’s insurance programme for adequacy of risk mitigation
5. Review the effectiveness of Council’s business continuity and disaster recovery planning and testing arrangements
6. Ensure Council has an effective framework in place to prevent, detect and investigate fraud-related issues
7. Ensure Council has an effective Health and Safety/Zero Harm framework in place to prevent, detect and investigate safety-related issues
8. Review the internal audit framework to ensure that appropriate ²organisational structures, authority, access, and reporting arrangements are in place
9. Approve the annual internal and external audit programme and related plans
10. Consider Council’s annual report from a risk perspective, and subject to audit clearance, make recommendations to Council regarding adoption
11. Review audit reports (internal and external) and monitor management’s implementation of audit recommendations
12. Keep Council informed on significant risk or audit issues raised and proposed actions
13. Meet regularly with independent auditors to gain assurance on the risk frameworks and the management of them

The Committee is delegated the following recommendatory powers:

1. The committee has no decision-making powers.
2. The committee may make recommendations to the Council and/or the Chief Executive

¹ Definition: “Effective” means that the Risk Management Framework creates value and delivers protection by being; integrated, dynamic, inclusive, customised, and structured and comprehensive, and that it considers the best available information, and human and cultural factors, and that it is subject to continual improvement, as per the International Standard: Risk Management – Guidelines, ISO3100:2018, section 4, subsections (a) – (h)

² Definition: “Appropriate” means that the Committee is satisfied that the items listed will be adequate to ensure the internal framework is “effective” as defined in the International Standard: Risk Management – Guidelines, ISO3100:2018, section 4, subsections (a) – (h)

3. The committee may conduct and monitor special investigations in accordance with Council policy and approved budget, including engaging expert assistance, on matters within its terms of reference.

Administrative arrangements:***Meetings***

The committee will meet at least four times each year. An extraordinary meeting may be called to review the annual report. The chairperson is required to call a meeting if requested to do so by the Council, or the Chief Executive.

A meeting plan, including dates and agenda items, will be agreed by the committee each year. The meeting plan will cover all the committee's responsibilities as detailed in these Terms of Reference.

For clarity, the Council's Standing Orders and Code of Conduct will apply to committee meetings and members.

Membership

Members are appointed for an initial term of no more than the three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.

The Council appoints external members of the committee; the terms of the appointment are to be recorded in a contract.

Attendance at meetings

Meetings can be held in person, by telephone, or by video conference in accordance with Standing Orders.

The Chief Executive, Executive Leadership Team members, and external audit representatives will be invited to attend each meeting, unless requested not to do so by the chairperson of the committee. The committee may also ask other Council employees, or other suitably qualified persons with interest or expertise in special topics, to attend committee meetings or participate for certain agenda items.

The committee will meet separately with both the internal and external auditors at least once a year.

Reporting

The committee will regularly, and at least once a year, report to the Council on its operation and activities during the year.

The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year; and
- a summary of the Waikato District Council's progress in addressing the findings and recommendations made in internal and external audit reports, and the Auditor-General's reports (if applicable).

The committee may, at any time, report to the Chief Executive or the Council on any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chief Executive or the Council.

Assessment arrangements

The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council. This will support the committee's philosophy of continuous improvement.

Review of Terms of Reference

The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council.

Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	27 August 2021
Prepared by	Geoff King Chief Information Officer
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Information & Records Management Audit Report

I. EXECUTIVE SUMMARY

Council has an assurance programme in place to ensure it is aware of and appropriately manages its Information Management risks. The assurance programme includes the annual IS Controls Audit undertaken by Audit New Zealand and a three yearly cycle of: external penetration test, cyber security audit, and the ALGIM Information and Records Management Audit (“the Audit”).

The purpose of the Audit is to identify areas of non-compliance relative to recognised best practice and the Councils obligations under the:

- Public Records Act 2005.
- Archives NZ Information and Records Management Standard 2016.
- Physical storage and preservation of protected information and records Instruction to Local Authorities.

The Audit did not identify fundamental significant non-compliance risks although it did identify and reconfirm opportunities for improvement. In summary there are two themes to these recommendations:

- Efficiency and Effectiveness: We are not yet operating in an optimal way from the perspective of the efficiency and effectiveness of our processes and tools.
- Training: Implement an ongoing programme of training to upskill our workforce to build on induction training to ensure optimal business processes and use of tools. It is intended to recommence inclusion of records management processes within the internal audit scope.

The results of the Audit inform the three-year Information & Records Management Maturity Improvement programme, several recommendations of which have already been incorporated into Our Plan and the Long Term Plan (“LTP”). The Committee will receive updates on recommendation actions through the Audit Actions Register.

A copy of the Audit report is available if any members would like the full report.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the Information & Records Management Audit report recommendations as listed in the report.

3. AUDIT REPORT

The audit recommendations and actions to address through the three year improvement plan are summarised below:

1. Develop and implement a three-year programme of work: Was under development at the time of the audit in accordance with the LTP cycle. Our Plan (the work programme) and the LTP (funding) have subsequently been adopted.
2. Develop and implement a formal training programme for all staff: Projects delivering new tools will provide solution specific training on the optimal use of the tool and generalised training on applicable regulatory frameworks (Public Records Act, Local Government Official Information and Meetings Act, & Privacy Act).
3. Monitor, report and audit on Information & Records Management activities, systems, and process on a regular basis: Enterprise Content Management (document management system) compliance reporting had already been developed and was available to managers through existing reporting tools. However, the Audit has identified additional reporting and the need for a Push rather than Pull approach. In addition the Council is implementing AvePoint to enable compliance reporting across Microsoft 365 environment, and the Executive Leadership Team are reviewing optimal construct for Internal Audit function.
4. Information & Records Management to be included in Job descriptions and performance appraisals: Under review by the People & Capability team with a view of determining the appropriate way forward.
5. Closedown the shared network drives: An identified requirement prior to this Audit and is included within Phase 2 of the Record Digitisation project.
6. Investigate and develop more efficient integration between business systems: This is a key area of focus for the Council, with the following initiatives included within Our Plan; Teams to ECM integration, Connected Content, Building Consents transformation, Resource consents transformation, Dog Registration digitisation, Service Request & Fault integration with supply partners, and Customer Portal.
7. Develop processes to ensure digital information is preserved and remains accessible, usable, and readable over time: Reviewing, with a view of adopting, the ALGIM Module F7 - Digital Preservation Strategy toolkit.

8. Develop and implement processes to ensure Information & Records Management requirements are formally considered in all projects: Under action in accordance with the revamp of the Project Management Office and Project Delivery Governance Framework.
9. Review the current business classification scheme to ensure it meets the needs of the business: Reviewing, with a view of adopting, the ALGIM Business Classification Scheme (BCS) Information Management toolkit.
10. Review the current disposal schedule in ECM, and implement a disposal schedule for all business systems: Phased plan under development, which will include; the establishment of an Information Asset Register, engagement of TechnologyOne to update ECM disposal schedule and implement Finance One disposal schedule, and reviewing Disposal Policy & Procedures (aligning to Archives NZ 16/F15 Disposal & NZ 16/F16 General disposal authorities guidelines).
11. Review the management of emails: An identified requirement as result of the Public Records Act compliance guideline being published by Microsoft in January. This is included within the scope of the Exchange Online project.
12. Develop processes to ensure staff personal information is being retained as per the requirements of Protected Records (Sec 40 of Public Records Act): Under review by People & Capability team with a view of determining the appropriate way forward, linked to Human Resources Information System project.

These recommendations will be added to and tracked through the Audit Actions register which is reported to this Committee.

4. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Janet Gibb Deputy Chair Audit & Risk Committee
Date	02 September 2021
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Audit & Risk Committee Key Achievements

1. EXECUTIVE SUMMARY

The objective of the Audit & Risk Committee (“the Committee”) is to consider, review, and support improvement of, the adequacy and functioning of Council’s risk management and internal control frameworks, and to manage expectations and relationships between Management, Auditors (both internal and external) and Council.

The Committee has no decision-making powers but works with Council and the Chief Executive, making recommendations to support the implementation of best practice risk governance.

This report provides a summary of the key achievements of the Committee in accordance with its terms of reference and reports on progress made against its programme of works.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the progress made in several areas in the 2020/21 financial year and that activities undertaken met all requirements outlined in the Audit & Risk Committees Terms or Reference.

3. DISCUSSION

The Committee’s annual work programme includes standing items related to key risks and audits, and critical risk items identified and raised over the duration of the year.

During the last financial year, the Committee received the following standing quarterly risk and audit reports:

- **Chief Financial Officer Report:** describing financial risks and issues including funding, insurance, and procurement.

- **Strategic Risk and Emerging Risks Report:** detailing changes to Councils eleven strategic risks, emerging risks that may have impact in the Local Government sector, and updates on Councils Risk Management Framework and associated risk culture activities.
- **Risk Conversations Report:** providing an overview of operational risks within a designated business area.
- **Strategic Risk Deep Dive Report:** performing an in-depth review and analysis of a key risk for the purpose of maintaining currency and providing assurance.
- **Zero Harm Update Report:** detailing performance against agreed Health and Safety targets and assurance on management action associated with Council's Critical Safety risks.
- **Post Implementation Reviews and/or Incident Debrief Report:** summarising outcomes from a key project or incident appraisal.
- **Quality Governance and Assurance Report:** outlining progress against audit recommendations and a rolling review of bylaw and policy updates.

During the last financial year, the Committee completed the following activities to meet responsibilities outlined in the Audit & Risk Committees Terms of Reference:

Risk Management

- Provided input and guidance to facilitate outcomes from the following reviews, Risk Management Policy review, Strategic Risk Register, and Risk Appetite Statements;
- Received Risk Management training

Zero Harm

- Provided input and guidance to facilitate a Health & Safety Framework Review and Zero Harm Safety Management System Review;
- Participated in Zero Harm Site Visits.

Key Process and Framework Review

- Provided input and guidance to facilitate a review of the Anti-Fraud and Corruption Framework, and the Fraud Prevention Policy.
- Received reports detailing the Procurement and Contract Management update, and reviews for the Resource Consents Revenue process, and the Rates Revenue Collection process.

Internal Audit – competence and assurance

- Provided input and guidance regarding outcomes and recommendations from internal audits including, Assessment of Flexible Working Review (KPMG), Building Quality Audit Report (IANZ), Resource Consent Compliance Monitoring (KPMG), and Cyber Security.

Annual Report

- Received reports detailing the Annual Report audit from a project planning and risk assessment perspective;
- Provided feedback to the Office of the Auditor General regarding Three Waters mandatory measure compliance issues in respect of the 2020 Annual Report;

- Received the final Audit Management report and updates of progress against audit recommendations.

Council Controlled Organisations

- Discussed the Council Controlled Organisations Draft Statements of Intent's through a risk lens.

Insurance Programme

- Received Insurance Renewal Process updates and undertook a series of in-house workshops facilitated by Aon New Zealand Limited to assess any gaps in insurable risk.

Long-term Plan

- Reviewed the areas of audit focus for the 2021-2031 Long Term Plan and received updates on capital expenditure project delivery capability;
- Received the final Audit Management Report.

Business Resilience

- Received and supported conversations regarding business resilience planning and learnings, particularly in respect of COVID-19.

4. CONCLUSION

The Committee considers that progress has been made in several areas in the 2020/21 financial year and that activities undertaken met all requirements outlined in the Audit & Risk Committees Terms of Reference.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit and Risk Committee
From	Alison Diaz Chief Financial Officer
Date	3 September 2021
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	2020/21 Annual Report

I. EXECUTIVE SUMMARY

The purpose of this report is for the Audit & Risk Committee to review the preparation and related process of Annual Report 2020/21 from a risk perspective.

Prior to the current situation of COVID-19 and the implications it has for organisations regarding annual reporting, an amendment to the Local Government Act 2002 was passed by Government in July this year providing an extension of the time limit for 2020/21 financial year annual reports by one month, changing the requirement from 31 October 2021 to 30 November 2021. The extension was necessary due to the backlog and scarcity of resources within Audit New Zealand.

A draft of the Annual Report is presented with this report. The Strategy and Finance Committee will receive the Annual Report 2020/21 and Annual Report Summary 2020/21 at their 18 October 2021 and make final recommendations for adoption.

At the time of writing this report, Council staff, Watercare Services Limited staff and Audit New Zealand (“Audit NZ”) were working through mandatory water and wastewater response measure evidence queries. This is an area that has been highlighted as potential for a qualified audit opinion.

2. RECOMMENDATION

THAT subject to receiving final clearance from Audit New Zealand, the Audit & Risk Committee recommends to Council the adoption of the Annual Report 2020/21 (as attached to the staff report) from a risk perspective;

AND THAT improvements to the Annual Report process be captured, with progress on actions being reported to the March 2022 Audit & Risk Committee meeting.

3. AREAS OF RISK

A. Audit New Zealand (Audit NZ) identified five areas of focus:

1. The risk of management override of internal controls.

Audit NZ will be testing the appropriateness of selected journal entries, reviewing accounting estimates and evaluating any unusual or one-off transactions.

2. Service performance reporting.

In the 2019/20 audit, Audit NZ attempted to test a sample of call-outs to supporting documentation to confirm the accuracy of the resolution times recorded. The testing identified that while the District Council has a system in place to capture the appropriate response time, Audit NZ were unable to obtain sufficient appropriate evidence to support the accuracy of the recorded times. This was despite trying various approaches and working with management and Watercare staff.

For 2020/21 Audit NZ found similar issues existed until a new system was put in place from January 2021. While the results from the new system show improvement, there were still issues identified, and as such the audit team have referred to their technical team on this matter. They have indicated that this review is going to take about 2 to 3 weeks and there will need to be a discussion with the Office of the Auditor General. In the meantime, management has re-drafted the note in the annual report as follows:

“Reporting against these measures is based on times provided by the contractor for attendance and resolution. Through the auditing process for the 2019/20 Annual Report, Council became aware the supporting documentation underpinning the recording of performance against these measures was unable to be relied on to confirm the results.

Council in conjunction with the contractor Watercare Service Limited put in place interim measures to provide supporting documentation and plans to implement a fully integrated customer service request system. The interim measures show improvement in the recording of performance against these measures however they remain unable to be relied on to confirm the results.

Consequently, the accuracy of the times shown for attendance and resolution was not and cannot be independently verified. Interrogation of GPS tracking systems has indicated the performance against these measures is a reasonable reflection of the actual result.

The implementation of a fully integrated customer service request system is underway.”

3. Valuation of assets.

a. Revaluation

The council revalued infrastructure assets at 30 June 2021. No issues have been advised.

b. Fair value assessment

Management has completed a fair value assessment of infrastructure asset classes as at balance date. This is to ensure there are no significant differences between fair value of the assets as at 30 June 2021 and carrying value that would trigger a need for the council to extend the revaluation through to balance date.

A fair value assessment of the carrying value of Land and Buildings, last revalued as at 30 June 2020, has been undertaken. Audit NZ are reviewing the results of the assessment. Management considers the uplift in value to be immaterial to the financial statements.

c. Impairment

Management has assessed whether there is any indication that assets may be impaired. If there is an indication of impairment, then they must estimate the recoverable service amount of the asset. This is to ensure the carrying amount of an asset does not differ materially from its recoverable amount. There is no indication that any adjustments are required.

The judgement-based nature of asset revaluations, fair value assessments, and impairment assessments creates a risk of bias or error in the assumptions and inputs used. Due to the value of the asset classes in question, any bias or errors in the inputs used or calculations performed could result in a material misstatement of council's financial statements.

4. Capital projects including work in progress.

Council continues to have a significant ongoing capital programme. Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects.

No issues of significance have been reported by Audit NZ at the time of writing this report.

5. Impact of three waters reform.

During 2020/21, the Council signed a non-binding Memorandum of Understanding (MOU) with the Crown. By signing this MOU, the Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform. Council subsequently received a share of \$761 million Crown stimulus funding as part of Tranche one of the reform programme. It is important that the Council is appropriately accounting for its share of the funding and is meeting the obligations of the funding agreement.

While Audit NZ have not raised any issues with management, this matter is currently with their local government sector group to determine whether the sector accounting treatment is reasonable. Audit NZ are obtaining information from a few Councils to check consistency across the sector.

In addition, Audit NZ will be providing a standard note in respect of three water reform for inclusion in the annual report.

B. Public Benefit Entity Standard IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023, or the second year of the 2021-31 LTP. Council early adopted this accounting standard for the 2020/21 financial year so that comparisons with the Long Term Plan 2021/31 are meaningful.

There are no financial impacts in 2020/21.

C. The impacts of the Covid-19 pandemic

Audit NZ will be providing a draft of standard wording in respect of Covid-19 for inclusion in the Subsequent Events note. Management has commenced work on assessing the likely impacts of the current outbreak.

4. ATTACHMENTS

1. Draft 2020/21 Annual Report, first half including performance measures
2. Draft 2020/21 Annual Report financial statements
3. Draft 2020/21 Financial Pathway – CCO and Council’s financial return section

2020/21



ANNUAL REPORT

Te Riipoata-a-tau





**OUR VISION:
LIVEABLE, THRIVING
AND CONNECTED
COMMUNITIES**

**HE NOOHANGA AAHURU,
HE IWI WHAI ORA,
HE HAPORI
TUUHONO TAHI**

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THIS IS WAIKATO DISTRICT

WAIKATO IS HOME TO...

81,473
PEOPLE
(26.4% IDENTIFY
AS MAAORI)

170
NEW NZ
CITIZENS IN 2020/21

15,344 DOGS



WE PROVIDE...

8,347,000

LITRES OF
DRINKING WATER A DAY

**60 PUBLIC
TOILETS**
USED BY 4,000
PEOPLE EVERYDAY



**DIVERSION
OF 6,568**
TONNES OF REFUSE
FROM LANDFILL
EACH YEAR



2 CAMPGROUNDS
PAPAHUA AND HAKANOA



56

PLAYGROUNDS AND
NEIGHBOURHOOD RESERVES

13 SKATEPARKS

3 SWIMMING
POOLS

WAIKATO SPANS

OVER 450,000
HECTARES OF LAND



IN 2020/21 WE HAVE SUPPORTED...

155 COMMUNITY
GROUPS



AND 161 DOGS WERE
RE-HOMED

WE MAINTAIN...

1,860KMS
OF SEALED ROADS



599KMS
OF UNSEALED
ROADS

255KMS
OF FOOTPATHS

113
PARKS AND
RESERVES



38
COMMUNITY
HALLS

WE OPERATE...



6 LIBRARIES THAT SERVICE
17,574 LIBRARY MEMBERS

25 WATER
RESERVOIRS
WITH A TOTAL
CAPACITY OF 22,813m³



7 WATER TREATMENT
PLANTS WITH A TOTAL CAPACITY
OF 19,180m³ PER DAY
AND 9 WASTEWATER TREATMENT PLANTS



2 ANIMAL
SHELTERS

21
CEMETERIES

25 DOG
EXERCISE AREAS

FROM THE MAYOR AND CHIEF EXECUTIVE

Vision continues to guide growth

Despite an uncertain outlook generated by the COVID-19 pandemic, Waikato district continued to experience rapid growth in 2021.

As one of the fastest-growing districts in the country measured by new dwelling consents, this also brought considerable challenges and a heavy workload. We processed 1,125 dwelling consents, up 39.4% on the previous year, and 2,430 building consents overall, up 27% on 2019/20. Our duty planners handled nearly 5,000 enquiries, up 43% on 2019/20.

The year was marked by a series of major initiatives to guide this growth and give effect to our vision of creating 'liveable, thriving and connected communities – he noohanga aahuru, he iwi whai ora, he hāpori tuuhono tahi'.

Our 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the top priorities identified by the community through our District-wide and Local Area Blueprints which plan how to meet the community's social, economic and environmental needs over the next 30 years. These Blueprint priorities were confirmed at a series of public workshops held around the district.

The LTP provides funding for the development of infrastructure over the next 10 years to unlock key 'growth cells' identified by our 'Waikato 2070: District Growth and Economic Development Strategy', which was adopted just before the year under review.

'Waikato 2070' will also be underpinned by our Proposed District Plan which entered its hearings phase in 2021, and which offers a new spatial vision for community development, setting the guidelines for land use and for protecting our environment and heritage. Hearings took place via the innovative use of videoconferencing, making participation easier for submitters.

We worked with our neighbouring councils and other agencies to reach common understandings over shared cross-boundary issues. We progressed giving effect to the Hamilton-Auckland Corridor Plan through a review of our sub-regional Future Proof strategy to manage growth across Hamilton and Waikato and Waipa districts. Through the Waikato Mayoral Forum, we also advanced work on the Waikato Housing Initiative to address housing challenges in the region, with a focus on creating sustainable, resilient and connected communities.

Sustainable delivery of services

We continued successfully to identify sustainable ways to deliver the services our growing district needs.

We secured \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million wastewater pond

de-sludging, among other initiatives for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will make a firm decision once we have studied the details.

Through the Waikato District Alliance, a collaborative partnership with Downer NZ to maintain our roads, we undertook projects to enhance road safety, develop alternative transport modes to link our communities, and build infrastructure to support new residential subdivisions. We completed a three-year programme to review and change speed limits in our district, built the Huntly Rail platform for the Te Huia passenger train service to Auckland, resurfaced 118 kms of sealed roads, built 3.5 kms of new footpaths, continued work on the Cambridge to Hamilton stage of the Te Awa cycleway project, and completed the third year of a \$9 million-plus scheme of safety improvements which attracted an NZTA Waka Kotahi subsidy of 76%, saving more than \$2.5 million over the full three years.

We entered a partnership contract with Cushman and Wakefield in October 2020 to maintain the Council's community facilities, which include 220 Council-owned buildings across the district and more than 20 other plant items. Among many projects completed were the refurbishment of the Tuakau library and re-roofing of the Huntly Grandstand.

We are proud that some of our most widely-used services recorded customer satisfaction levels of 80% or more including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities we provide, and 81% rated the quality of life in Waikato district as good or very good.

Caring for our environment

We amended our kerbside refuse and recycling contracts to align these services with the objectives of our Waste Management and Minimisation Plan. We hosted a rural chemical collection in Tuakau, made the decision to end our inorganic waste kerbside collection because it encouraged the dumping of waste to landfill, and continued to support waste minimisation education programmes.

We updated reserves management plans for Woodlands and for the three main reserves in Raglan, upgraded two cemeteries, and ran daffodil bulb plantings across the district in conjunction with our Community Boards.

We assigned dedicated expertise to confront some complex stormwater management issues in the district and inspected businesses and facilities that were identified as high risk for contaminating stormwater if not maintained. A major programme of wastewater treatment plant upgrades to support discharge consent renewals will improve compliance and protect the environment.

Economic development

To encourage business growth and employment opportunities we continued to promote Waikato district through partnerships with our regional economic development agency, Te Waka, and Hamilton & Waikato Tourism. Local tourism spending grew 5.9% thanks to a resurgence in domestic tourism.

Development and investor demand has increased despite uncertainty due to the ongoing impact of COVID-19. A rezoning application for a \$1.2 billion Sleepyhead manufacturing and residential development at Ōhinewai was approved by a panel of independent commissioners, although parts of the proposed development are subject to appeal in the Environment Court.

We established a Business Pop Up School to support new business ideas from people who had lost their jobs because of COVID-19, and we supported community-led development training to build community capability and resilience.

Financial Performance

We worked hard to set rates and debt levels that balance affordability with the need to provide for our growing community. Average rates per rateable property were \$3,256.30 for 2020/21 and average debt per rateable property is \$2,720.35. This is 61% below our debt servicing limit, offering capacity for funding services and facilities as needed for the future.

Building communities together

We involved you in decisions affecting our district on subjects ranging from reserve management and keeping of animals, to alcohol and speed limits. Our Long Term Plan 2021-31 sparked more than 600 submissions.

The Council approved the creation of Maaori wards for the 2022 and 2025 local government elections, and we started our six-yearly Representation Review to decide the number of our wards and councillors for the next two Council terms.

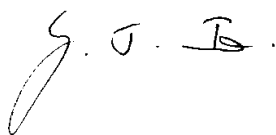
We enjoyed a strengthened Maaori voice in our decision making with the appointment of two Maangai Maaori (Voice of Maaori) positions to our three major Council committees just before the start of the 2020/21 year.

We committed grants totalling more than \$700,000 from Council-owned or administered funds for distribution to 155 organisations to enable communities to meet some of their own needs.

We are proud of what we have achieved in the last year by working with you.



Allan Sanson
Mayor



Gavin Ion
Chief Executive

“We continued successfully to identify sustainable ways to deliver the services our growing district needs.”



OUR COUNCIL

The Council is elected by the residents and ratepayers of the Waikato district. Thirteen Councillors are elected from within the ten wards they represent. The Mayor is elected at large. The Councillors and the Mayor make the decisions affecting our communities across the whole district.

Wards

The district is divided into 10 wards. They are: Awaroa ki Tuakau, Eureka, Hukanui-Waerenga, Huntly, Newcastle, Ngaruawahia, Onewhero-Te Akau, Raglan, Tamahere and Whangamarino.

Community boards

Five community boards, whose members are elected within the board areas, deal with local issues within their areas. Community boards are established in Huntly, Ngaruawahia, Onewhero-Tuakau, Raglan and Taupiri.

Maangai Maaori

The Council appointed two Maangai Maaori (Voice of Maaori) to its three major Council Committees with full voting and speaking rights as part of the 2019-2022 governance structure.

Mayor



Allan Sanson
2020/21



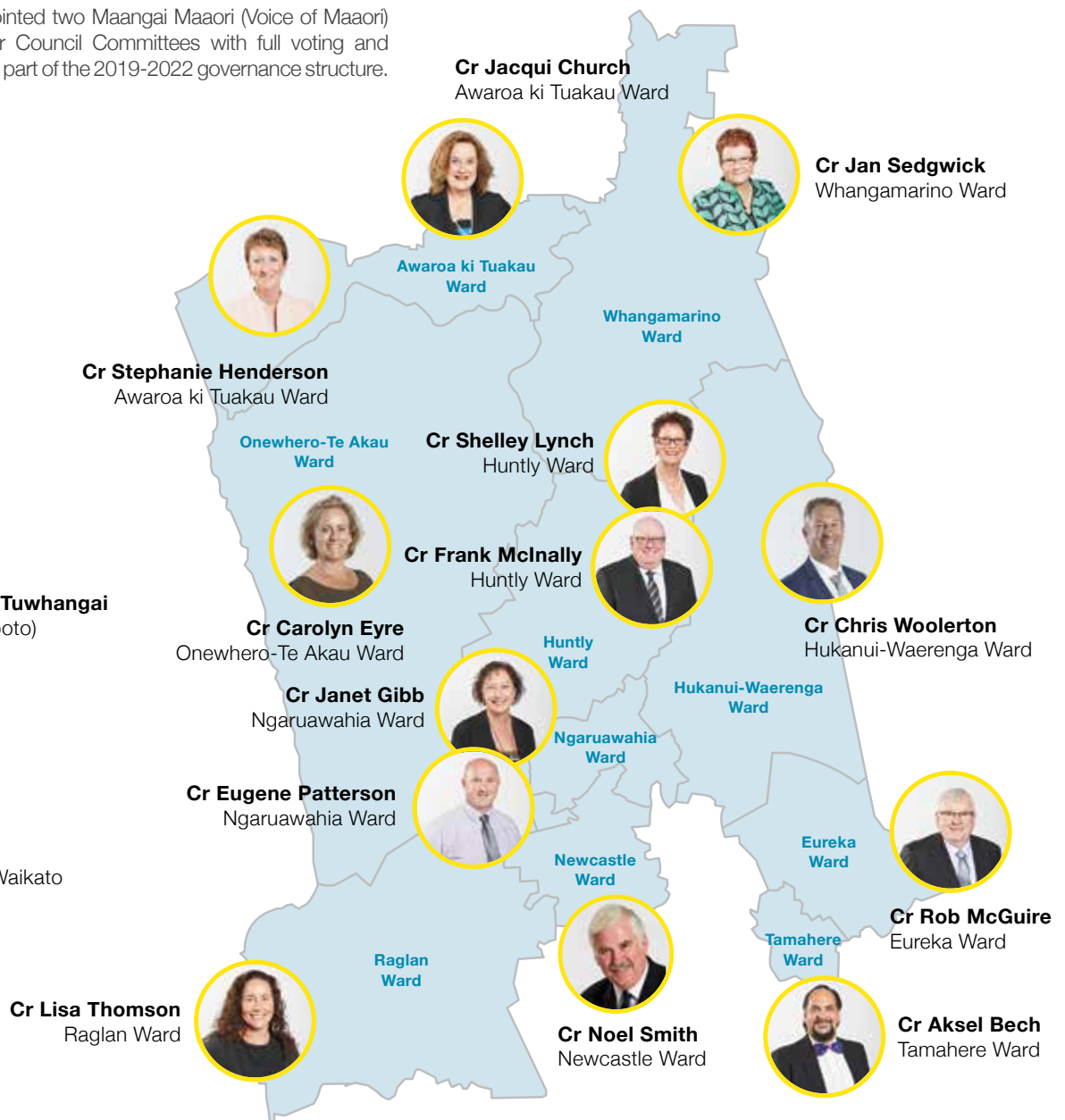
Maxine Moana-Tuwhangai
(Waikato, Maniapoto)
Maangai Maaori



Brendon Green
(Ngaati Hikairo, Waikato
Tainui, Ngaapuhi)
Maangai Maaori

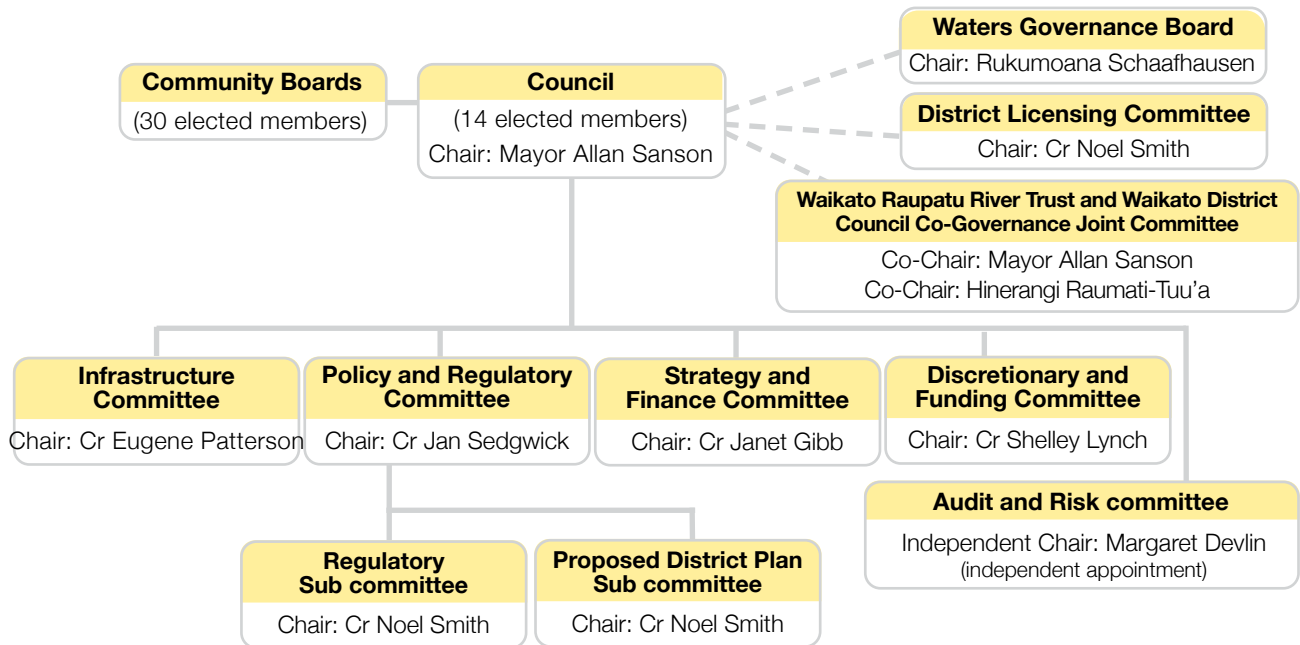
Community committees and groups

By advocating on behalf of their local communities, voluntary community committees and groups play an important role within community decision-making. Council works with them and the community boards so it can take into account local perspectives as part of its decision-making. They include: Aka Aka, Eureka, Glen Afton/Pukemiro, Gordonton, Horsham Downs, Matangi, Meremere, Newstead, North East Waikato (including Mangatawhiri, Mangatangi and Maramarua), Pokeno, Port Waikato, Pukekawa, Rangiriri, Tamahere, Te Kauwhata, Te Kowhai and Whatawhata.



WHO WE ARE 2020/21

Our Governance Structure



OVERVIEW

The Executive Leadership Team



Gavin Ion
Chief Executive



Tony Whittaker
Chief Operating Officer



Sue O’Gorman
General Manager Customer Support



Clive Morgan
General Manager Community Growth



Roger MacCulloch
General Manager Service Delivery



Kurt Abbot
Projects and Innovation Manager



Ian Cathcart
Special Infrastructure Projects



Vanessa Jenkins
People and Capability Manager



Jacob Quinn
Communications, Marketing & Engagement Manager



Geoff King
Chief Information Officer



Alison Diaz
Chief Financial Officer



STATEMENT OF SERVICE PROVISION *TAUAAKI RATONGA WHAKARITENGA*

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15 Sustainable communities

- 16 - Customer and partnership focus
- 18 - Economic development
- 19 - Emergency management
- 20 - Grants and donations
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- 30 - Environmental health
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- 34 - Solid waste

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46 Wastewater

50 Water supply

54 Organisational support

57 Progress towards community outcomes

Numbers TBC

STATEMENT OF SERVICE PROVISION

What we did

This Annual Report reviews our progress towards achieving what we set out to do in the third year of our 2018-2028 Long Term Plan (LTP). The LTP sets out our strategic direction for the 10 years ahead and is reviewed every three years. It establishes our goals and outlines the work we need to carry out to achieve the community outcomes identified.

Our work programmes and associated budgets are divided into eight groups of activities that contribute to the community outcomes we're seeking.

In the 2018-2028 LTP our community outcomes were encapsulated by the Council's vision of liveable, thriving, connected communities – he noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi.



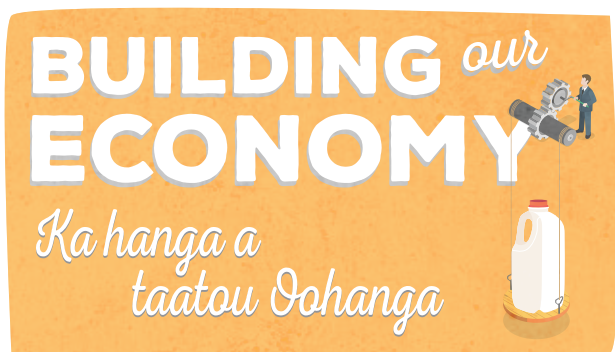
We are a community that believes in environmental sustainability; we pursue and promote related ideas and manage regulatory processes to safeguard and improve our district.



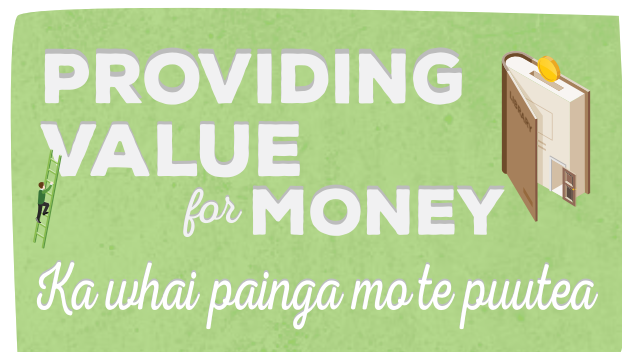
We consider the well-being of all our people in all our planning and activities. We have supported and plan for the development of complete and connected communities.



Our communities work with us so we are collectively focused on the right things at the right time.



We attract diverse enterprises/business: creating jobs and opportunities for our community. We continue to support our existing industry. We have others who leverage our location to ensure tourism brings benefits to a range of people in our communities.



Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

Each group of activities contribute to one or more of our community outcomes.

Activity	Outcome				
	Supporting our Communities	Building our Economy	Sustaining our Environment	Working Together with You	Providing Value for Money
Governance	✓	✓	✓	✓	✓
Sustainable Communities - Customer and partnership focus - Economic development - Emergency management - Grants and donations - Parks and facilities	✓	✓	✓	✓	✓
Sustainable Environment - Animal control - Building quality - Environmental health - Strategic and district planning - Solid waste	✓	✓	✓	✓	✓
Roading	✓	✓		✓	✓
Stormwater	✓		✓	✓	✓
Wastewater	✓		✓	✓	✓
Water Supply	✓		✓	✓	✓
Organisational Support				✓	✓

✓ = primary contribution

✓ = minor contribution




Our Approach

When considering the financial picture, the Council's overall approach continues to be:

- Support growth in targeted areas
- Maintain existing assets
- Modernise infrastructure where it is prudent to do so
- Do more with existing budgets
- Move the cost of providing a service to those who use them ie: user pays

How we did

We have established performance measures for our work programmes to gauge our progress towards the community outcomes identified. In the following pages, you'll see we have shown how we're doing against our performance measures. We've used the 'traffic light' system to indicate whether:

-  We've achieved
-  We're on track towards the target but haven't quite made it (within 5%)
-  We've not met the target (variance greater than 5%)

Where we did not have a corresponding measure from last year to report on, we have indicated this as "N/A" for 2020/21

We conclude with a tabular presentation of our progress towards our community outcomes.

Funding impact statement – Whole of Council

	2019/20 Annual Plan \$'000	2019/20 Annual Report \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	58,432	59,353	62,408	63,683
Targeted rates	25,868	25,435	28,811	28,313
Subsidies and grants for operating purposes	8,344	8,327	8,607	9,928
Fees and charges	10,526	10,115	10,859	15,229
Interest and dividends from investments	180	591	180	164
Local authorities fuel tax, fines, infringement fees, and other receipts	8,762	8,353	9,290	9,365
Total operating funding	112,112	112,174	120,155	126,682
Applications of operating funding				
Payments to staff and suppliers	90,828	83,181	93,730	100,418
Finance costs	4,267	4,199	4,195	4,505
Other operating funding applications	2,362	2,741	2,422	2,987
Total applications of operating funding	97,457	90,121	100,347	107,910
Surplus (deficit) of operating funding	14,655	22,053	19,808	18,772
Sources of capital funding				
Subsidies and grants for capital expenditure	11,410	10,415	11,461	11,646
Development and financial contributions	6,174	10,521	6,283	15,101
Increase (decrease) in debt	32,031	-	34,269	15,000
Gross proceeds from the sale of assets	693	926	84	447
Lump sum contributions	-	-	-	-
Other dedicated capital funding	120	574	124	952
Total sources of capital funding	50,428	22,436	52,821	43,146
Applications of capital funding				
Capital expenditure				
- to meet additional demand	25,410	15,825	20,690	8,748
- to improve the level of service	16,430	6,398	21,263	14,117
- to replace existing assets	30,519	26,786	30,255	25,386
Increase (decrease) in reserves	(7,670)	(2,041)	398	(4,593)
Increase (decrease) in investments	394	(2,479)	23	18,260
Total applications of capital funding	65,083	44,489	72,629	61,918
Surplus (deficit) of capital funding	(14,655)	(22,053)	(19,808)	(18,772)
Funding balance for Whole of Council	-	-	-	-

**Draft Only
Numbers TBC**

GOVERNANCE

What we did

We continued to work towards achieving the vision and goals the Council established in its Long Term Plan 2018-28 to embrace the growth and changes we face in the decade ahead. Our vision is that we work together as a district to build liveable, thriving and connected communities as our district grows.

Highlights

Our goal, as a democratically-elected Council, is to involve you in the decisions that affect the future of our district.

Representation Review

We commenced our Representation Review, a statutory process that takes place at least once every 6 years and determines the number and size of wards, the number of councillors, and the number of councillors per ward. Our process included early engagement through a survey, as well as stakeholder meetings and community focus groups. The purpose of the early engagement was to establish an evidence base to define communities of interest ahead of the formation of Council's initial proposal. The Representation Review initial proposal is set for consultation with the community in July/August 2021.

Open workshops

We continued to open many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the development of our 2021-31 Long Term Plan. Community Board and Committee chairpersons were also invited to these workshops so they could update and connect in with their communities.

Building on the use of technology for public meetings during Covid-19

The advance of COVID-19 required us to think innovatively about how we could continue engagement with the public, and continue to hold public meetings. Building on the success of online public meetings during Alert Levels 4 to 2, we continued to hold virtual/online public meetings and workshops whenever practical. Focus groups for our Representation Review, and for Hui on multiple issues such as the Raglan and Te Kauwhata wastewater consent renewals, continue to be held online allowing the public to engage directly with elected members and other key stakeholders. We also pioneered the use of videoconferencing technology for our Proposed District Plan hearings, making participation easier for submitters.

Engagement with communities

We adopted our 2021-31 Long Term Plan, following consultation in April, and received over 600 submissions from the community. We continued to engage on our Proposed District Plan (PDP), which sets the rules for how the district's land can be used, developed and subdivided.

We consulted on Stage 2 Natural Hazards and Variation 2, and nearly completed the PDP hearings phase, holding 31 hearings in the year under review, with final hearings taking place in July 2021. We also engaged with our communities on a range of other initiatives, plans, strategies and bylaws, on subjects ranging from reserve management, keeping of animals, alcohol control and speed limits.

We expanded our efforts to engage with you through a range of media, surveys, public meetings and market days and we added to our range of online services. We attracted nearly 360,000 visitors to our website in the past year (up 13.4% from 2019/20) and we have more than 17,000 followers on Facebook (up 21%).

Strengthened Iwi Partnerships

The Iwi and Community Partnership Manager and his team of two advisors continued to build stronger relationships with iwi and tangata whenua. We engaged with all iwi groups to assist numerous enquiries and concerns from the Proposed District Plan, the Long Term Plan, and rates and water enquiries, to our Joint Management Agreements. A solid relationship with iwi and hapuu is a vital component in order to deliver liveable, thriving and connected communities.

The past year also saw Council approve the creation of Maaori wards for the 2022 and 2025 local government elections. Maaori ward Councillors will bring a unique set of skills and experience, as well as a Te Ao Maaori lens, to the decisions that Council make, benefitting our decision-making process and our communities.

During Joint Management Agreement meetings with Waikato-Tainui and Nga Wai o Waipa (Ngaati Maniapoto) on the Waikato and Waipa Rivers, we kept iwi briefed as we developed our 2021-31 Long Term Plan. Maaori are also represented on our Waters Governance Board that oversees the governance of our waters' business.

Our collaboration with Waikato-Tainui has developed into a joint decision-making process on a number of initiatives and projects such as growth and infrastructure, community development and Maaori representation in the Council's decision-making processes.

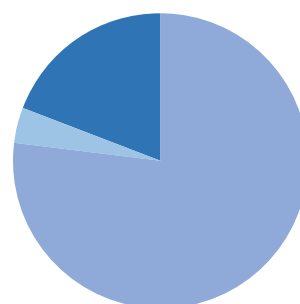
How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
Percentage of residents satisfied that they were able to contact their councillor as and when required.	75%	90%	73%		Over the year only 22 people surveyed had tried to contact their Councillor or Mayor. The margin of error is 21%.
Percentage of district plan changes that are undertaken as per the RMA statutory process.	100%	100%	100%		Extensions to deadlines for decisions on the Proposed District Plan have followed and are continuing to follow the process prescribed in the Resource Management Act 1991, which requires approval by the Minister for the Environment.
Number of joint committee meetings held per annum	3	4	5		Waikato Raupatu River Trust and Waikato Council Co-Governance Joint Committee Meeting held 14 April 2021.
Number of identified or notified breaches/objections under Joint Management Agreements, MOU's and MOA's.	0	0	0		Target met.
Number of formal governance hui held between council and iwi / hapuu groups.	4	4	5		Waikato Raupatu River Trust and Waikato Council Co-Governance Joint Committee Meeting was held on 14 April 2021. A number of other meetings have also been held on various topics which are not governance but engagement and working together with iwi/hapu groups.
Percentage of minutes of all open meetings that are made publicly available via the Council's website.	99%	100%	100%		Target met.
Percentage of Council decisions that comply with statutory requirements.	100%	100%	100%		Target met.

What this tells us

Your feedback through our regular customer satisfaction survey is giving us the information we need to improve the way we work with you. We have not met all our targets for the year overall, but we are making positive progress in working with you to ensure our district continues to develop as an attractive place to live and work.

There are no potential significant negative effects associated with this activity.



How we paid for it

Operational Funding

77%	General rates, uniform annual general charge, rates penalties
19%	Internal charges and overheads recovered
4%	Targeted rates

Funding impact statement

Governance

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	5,247	5,623	5,736
Targeted rates	222	250	244
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,031	1,055	1,227
Local authorities fuel tax, fines, infringement fees, and other receipts	5	273	110
Total operating funding	6,505	7,201	7,317
Applications of operating funding			
Payments to staff and suppliers	2,535	3,091	2,761
Finance costs	-	-	-
Internal charges and overheads applied	3,972	4,086	4,105
Other operating funding applications	2	2	3
Total applications of operating funding	6,509	7,179	6,869
Surplus (deficit) of operating funding	(4)	22	448
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	--
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	16
Increase (decrease) in reserves	(4)	22	432
Increase (decrease) in investments	-	-	-
Total applications of capital funding	(4)	22	448
Surplus (deficit) of capital funding	4	(22)	(448)
Funding balance for Governance	-	-	-

Draft Only
Numbers TBC

SUSTAINABLE COMMUNITIES

This group of activities includes economic development, grants and donations, parks and facilities, emergency management and customer and partnership focus. We provide these services to address social and economic wellbeing to support the development of 'communities' and not just discrete sets of towns and villages. It's about the provision of employment, leisure options, improved quality of life and the protection of enduring communities.

Customer and partnership focus

We want to make it easy for you to contact us about issues and questions regarding the services we provide. Key contact points include staff in our libraries and service centres and our call centre. In order for our customers to feel supported outside of normal working hours, an after-hours service is provided by Hamilton City Council.

Economic development

We are continually providing infrastructure to support businesses and residents and updating the district plan to attract industry to our district, along with many other initiatives. The goal is to ensure our district has longevity by bringing more employment opportunities. The Economic and Community Development team leads, supports and co-ordinates economic development activities, plans and initiatives across the district's growth nodes to help build a local environment that attracts and sustains new and existing business investment, residential development and visitor experiences.

Emergency management

Public safety and emergency management activities are fundamental to the protection of life and property in the community. We have a key role in disaster and emergency response, management and recovery.

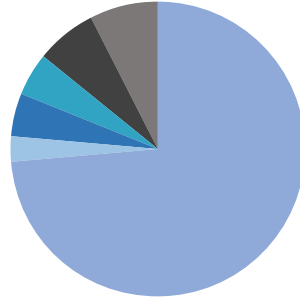
Grants and donations

Every year we provide grants and donations to various organisations and charities throughout the district, which otherwise might not have access to funding for their work.

Community connections (Parks and Facilities)

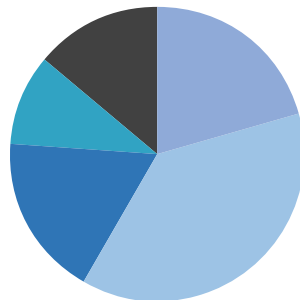
We provide many parks and open spaces, playgrounds and public facilities, including aquatic centres and libraries, walkways and sports grounds. Providing these facilities and amenities supports a healthy and thriving community.

How we paid for it



Operational funding

79%	General rates, uniform annual general charge, rates penalties
8%	Local authorities fuel taxes, infringement fees and other receipts
7%	Internal charges and overheads recovered
5%	Subsidies and grants for operating purposes
5%	Fees and charges
3%	Targeted rates



Capital funding

38%	Increase (decrease) in debt
21%	Development and financial contributions
18%	Gross proceeds from the sale of assets
14%	Subsidies and grants for capital expenditure
10%	Other dedicated capital funding

Customer and Partnership focus

What we did

Customer satisfaction survey

Our ongoing customer satisfaction survey recorded satisfaction levels of 80% or more with some of our largest and most widely-used services including our libraries, parks and reserves, solid waste and recycling services, and wastewater services. Overall, 60% of survey respondents were satisfied with the way rates are spent on the services and facilities provided by the Council, and 81% rated the quality of life in Waikato district as good or very good.

We commissioned the National Research Bureau to undertake our survey by means of randomised telephone polling, as well as online and face-to-face interviews.

Customer engagement

We engaged with our communities on all our plans and strategies, including the 2021-2031 Long Term Plan, our Proposed District Plan, and our district-wide and local area Blueprints. We also consulted on bylaws and policies including those relating to the Keeping of Animals and Alcohol Control.

We continued to enjoy strong online engagement with our communities. Compared with 2019/20 there was a 16.3 % increase in website visits during 2020/21, and a 13.4 % rise in website users (to nearly 360,000 unique visitors during the year).

We manage three Facebook pages as well as Instagram, Linked-In and Twitter accounts. Our main Facebook page receives an average 'organic' (unpaid) monthly reach of 230,000 and we receive an average of 2,500 'engagements' per month (reactions, comments and 'shares'). This brings our monthly average engagement rate to 4.39% - more than double the Facebook average.

Library services

Our libraries are an important focus for community activity, hosting community group meetings as well as regular reading programmes and other learning opportunities. We operate six libraries in the district. Four double as council service centres and two are dedicated public libraries.

Throughout the year we continued to deliver reliable services to our existing customers and this is reflected in the 99% customer satisfaction level recorded by our in-house survey.

Staff have worked hard to broaden and diversify the services and opportunities we provide. In the past year, for example, we introduced a range of educational kits (from musical instruments, to science and junior coding robots, Maaori language, and even DIY tool kits) so customers can experience new things at a very small cost. The kits have proved popular and will remain part of our ongoing service.

We were very fortunate to receive enough funding from Public Libraries NZ to employ three temporary staff in the past year. These staff members helped us undertake extensive canvassing of customers and potential customers so we can learn how to shape our sites to suit a wider variety of people.

During this outreach, the new team contacted schools across the district to develop closer relationships with them. As a result, we signed up hundreds of new online library memberships, began delivering books to classrooms, and provided advice on how to navigate the NZ national library system.

A long-standing goal was completed in the past year with the refurbishment and expansion of the Tuakau Library. Its floor space has now nearly doubled in size to provide a blend of interactive and traditional library space. The library now also offers two meeting/event rooms for public use.







In the course of developing the Council's 2021-31 Long Term Plan we made provision for reviewing, expanding and upgrading our services across the district.

Our plans include a two-year project to scope and design options for a long-anticipated facility at Pokeno for the community and Council to consider.

Despite many efforts over the past year, including a trial of Saturday opening, the new library/service centre in Meremere has seen limited use and will require a review of our use of this site.

We also made provision to roll out new RFID (Radio Frequency Identification) technology in our libraries to replace our existing barcode system. The new technology will allow customers to check out their own books, leaving staff more time to help our customers with their enquiries and engage with them in other ways.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
Percentage of customers satisfied that council engages with the community regarding the right issues.*	40%	60%	42%		Over the 2021/22 financial year staff have consulted on the Long-Term Plan, policies, bylaw and plans. Staff will continue to identify improvements regarding how we consult with the community, through regular project reviews and listening to community feedback.
Percentage of customers satisfied with the ease of access to information regarding key community issues.*	48%	60%	49%		Staff have continued to make key community issues accessible through our consultation platform, Shape Waikato, and have reviewed the useability and functionality of our website. Staff will continue to review how information is communicated and accessed to identify improvements.
Average level of effort to conduct business with Council (on a scale of 1-5, 5 being high effort) How much effort did it take to conduct your business?	2.2	Less than 3.0	2.4		Target met.
Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go).	97.9%	90%	98%		This indicates a strong emotional connection to our sites and a high level of trust in our staff. We promote our libraries to increase numbers of new users, and to reach nonusers. Over the year 710 customers were surveyed giving us confidence that these results are reliable.
Level of customer satisfaction that the quality of library resources meets their needs.	97.2%	90%	99%		Customer satisfaction is high. Through our survey of 710 customers we also learnt that 95.5% are happy with our opening hours, 93% with our book selection, 99.7% with our staff, and 96.7 with our online services.
Percentage of time that access to a free internet service is available in libraries.	89.6%	100%	98.2%		Downtime was experienced only twice in uncontrollable circumstances due to weather (severe rain and flooding in Ngaruawahia library), and network outages (when Tuakau Library was temporarily located in the town hall.)

* Source: "Waikato District Council Ongoing Satisfaction Survey September 2020-May 2021".

What this tells us

Our survey results tell us that our current customers enjoy using our sites and the services we offer. This provides us with a strong base to develop what we offer to attract more residents to see our libraries as a place for them.

Potential significant negative effects

Potential negative effect	How we are addressing this
Damaged library items	Repaired as condition assessed during the issuing or receipting process, or discarded in accordance with the collections policy.
Inappropriate books/magazines/material in the collection (such as adult material, or offensive to cultures, religion, or in general)	Items are acquired in accordance with the collections policy and catalogued as per the nature of the material.

Economic and Community-Led Development

What we did

Strategy

Waikato district continued to enjoy domestic growth, and ongoing business interest and activity, although the full extent of the impact of COVID-19 is still being understood. From a development and investor perspective the demand has increased. Growth in the construction and manufacturing sector has driven up costs nationally, however, there is uncertainty about growth sustainability as there may be lagging impacts from the COVID-19 pandemic on immigration, supply chains and exports.

With the adoption of the Waikato 2070 Economic and Growth Strategy in June 2020, new commercial, industrial, and residential land has been identified to meet growth demand. The Economic and Community Development team continues to prioritise the voice of our business customers to ensure that their interactions with council are a positive experience and that growth is measured.

The Economic and Community Development team continued to promote economic activity to support growth and sustainability across the Waikato district. In the year under review a Business Pop Up School was established to support new business ideas from people who had lost their jobs because of COVID-19. National and international investors and businesses have continued to show interest in the district, although international enquiries have not yet led to further developments.

The demand from our communities to participate in community governance and capability building has increased and so the Economic and Community Development team have held Community-Led Development programmes to build community capability and resilience across the district.

A growth in our regional partnerships has also enabled more community-led development training to be provided to our communities focusing on governance and funding.

A review of our funding system identified that future funding should be directed to community-led development and aspirations projects identified in our Local Area Blueprints.






Regional Approach

We continued to promote the Waikato district and its communities through regional agencies and partnerships.

We made an annual contribution of \$60,000 to the Regional Economic Development Agency, Te Waka, and an annual grant of \$150,000 to Hamilton & Waikato Tourism. A major marketing campaign to promote the Waikato region and to 'buy local' was led by Hamilton & Waikato Tourism.

We worked with our regional partners on the Waikato Plan to promote the four aspects of community wellbeing - economic, social, cultural and environmental – as identified in the Local Government (Community Well-Being) Amendment Act 2019.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage increase in number of business units in the Waikato District. (Same or higher than NZ growth rate in number of business units). *	2.3%	1.6%*	1.1%		Business units grew by 1.1% to June 2020 compared to the NZ average of 1.6% in the same period
The percentage of customers satisfied or very satisfied that the quality of service and expertise meets their needs	59%	90%	85%		As per the Business Perception Survey April 2021.
Business Perception Survey average rating	8.7	Equal or higher than 8.5 out of 10*	8.5		Target met.
The percentage increase in measurable annual tourism expenditure *	-12%	-12.8	5.9%		Waikato district enjoyed an increase in domestic tourism only.
The percentage delivery of the Economic Development strategic work programme	100%	95%	100%		Target met.

* District growth rate greater or equal to the New Zealand growth rate of the same period.

What this tells us

We maintained the strong reputation we have built with regional and national partners as a place to do business.

There are no potential significant negative effects associated with this activity.

Emergency management

What we did

This year our team has been working to implement the learning we gained from our COVID-19 response in 2020 when we provided welfare support to our communities through the level four lockdown, and our emergency operations centre was active for several months. COVID-19 has continued to require our business and our communities to adapt to a different way of doing things.




One learning was the need for greater understanding of the network of welfare support providers across our district. This formed part of our welfare business planning for the year. We also worked to increase our welfare support capability through training.

We continued to support the development of community response plans. Some of our learning from 2020 can be applied to these plans, including improving communication channels with our community response groups.

We continued to deliver civil defence emergency management training to our staff to maintain our capability to respond to incidents and emergencies in our district. We also focussed on developing leadership expertise in an incident or emergency.

We did not complete an evaluated exercise in 2020/2021 due to the need for an extended response to a real-life emergency, COVID-19, but we committed to participating in a region-wide emergency response exercise in November this year.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
Successfully participate in one exercise per annum that is fully moderated by an external party.	1	1	1		We did not undertake a moderated exercise this year due to the COVID-19 response. An unmoderated EOC exercise was undertaken in March 2021 to manage our organisation's 'giveback' day. Planning is underway for Tahi Waikato, an externally moderated exercise including 11 territorial local authorities, the GEMO and other agencies.
Council maintains a minimum number of trained staff to Intermediate Level to fulfil core Emergency Operations Centre roles.	30	30	79		The next intermediate course is in August. These are run twice per year. Staff are also able to attend regional training offered by other TLA's or the GEMO.
Council maintains a minimum level of trained staff to foundation level to fulfil core Emergency Operations Centre roles.	100	100	153		We continue to offer the introductory course on a quarterly basis. The next course is scheduled for 7 July.

There are no potential significant negative effects identified with this activity

Grants and donations

What we did

We supported the work of 155 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds.

From Council-owned funds (see table) we committed more than \$569,000 for distribution to 113 local groups. Of this the largest single amount was \$150,000 to support the work of Hamilton and Waikato Tourism, and this is continuing to pay dividends in joint research and planning work to underpin our growing tourist industry sector in Raglan.

On behalf of the Creative Communities Scheme Fund we distributed \$70,194 to benefit 37 local groups, and the work of five more groups benefited from \$72,000 we distributed on behalf of an independent trust we administer, the Waikato

District Community Wellbeing Trust (see page XX).

Council funds committed



Council funds committed for distribution (see table) included more than \$300,000 for 18 local groups and projects as a result of Long Term Plan pledges. A further \$268,500 of discretionary grants and other funding was committed for distribution to 95 local groups during the year through applications processes managed by Council committees and Community Boards.

Description	Funds committed through Year 3 of LTP 2018/2028	Amount Paid 2020/2021
Twin Arts Information Centre	5,000	5,000
Raglan Museum	20,000	20,000
Waikato District Sports Award	5,000	-
Life Education Trust	5,000	5,000
Ecosourced Waikato in the District	2,000	-
Waikato district crime prevention	10,000	2,865
Bush Tramway	1,000	1,000
Te Akau Community	7,000	-
Tamahere Community Committee	4,000	-
Hamilton & Waikato Tourism	150,000	150,000
Tuakau and District Museum Society Inc.	10,000	10,000
Para Kore	5,000	5,000
Creative Waikato	6,000	6,000
Te Kauwhata & Districts Information and Support Centre	10,000	-
Waikato Coalfields Museum	50,000	50,000
Waikato Biodiversity Forum	3,371	3,000
Franklin Tourism	2,500	2,500
Matariki Festival	5,000	-
Sub-total / total	300,871	260,365
A total of 95 other groups benefited from:		
Heritage Assistance Fund	20,051	53,326**
Conservation Fund Grants	33,711	40,476**
Heritage project fund	40,000	17,793**
Community Administration Funding	10,000	300**
Discretionary Grants	164,795	171,111*
Total Council funds committed 2019/2020	569,428	543,370

*Includes funds committed in 2019/20

**Amount paid out from committed funds relies on groups securing alternative funding required, or meeting other similar criteria, and this can mean funding may be held over for one or two financial years.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
Number of discretionary grant funding rounds undertaken per year.	3	4	4		Completed as final round of funding.
The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports.	95%	100%	100%		Completed as final round of funding.

There are no potential significant negative effects identified with this activity

Community Connections (Parks and Facilities)

What we did

Community facilities

The Community Facilities team continue to provide repairs and maintenance to the 220 Council owned buildings throughout the district, as well as managing the Council fleet of 72 vehicles and over 20 plant items to ensure that they are safe, maintained, compliant and utilised well. In addition to responding to daily requests for service, staff have carried out renewals at our facilities ensuring the needs of our communities are being met.

To ensure a seamless service for our customers, a partnership contract with Cushman and Wakefield commenced in October 2020 to provide facilities maintenance across all assets. The contract is progressing well with all systems and reporting requirements being met and functioning well.

In addition to daily operational activities, capital works highlights are as follow.

Pensioner housing

Four pensioner housing units were refurbished to ensure our tenants are provided with good quality accommodation that meets their needs. In addition to this, the units at Jellicoe Ave in Tuakau have had all the bath shubs removed and replaced with low-entry showers.

Huntly Memorial Hall

The refurbishing of the Huntly Memorial Hall was completed by a team of community volunteers, with support from Council staff. The hall is now a fully functional, warm and inviting facility that the community can continue to hire out as needed.

Whatawhata Community Hub

Work continues on the Whatawhata Community Hub, with resource consent approved, and detailed design for construction completed. Final funding is being sought before commencing construction.

Tuakau Library

The Tuakau Library extension was completed with construction undertaken while the adjacent Tuakau Hall acted as an interim library. The newly refurbished and extended library re-opened on Monday 12 July.

Raahui Pookeka | Huntly Rail Station and Park & Ride

The new railway station platform with shelters, lighting and seating was completed, along with 40 Park and Ride carparks, to enable access to the new Te Huia commuter train service operating from Hamilton to Auckland. This work was done in conjunction with KiwiRail's siding track and signal upgrades. The Te Huia rail commuter service trial from Raahui Pookeka | Huntly Rail Station is now operating.

Huntly Library Lift

The replacement of the lift in the Huntly Library was successfully completed and commissioned.

Ngaruawahia Office Workspace 2020

The office refurbishment and furniture upgrade was completed, to establish team 'neighbourhoods', hot desks,

and collaboration areas, and enabling the new mobile working environment.

Community Venues and Events

The Community Venues and Events team administer events and volunteer works in Council reserves, halls, cemeteries and burials, campgrounds and Woodlands gardens. Achievements of the past year include the following.

Events

Our biggest event in the district – Sound Splash – completed its consented event allowance and is intending to apply for another multi-year consent. We also received interest from other high impact commercial events to run a one-day festival in Raglan and we will work with the Raglan Community Board to enable the best outcome, taking into account the impact of large scale events on the community. New fees and charges for commercial events on Council property were approved in the Long Term Plan, effective from July 1 2021.

Volunteers

Working with the Open Spaces Team, we ran 16 daffodil bulb plantings across the district in conjunction with our Community Boards. This successful venture is likely to become an annual event.

Cemeteries

We completed the Ngaruawahia Cemetery upgrade and started upgrading the Rangiriri Cemetery. The Rangiriri project was held up by bad weather, creating the need for new materials to complete the works. The aim is to improve the service we provide our communities as well as the aesthetic appeal of these spaces. New signage was installed in the Ngaruawahia Muslim Cemetery. We worked with the Muslim community to provide information on why the graves were not marked in the usual Western manner.

Halls

We finished the long-standing Community Halls Catchment and Targeted Rates Review that had been pending since the Franklin District amalgamation. Council approved catchment changes for our northern-most halls, increasing the Karioitahi, Aka Aka, and Otua catchments and targeted rates, and making a minor boundary change to the Te Akau catchment.

Raglan Holiday Park Papahua

A new toilet block was built to service the cabins and Hui room development at The Raglan Holiday Park Papahua. The shower heating system is being reviewed and sustainable solutions sought that align with central government legislation.

Lake Hakanoa Motor Camp

A Wifi upgrade was completed to improve accessibility to the bunk rooms, allowing dive school students to complete their course work from the camp in the evenings.

Woodlands

A new Reserve Management Plan was completed by the Reserves Team to identify the projects that the Community Venues and Events team will continue to work on with the Woodlands Trust.

A planned brick fence for the music lawn did not proceed as its foundations would have impacted the roots of notable trees and camellias. The project was re-scoped and a timber fence chosen in line with the style seen across the reserve. This work is due to start in the new financial year.

Citizenship Ceremonies

We held two successful citizenship ceremonies, one in April and one in June 2021. No ceremonies were held in 2020 or early 2021 due to the risk of COVID-19.

Open Spaces

The Open Spaces team manages the district's parks and reserves, and works with our maintenance partner, Citycare, to provide quality recreation and amenity spaces for our communities.

We acquired additional sports park land in Tuakau for development in the coming years. In addition to normal maintenance activity, other operational, strategic and capital projects were undertaken including the following.

Coastal Reserve Management Plan

We spent significant time on a robust consultation for the Coastal Reserves Management Plan which covers the three main reserves in Raglan. This work was delayed due to COVID-19 but the plan is expected to be adopted formally in the new financial year.

Huntly Grandstand

The roof on the Huntly Grandstand was replaced with the cooperation of Transpower, which has overhead transmission lines over the structure. Transpower contributed funds to offset the extra costs of working in proximity to their power lines, as well as scheduling extended lines shutdowns to enable this complex work.

Rangiriri and Ngaruawahia Cemeteries

The access road to the Jackson St Cemetery, Ngaruawahia, was upgraded with new kerbing and an asphalt surface. An upgrade of the Rangiriri Cemetery accessway was started and expected to be completed in the new financial year.

Whangarata Cemetery

The new Whangarata Cemetery Stage 1 was completed with kerbed asphalt access and parking. Fencing and minor works are to be completed before it is opened to the public.

Hakanoa Playground

The Lake Hakanoa playground was upgraded and re-opened to the public on 9 July 2021.




Ngaruawahia cricket nets








We installed cricket nets at Centennial Park, Ngaruawahia, using funding from Grassroots Trust. This was well-received by the community and well-used during the summer months.

Munro Sports Park, Pokeno

Stage 1 earthworks to create a stream diversion were completed. A contract has been awarded for Stage 2 which is expected to be completed and fields available for use in the second half of the new financial year.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
Percentage of Customers who are satisfied with Parks And Reserves, including sports fields and playgrounds overall	88%	90%	89%		Our contractors continued to perform well. The capital renewals programme continued to be rolled out so works have been underway in some areas.
Percentage of customers who are satisfied with the presentation of WDC cemeteries	91%	95%	93%		Presentation of cemeteries has been good overall. Some upgrading work will not be finished until the new financial year.
Percentage of new playgrounds built to New Zealand Standard – Playground Equipment and Surfacing (NZS 5828:2015)	100%	100%	100%		All playgrounds are built to NZS Standard.

Percentage of customers who are satisfied with public toilets in the residents satisfaction survey	78%	75%	67%		Survey results have varied over the year. We continue to work with our contractor who maintains our toilets to a high level of cleanliness. Extra cleans are added during peak seasons to meet customers' expectations.
Percentage of new public toilets built to NZS 4241:1999	100%	100%	100%		All toilets are built to NZS Standard.
Percentage of buildings that require a warrant of fitness that comply	100%	100%	100%		All buildings that require a building warrant of fitness are compliant.
Percentage of customers who are satisfied with the service provided at the Raglan campground	91%	90%	91%		The camp has a steady number of bookings coming in a year on from the initial COVID outbreak in NZ. Reliable hot water is increasing as an issue for the camp which is made more apparent in the colder months.
Percentage of customers who are satisfied with the service provided at the Huntly campground	76.5%	90%	99%		The Hakanoa Camp continues to provide a consistent level of service. Discussions are happening with the Dive school around expectations in levels of cleaning as divers are expecting cleaning outside the schedule for their own personal benefit.
Percentage of visitors that find the facilities clean, accessible and welcoming (pools)	90%	90%	84%		As per survey results provided by Belgravia Leisure.
LTP - Percentage of WDC Aquatic Centres that are operated under NZ Pool Safe Accreditation	100%	100%	100%		All 3 Pools operate under Pool Safe accreditation as required by the Belgravia Aquatic Management contract.

Potential Significant Negative Effects

Potential negative effect	How we are addressing this
Disability access to facilities	Development of the Disabilities Access Policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with Council's HCC development manual.
Noise and disorderly behaviour issues from events at reserves, and general use of reserves	Events managed in line with Council's terms and conditions of hire. Any disturbance will be handled by local police or noise control if required.
Herbicides impacting environment	Working in conjunction with Hazardous Substances and New Organisms (HSNO) standards for handling agri-chemicals. Enforcing appropriate conduct and use of wash down facilities and hard stands. Ensuring pest and weed control activities are within guidelines.
Damages to property and harm to people from falling trees and branches	Tree maintenance programme according to industry standards. Focus on higher risk areas such as walkways, playgrounds, higher use reserves, and power networks. Responsive to customer requests and cyclical maintenance.
Reserves can create a fire hazard for properties	Management of fire breaks to prevent this effect.

Hazardous chemicals used to keep bio hazards under control, can be harmful if mishandled	Staff training to identify and handle emergency events and safety standards strictly adhered to. Sodium hypochloride used which is safer alternative than traditional chemicals.
Accidents at aquatic facilities	Pools managed to Pool Safe certification standards. Wet floor signage for appropriate areas.
Isolation/location of public toilets leading to safety concerns	Ensure toilets are designed appropriately and located in areas that are easily visible and accessible. Use Crime Prevention Through Environmental Design (CPTED) principles.
Toilets can present a sanitary risk to the community	Included in Water & Sanitary services assessments (three yearly).
Toilets considered to have a negative aesthetic effect	Use of eco design, strategic locations, planting to minimise the impact, environmentally complementary plain colour.
Noise and disorderly behaviour issues from events at cemeteries and general use of cemeteries	Restricted opening hours.
Congregation of undesirable groups with the potential to vandalise equipment	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. Use CPTED design principles.
Potential pollution of waterways from cemetery activities	Maintain an adequate separation distance between human remains and the highest seasonal ground water table. Maintain an adequate buffer zone around cemeteries, and plant with deep rooting trees.

Funding impact statement

Sustainable communities

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	20,155	21,627	22,349
Targeted rates	704	710	792
Subsidies and grants for operating purposes	60	60	81
Fees and charges	1,691	1,760	1,464
Internal charges and overheads recovered	380	353	1,569
Local authorities fuel tax, fines, infringement fees, and other receipts	1,717	1,754	3,158
Total operating funding	24,707	26,264	29,413
Applications of operating funding			
Payments to staff and suppliers	14,277	15,053	18,676
Finance costs	-	-	-
Internal charges and overheads applied	5,779	6,094	5,766
Other operating funding applications	564	562	870
Total applications of operating funding	20,620	21,709	25,312
Surplus (deficit) of operating funding	4,087	4,555	4,101
Sources of capital funding			
Subsidies and grants for capital expenditure	360	368	504
Development and financial contributions	2,632	2,680	2,613
Increase (decrease) in debt	3,479	3,668	1,539
Gross proceeds from the sale of assets	500	511	5
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	339
Total sources of capital funding	6,971	7,227	5,000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,564	1,393	1,098
- to improve the level of service	4,112	4,427	3,543
- to replace existing assets	3,355	3,708	3,722
- Increase (decrease) in reserves	(973)	2,254	738
- Increase (decrease) in investments	-	-	-
Total applications of capital funding	11,058	11,782	9,101
Surplus (deficit) of capital funding	(4,087)	(4,555)	(4,101)
Funding balance for Sustainable communities	-	-	-

*Other dedicated capital funding for the Sustainable Communities group of activities represents insurance proceeds to fund replacement of toilets at Tuakau, capital revenue for lighting upgrades at Dr John Lightbody Reserve and NZTA contributions to the Te Awa Cycleway.

SUSTAINABLE ENVIRONMENT

This group of activities includes animal control, building quality, strategic and district planning, solid waste and environmental health.

Our strategic focus is to develop and maintain an integrated approach to providing sustainable, attractive, affordable and safe options for living, in a way that's in tune with what ratepayers want. We need to provide more streamlined processes that cost less while still delivering required results for our community and Council.

Animal control

The Animal Control Team provides animal control services through dog registration, complaint response, and impounding wandering stock and animals as required by the Dog Control Act 1996, Impounding of Stock Act 1955, and Council's Dog Control Policies and Bylaws. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

Building quality

We protect the community by ensuring that buildings in our district comply with legislation, including the fencing of swimming pools. We process building consent applications and carry out construction inspections.

Environmental health

We provide a range of services to ensure food outlets maintain high food safety standards, alcohol outlets operate to the conditions of their licences, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

Strategic and district planning

Land use and growth management planning ensures the district can grow and develop in a sustainable manner and in accordance with the principles contained in the Resource Management Act (RMA) 1991.

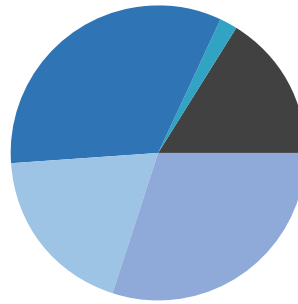
Solid waste

As set out in the Waste Minimisation and Management Plan (WMMP), Council has adopted an aspirational vision of 'Working towards zero waste for the Waikato district.'

The goals of the WMMP are summarised as:

- Working more closely with our communities in managing waste;
- Working more closely with the growing waste management industry in the district and the other councils around us;
- Improving our kerbside recycling collections;
- Considering ways to reduce the amount of rubbish we collect and how much it costs; and
- Improving transfer stations to recover and recycle more material than we do now

How we paid for it



Operational Funding

33% Fees and charges

30% General rates, uniform annual general charge, rates penalties

19% Targeted rates

16% Local authorities fuel taxes, infringement fees and other receipts

2% Internal charges and overheads recovered

Animal control

What we did

With an average of six Animal Control officers on the road during the past year, we responded to 2,997 service requests across the Waikato district. Of the service requests received, 1,244 (42%) related to straying dogs, 328 (11%) related to incidents of dog aggression and 274 (9%) were requests to deal with wandering stock.

The team continues to work hard to respond to all service requests as quickly as possible. Animal Control officers are rostered to be available on-call at nights and weekends to provide a 24-hour, seven days a week service, so we can respond quickly to handle urgent situations involving aggressive dogs or stock on roads.





We continued to prioritise animal safety education for children in our community, providing 84 education sessions in our primary and intermediate schools, and preschools, during the year. These sessions have proved extremely valuable for children to learn how to handle risky encounters with dogs. We have received reports of children making split-second decisions to keep safe by standing still, or rolling into a ball

to protect face and ears, based on the education we have provided. Despite the challenges of COVID-19, which has resulted in schools taking a cautious approach to planning, the Animal Control team is proud of the relationships we have fostered with our schools and the achievements of our educational programme.

The Animal Control team held five successful community events in the past year. Our 2021 Dirty Dog Challenge was the most notable, attracting more than 400 people and 300 dogs to participate. We again co-hosted this event in our district with the Hamilton City Council dog control unit, and all WDC proceeds will be returned to the community to assist with the desexing of dogs.

Dog registration remains a focus for the team. The number of dogs registered at the end of the financial year was 14,107, representing nearly 92% of the 15,344 dogs known by the Council to be in our district.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour.	100%	95%	98.6%		Target met.
The percentage of complaints regarding stray stock that have council personnel on site within 1 hour.	100%	95%	99.6%		Target met.
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.	10	10 or less	3		Target met.
Complete Engagement and Education visits throughout the district.	76	120 per annum/ 10 per month	116		Animal Control positively engaged with a large number of children and members of our community this year. We achieved this through Dog Smart sessions in schools and preschools, the Dogs In Libraries programme and community events such as Dirty Dog.

Potential significant negative effects

Potential negative effect	How we are addressing this
Injury to Animal Control Officers from attack by dog owners, dogs and livestock	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them	Professional and courteous enforcement.
Members of the public are at risk from dog attack	Ensure animal control services are maintained at a level to ensure stray dogs are impounded.

Building quality

What we did

Building consents

Following predictions of a post-COVID economic downturn, we instead faced a 27% increase in the number of building consents lodged in the past year, which put huge pressure on the team.

Despite support from external contractors, we were unable to meet the 20-day statutory timeframe for processing consent applications. We recruited more staff to meet these higher workloads, and may need to review staffing levels again if the trend continues.

Inspections

Increasing workloads also impacted building inspection timeframes. We engaged a contractor to maintain our level of service. To meet the increased demand the Council approved the recruitment of two additional Building Inspectors, which we expect will reduce pressure on workloads.

The increase in building inspection workloads dictated decisions on what service we could maintain. We paused our Territorial Authority work, including pool inspections, warrant of fitness inspections and duty inspector services. We obtained Council permission to recruit two specialist pool inspectors (one full-time permanent appointment and one for a fixed term) to catch up on the workload and to maintain our three-yearly pool inspection regime to meet legislative requirements.

Consents system

We continued to improve our new digital online consenting system, which allows for more seamless processing and provides an easier and more affordable customer experience. We now receive about 92% of our building consents online, and we scan any paper-based applications into the system to be processed digitally.

Waikato district remains one of the fastest-growing districts in the country measured by new dwelling consents. In the past year we processed 2,430 building consents, up 27% on 1,914 the previous year, and we processed 1,125 dwelling consents, up 39.4% from 807 in 2019/20.

Assessment of earthquake-prone buildings

We carried out 81 building assessments in the north Waikato area to meet legislative requirements to identify potential earthquake-prone buildings in the district by 2022, and to ensure affected owners have undertaken an initial seismic assessment (ISA). This is in addition to work already undertaken to identify about 416 buildings in the central and southern parts of the district.

We made the decision to engage an external contractor to conduct this work due to pressures on our internal team.





Accreditation

Waikato District Council remains accredited with IANZ following our assessment in February 2021. We received 31 General Non-Compliances (GNCs) and 2 Serious Non-Compliances (SNCs), which we cleared to IANZs satisfaction. With the recruitment of new internal staff, and with a role filled at Waikato Local Authority Shared Services (WLASS), we expect to conduct internal audits required in a more timely manner and to undertake procedures and processes to the satisfaction of IANZ.

Issues

Continued growth in the district resulted in very high numbers of consent applications. Competition from the private sector challenged our ability to recruit the staff we needed in order to process the increased workload within statutory timeframes.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.	31%	33%	13%		Audits of existing buildings with building WOFs are 20% below target due to the unexpected and unprecedented increase in our consenting workloads. Due to prioritising Building Consent Authority (BCA) work, audits could not be carried out as we simply did not have the resource.
The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually.	95%	100%	48%		The KPI was not met due to the unexpected and unprecedented increase in our consenting workloads. Due to prioritising BCA work, audits could not be carried out as we simply did not have the resource.
The percentage of swimming pools that are inspected for compliance annually.	28.3%	33%	14%		The KPI was not met due to the unexpected and unprecedented increase in our consenting workloads. We are currently recruiting for 2 pool inspectors to catch up the backlog and then remain on track to maintain the KPI in future.
The percentage of building consent applications that are processed within 20 working days.	99.8%	100%	88.2%		Currently we are processing 88.21% of standard consents within the statutory timeframe. We have recruited two new Building Review Officers to enable us to be able to meet the statutory timeframes moving forward.

Potential significant negative effects

Potential negative effect	How we are addressing this
Legislation is requiring more Council input into plan review and building inspection, which increases costs	Council has to react to new legislation but tries to limit the cost increase as much as possible.
Non-compliance requires Council to take offenders before the Courts	Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction	This is mitigated through the simplification of the consent process.

Environmental health

What we did






Food Act 2014

We continued to support food operators in the district to register under the Food Act 2014. This Act allows food businesses to manage food safety to suit their individual levels of complexity and food safety risk. They are audited by the Council's approved staff verifiers who identify areas requiring improvement.

Our Environmental Health team continued to undertake professional development to enable us to maintain our status as a recognised agency by the Ministry for Primary Industries (MPI) and to provide verification services to food business within the district. One team member completed post graduate papers with Massey University and will be appointed as an Environmental Health Officer. Two other staff gained MPI approval to enforce standards as Food Safety Officers.

The team has handled a heavy demand for guidance from new and existing food businesses in the past year as operators have had to adapt to the Covid-19 environment and economy.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage of licensed food premises that are inspected/verified annually.	100%	100%	100%		Target met.
The percentage of medium risk or higher fee category licensed premises that are inspected annually.	100%	100%	100%		Target met.
Percentage of excessive noise complaints responded to within agreed timeframes.	83%	85%	85%		Target met.
The percentage of hazardous land use information (HAIL) reports that will be completed within 10 working days.	99.5%	90%	100%		Target met.
Percentage of environmental health complaints where the customer has been contacted within 3 working days.	86%	90%	64%		This 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.

There are no potential significant negative effects associated with this activity.

Sale and Supply of Alcohol Act 2012

We worked hard to process a growing number of liquor licensing applications within statutory deadlines, while supporting the District Licencing Committee and working alongside the Ministry of Health and New Zealand Police.

Investigative work and contamination

Our out-of-hours service operators attended about 1,200 noise complaints in the past year. The service has contingency plans that enable it to respond appropriately during COVID-19 restrictions.

We dealt with a surge in requests for potential land contamination assessments as part of the resource consent process. We also responded to a range of health issues and multi-agency events including contaminated land and 'P labs', agricultural activities, and spillages, and worked with the Regional Council to ensure health warnings were visible at any recreational water locations impacted.

Strategic and district planning

What we did

Giving effect to Council's Vision

Over the past year we continued our planning efforts to give effect to our vision of creating 'liveable, thriving and connected communities'.

The 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the community's top priority initiatives included in the Districtwide Blueprint and Local Area Blueprints. These Blueprints were re-examined, re-prioritised and confirmed through a community check-in process in July-August 2020. The LTP also provides funding for design and infrastructure over a 10-year period to unlock growth cells identified in the Waikato 2070: District Growth and Economic Development Strategy (Waikato 2070), which was adopted in May 2020.

Hearings were held on our Proposed District Plan (PDP), which provides updated guidelines for development of our communities. The hearing panel heard evidence from Council planners relating to the Waikato 2070 strategy and Blueprints, so that the Council's vision and strategic intent could be considered within the scope of PDP submissions. Decisions on the entire PDP are expected in the coming months.

We also developed a Planning Roadmap which assists us in understanding and delivering on our plan-making and policy-making responsibilities, including timelines and linkages.

We progressed giving effect to the Hamilton to Auckland Corridor Statement of Shared Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan (developed as part of a Crown/Council/Iwi partnership in 2019/2020) through the review of Future Proof, the sub-regional growth and development strategy. We also played a leading role in the reconfiguration of the Future Proof structure to focus on programme implementation.

The launch of the Te Huia passenger train service in April this year was a major step towards better connecting the Waikato and Auckland through mass public transport and hence supporting growth and facilitating economic activity between the two regions.

As part of the Waikato Mayoral Forum, we advanced work on the Waikato Housing Initiative (WHI) to address housing challenges in the Waikato region with a focus on creating sustainable, resilient, and connected communities.

More detail on all these projects and programmes, which are critical to delivering on Council's vision, is provided below in the following sections.

Sub-regional and regional

The Hamilton to Auckland Corridor Statement of Shared Spatial Intent and the Hamilton-Waikato Metropolitan Spatial Plan is currently being incorporated into the review of Future Proof. The Hamilton to Auckland Corridor initiative is aimed at guiding growth and development in a sustainable manner along New Zealand's most significant road, rail and water corridor.

The review of Future Proof will also give effect to the National Policy Statement on Urban Development which directs local authorities to enable greater land supply while also encouraging well-functioning, liveable urban environments. It will also align to Waikato district settlement patterns identified in Waikato 2070. The Future Proof strategy is intended to be released for community engagement and submissions through a Special Consultative Procedure (Local Government Act 2002) in the second half of 2021.

Concurrent with the review of Future Proof is the implementation of several workstreams under the sub-regional partnership. These workstreams include Planning and Policy (which is overseeing a review of the strategy's settlement pattern); Priority Development Areas; Waters; Transport; Forecasting Information and Monitoring; and Biodiversity Offset and Environmental Credit. Consequently, the Future Proof structure was reviewed earlier this year to start giving effect to the implementation of sub-regional landuse and infrastructure planning.

As part of the Waikato Mayoral Forum and the Waikato Plan, we also worked with our partners at a regional level to progress the Waikato Housing Initiative ("WHI"). This is a multi-party, cross-sectoral initiative established to address the housing challenges in the Waikato region by targeting the infrastructure, funding and policy challenges and engaging with central government as one entity representing the region on housing issues. The WHI will work with government to unlock funding opportunities for infrastructure to support housing developments.

Good progress has also been made with regards to other Waikato Plan initiatives including Youth and Employment; Mental Health and Wellbeing; and Climate Action where Council's support has been from an advocacy and resourcing perspective.

District wide

Long Term Plan, Policies and Bylaws

In the year under review the Council's corporate planning team project-managed the development of the Council's 2021-31 LTP and the annual reporting on the previous LTP.

A number of bylaws and policies were also reviewed and adopted, including those relating to Keeping of Animals, Alcohol Control and Petitions Guidelines.

Blueprints

A focus in the past year was implementing the District-wide Blueprint and 15 Local Areas Blueprints. These were adopted in June 2019 following a series of intensive consultation workshops with our communities. They provide a high-level 'spatial picture' of how the district could progress over the next 30 years, addressing the community's social, economic and environmental needs and to give effect to the Council's vision.

Beginning in June 2020 and continuing into July, a series of 10 public workshops were held to check-in with communities and seek feedback to review and adjust the

Blueprint priorities, and to gain further understanding of the community's implementation ideas. The updated Blueprint priorities are available on the Council website, and they guided Council in putting together the 2021-2031 LTP, which provides funding to advance many Blueprint initiatives. In addition, the recent community feedback will help guide a full review of the Blueprints in 2022/23.

Waikato 2070

In the past year the Waikato 2070: District Growth and Economic Development Strategy, has been brought to life through work on the LTP, Proposed District Plan, and the sub-regional Future Proof development strategy. Adopted in May 2020, Waikato 2070 is a guiding document for growth in the district over the next 50 years. It indicates the intention to create dozens of new 'growth cells' in and around existing settlements over the short, medium and long term, in order to enhance social, cultural, economic and environmental wellbeing.

An organisation-wide implementation programme included:

- Funding in the 2021-2031 Long Term Plan for detailed structure planning, town centre design, asset management planning and infrastructure funding, in order to unlock identified growth cells and strengthen existing communities.
- Input into the hearings for the Proposed District Plan (PDP), particularly with respect to the rezoning proposals included in the PDP as well as those raised by submitters.
- Input into sub-regional planning processes including the Future Proof workstreams and the Hamilton-Waikato Metropolitan Spatial Plan. In turn Future Proof will influence statutory RMA documents like the Regional Policy Statement and District Plans so that the agreed strategic direction can lead to on-the-ground development results.
- Consideration of Waikato 2070 in 'business-as-usual' work such as consideration of resource consent applications, building consent applications, and infrastructure decision-making. For example, opportunities were identified to turn 'paper roads' into real roading connections based on the concept plans in Waikato 2070.

Proposed Waikato District Plan

The hearings phase for the Proposed District Plan (PDP) was nearly completed in the year under review, with final hearings taking place in July 2021. A hearing panel of Councillors and independent commissioners, including some with an iwi perspective, is preparing to release its decisions in the coming months. Hearings took place via the innovative use of videoconferencing that began during the Covid-19 'lockdown' phase and made participation easier for submitters. They were recorded and posted on the Council website for the public to view.

More than 900 submissions, covering more than 10,000 individual submission points on the PDP, were received after it was notified in 2018.

Stage 2 of the plan review, covering natural hazards and climate change topics, was notified for submissions in July 2020, and submissions were also received on a variation

relating to Te Kowhai Airfield. Decisions on these matters are expected as part of the overall forthcoming decision on the PDP.

A private plan change in relation to the BuiltSmart industrial site in Huntly was also processed and made operative.

On 28 June 2021 the Council agreed to a recommendation from the PDP hearing panel to write to the Minister for the Environment, requesting an extension of the deadline for the panel's decision from September 2021 to mid-January 2022 to help ensure high-quality decision-making.

Consents

The consent team handled 1,212 resource consent and related applications this financial year, up 27% on last year. The team received an average of 101 consents every month compared with 80 the previous year.

A total of 4,988 enquiries were handled by our Duty Planners, which is up significantly (by 43%) on last year (averaging 417 per month compared with 292 last year).




The number of lots consented through subdivision applications was 737 this year, but a total of 1,045 lots were released for title as previously consented subdivisions were completed by developers. The majority of these new subdivision lots released for title were for residential dwellings.

The number of LIMs processed was up by 42% to 1,761, and the number of property information requests processed was up 30% to 2161.

Highlights

- Hearings on the Proposed District Plan incorporated the innovative use of videoconferencing
- Funding for implementation of Blueprints through the 2021-2031 Long Term Plan
- Implementation of Waikato 2070 through the Proposed District Plan and Long Term Plan, as well as sub-regional processes
- Adoption of the 2021-2031 Long Term Plan
- Higher consent team workloads indicate continuing economic development and growth across the district
- Review and adoption of Alcohol Control Bylaw and Keeping of Animals Bylaw
- A restructured Future Proof partnership and start of the sub-regional strategy review
- Launch of the Te Huia passenger train service between Hamilton and Auckland (6 April 2021)
- Launch of a bus service between Pokeno (through Tuakau) and the Pukekohe Railway Station in January 2021
- Development of a strategic case to inform future transport investment in the northern Waikato
- Start of a sub-regional programme business case for the intergenerational provision of three waters infrastructure in the Waikato/Waipā/Hamilton sub-region.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage of resource consent applications which are processed within statutory timeframes	99.4%	100%	99.5%		A total of 962 consents were issued this year with only 5 being out of time.
The percentage of current land use consents that are older than two years which have been monitored in the past two years.	78%	80%	65%		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 year. The Monitoring Team has experienced a significant rise in Service Requests in the past few months which impacts their ability to deal with routine monitoring.
The number of parking patrols that are carried out in communities that have parking controls under the bylaw.	139	150	140		Township areas, especially Huntly and Ngaruawahia, are much quieter than previously observed. Time zoned parking areas are in less demand. Officers still regularly patrol Ngaruawahia, Huntly and Raglan, however recently more time has been diverted to deal with illegal waste dumping across the district.

What this tells us

The number of resource consents and related applications handled by the Council is up 27% on last year, reflecting continued growth across the district.

Potential significant negative effects

Potential negative effect	How we are addressing this
Planning may increase development costs, through compliance costs, development levies or financial contributions	Benefits flow back to developers from improved environmental quality, and provision and co-ordination of services such as infrastructure, and any net negative effect is not significant.
Non-compliance with statutory requirements for the issuing of resource consents may cause delays	Improvement of systems is ongoing to ensure continual improvement in services.
Inadequate or harsh monitoring of District Plan requirements may discourage development, affecting the economy in the district	Apply a reasonable, concise, consistent monitoring process.

Solid Waste

What we did

The Council renewed contracts with three operators we partner with to provide our district's kerbside refuse and recycling collections and to operate transfer stations and rural drop-off points.

The contracts have been amended for consistency and alignment with the objectives of our Waste Management and Minimisation Plan (WMMP).

The purpose of the WMMP is to set targets to achieve a vision of zero waste, which is seen as integral to the health and wellbeing of our community.

Solid waste review

As required by Section 17A of the local Government Act, we started undertaking a review of solid waste services in the district. This will dovetail with a review of our Solid Waste Activity Management Plan and with the Council's 2021-31 Long Term Plan.

Since the introduction of China's National Sword programme in 2017, international markets for recyclable materials, particularly plastics, have been severely limited, and the lack of local infrastructure for processing plastics adds to the challenge.

This, together with Government initiatives such as the introduction of stewardship schemes for selected classes of materials including e-waste, tyres and some plastics, will change the nature of kerbside collections in future years.

Chemical Collection

Working with Agrecovery and Waikato Regional Council, we hosted a rural chemical collection in Tuakau with a second event scheduled for later in 2021. This is part of a nationwide chemical recovery programme for unwanted or expired agrichemicals.

Inorganic Collection

Our final inorganic kerbside collection took place in April-June 2021.

We were the last Council in New Zealand to offer a service of this kind. It was inconsistent with the New Zealand Waste Strategy and with our own WMMP because it encouraged the dumping of waste to landfill. It was also costly and

brought significant health and safety issues.

In future years, resources will be used to improve the district's waste infrastructure, such as developing community resource recovery centres in Huntly and Tuakau.

Waikato & Bay of Plenty Waste Liaison Group

We are a member of the Waikato and Bay of Plenty Territorial Authority Waste Liaison Group which provides a forum for territorial authorities in the two regions to discuss shared waste minimisation objectives and to work together to prevent and divert waste from landfill through shared infrastructure and programmes.

The group made two submissions to the Ministry for the Environment: the first being a proposed mandatory reporting requirement for territorial authorities; and the second supporting the inclusion of glass in the Container Deposit Scheme currently under consideration by the government.

The group also contributed to early discussions on the NZ Waste Strategy and continued work on shared projects including:

- A cross-regional approach for licensing and data collection for waste operators
- A cross-regional approach for waste infrastructure

Zero Waste Education

We continued to present classroom sessions to primary and area schools participating in our Zero Waste Education programme.




Para Kore

The Council continued to support Para Kore, a waste minimisation education programme delivered from a Maaori perspective and which aims to normalise living without waste on marae.

Enviroschools

We engaged in a range of projects within the Enviroschools programme, which empowers young people to plan, design and implement sustainability actions that are important to them and their communities.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The percentage of schools in the district that receive solid waste education	63%	55%	58%		Target met.
The percentage of kerbside collection complaints that are resolved within agreed timeframes	97.1%	97%	97.8%		Increased number of service requests in the last quarter of the year related to the inorganic collection, but most dealt with within the allocated time.
The % of time a contractor was engaged within 5 days from receiving the service request to remove rubbish to resolution	89%	95%	38%		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. This change does however result in cost efficiencies for ratepayers and investigation of illegal dumping that would otherwise have only been collected.

Potential significant negative effects

Potential negative effect	How we are addressing this
Increase in the amount of refuse to be disposed as population increases over time.	Council are conducting a Solid Waste Services review to establish if current services are financially and economically sustainable and what future services might look like.
Environmental impacts caused by the discharge of contaminants to land and water from closed landfills.	Council will monitor to ensure compliance with Resource Consent Conditions and closed landfill Aftercare Management Plans.
Ongoing problems with public understanding of the issues, limited facilities and market access for recyclable materials.	Education and programmes to build awareness and foster ownership of waste minimisation within the community. Work with community groups, Contractors and other Councils to coordinate efforts and share resources.
Potential impacts on customer satisfaction due to service failure /delays /responsiveness.	Monitor and report on levels of service in service provider contracts. Work to improve the level of service and reduce the number of service requests.
Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure.	Ensure compliance with the Health & Safety at Work Act 2015.
Work with the Zero Harm team to continuously improve Contractor performance.	Each main urban community in our district has green waste and/or recycling facilities.
Under-provision of recycling facilities fails to promote a positive shift in the community's attitude to waste.	Infrastructure and growth needs to be addressed via the Solid Waste Services Review and the LTP.

Funding impact statement

Sustainable environment

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	7,926	8,438	8,723
Targeted rates	3,458	5,406	4,651
Subsidies and grants for operating purposes	-	-	92
Fees and charges	7,347	6,390	7,321
Internal charges and overheads recovered	762	779	576
Local authorities fuel tax, fines, infringement fees, and other receipts	4,215	4,396	3,836
Total operating funding	23,708	25,409	25,199
Applications of operating funding			
Payments to staff and suppliers	17,509	18,750	19,304
Finance costs	-	-	-
Internal charges and overheads applied	5,938	6,290	5,263
Other operating funding applications	39	56	213
Total applications of operating funding	23,486	25,096	24,780
Surplus (deficit) of operating funding	222	313	419
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	51	-
- to replace existing assets	153	76	63
Increase (decrease) in reserves	69	186	356
Increase (decrease) in investments	-	-	-
Total applications of capital funding	222	313	419
Surplus (deficit) of capital funding	(222)	(313)	(419)
Funding balance for Sustainable environment	-	-	-

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Numbers TBC

ROADING

What we did

Waikato District Alliance

Roading maintenance is undertaken by the Waikato District Alliance (WDA), a collaborative partnership between the Council and Downer NZ established six years ago to deliver a 'best-for-network' solution.

In the past year we focussed on refining processes to enhance delivery. We developed a Network Safety Plan, updated the safety deficiency database and the Capital Works processes, agreed design standards, introduced the Delivery Management Methodology project management system, and refined the rework and shared risk processes.

A revised Asset Management Plan for the Council's 2021-31 Long Term Plan was delivered in an innovative interactive digital medium, winning high praise from roading industry groups and NZTA Waka Kotahi. It sets a solid basis for ensuring all teams involved in delivery of the service understand their contribution to the overall network outcomes.

Connected communities and alternative transport modes

WDA successfully completed several projects which support Council's 'liveable, thriving and connected communities' vision.

These included the new Huntly Rail Platform for the Te Huia train service, providing easy connection via train to Auckland, and the Horotiu/River Road Roundabout which was a key safety initiative helping reduce the number of vehicle incidents at this intersection. New road construction at Annebrook Road was essentially completed, providing safe connection for residents once the Waikato Expressway is finished.

In addition, 3.5 kilometres of new footpaths were completed to improve pedestrian links and safety in communities across the district including Glen Massey, Horotiu, Huntly, Matangi, Ngaruawahia, Onewhero, Raglan, Tuakau, and Whatawata.

Enhanced shared walking-cycling paths were completed in Raglan, connecting isolated parts of the community, and connecting the town with the beach, to reduce vehicle use impacts. Local feedback has been very positive.

We continued work on the next stage of the Te Awa cycleway project from Cambridge to Hamilton. We completed 2km of cycleway through Tamahere and progressed a boardwalk section to join with Hamilton which is due for completion in November 2021.

In addition, we completed the Mangawara Stream Bridge which is a single lane structure with associated path linking the Taupiri community to the local urupa. This project was jointly delivered with Waikato Tainui, KiwiRail and NZTA Waka Kotahi.

Best for network

We re-surfaced 118 kilometres of sealed roads and rehabilitated 7 kilometres of roading pavement, completed an intensive programme of grading our unsealed roads (approximately 12,000 kilometres) and repaired 5,018 potholes.

The Alliance completed 108,500 m² of stabilisation repairs to push pre-reseal repairs nine months ahead, providing much greater flexibility for annual resealing, and ensuring we will achieve the best practice 'year ahead' goal by June 2022.

Emergency Work

In addition to providing a 24/7 emergency response service, WDA completed significant emergency repairs on the culvert at Lake Rd/Horotiu, at four sites on Highway 22, two on the Waikare to Valley Rd, and on the Onewhero/Tuakau Bridge.

We also responded urgently to provide temporary support under Tainui Bridge after the bearing failed, and to install a temporary guardrail replacement at Henry Road after an agricultural vehicle crash.

These repairs enhance safety for road users and provide resilience on vulnerable sections of road.

COVID-19 Response

Our northern teams continued to provide traffic management for police checkpoints during COVID-19 level 2 lockdowns in the Auckland area.

Planning for growth

Strategic developments have improved traffic flow and network configuration. New infrastructure for residential subdivisions is helping support growth associated with construction of the Waikato Expressway.

We built new infrastructure in Pokeno, Te Kauwhata and Tuakau and supported developer-led roading and bridgework for the Rangitahi Peninsula development in Raglan, and other developments in Horotiu and Ngaruawahia.

Waikato Expressway

During the construction period of the Waikato Expressway Huntly section we managed the effects of construction traffic on local roads through discussion and agreements with NZTA Waka Kotahi and its contractors. We monitored the impact of increased truck movements on the condition of our roads to adjust maintenance regimes and safety measures as required.

Once the entire Expressway is complete, almost 90kms of old State Highway and 5kms of new local roads will have been added to the local road network. Maintenance for these roads was factored into our Long Term Plan budgets and we continued discussions with NZTA on how to mitigate the impact of this change on our communities.

Network Safety

As part of a national approach to tackling unsafe speeds, we completed a three-year programme of speed limit changes in our district, mainly in areas where people live, work and go to school, and on high-risk local roads. We are part of a team that has developed a regional approach to speed management so there is consistency across the region. Our work on the Speed Bylaw has assisted other

councils embarking on their own changes. Our aim is to have safe and appropriate speeds across our district that are consistent and self-explaining.

We submitted a list of road safety projects for capital funding approval by NZTA Waka Kotahi in the National Land Transport Programme. Road safety capital funding is prioritised under NZTA Waka Kotahi's Safer Network Programme, which aims to reduce Deaths and Serious Injuries (DSIs) by 40% in the next 10 years.

Supporting Freight Movement







We adopted a cautious approach to increases in the allowable maximum weights for heavy vehicles, and – except for the Tainui Bridge at Huntly – we have been guided by structural analysis in deciding not to open our Waikato River bridges to heavier vehicles. We worked with industry to develop our plan for implementation across the network. We implemented improvements to the Mercer Ferry Bridge to re-instate freight capacity and began reviewing our network with respect to allowing movement of HPMV trucks.

Road safety and education

We completed the third year of a \$9m-plus scheme of safety improvements in our Low Cost Low Risk programme (LCLR) which attracted an NZTA Waka Kotahi subsidy of 76%, saving Council more than \$2.5m over the full three years. In addition to the LCLR programme the River Rd/ Horotiu Bridge Roundabout project attracted a further \$1.5m NZTA Waka Kotahi funding with a 76% subsidy. The project was designed and delivered within 12 months (ahead of time) and has immediately reduced serious crashes, a very positive outcome.

We worked together with the Police, NZTA Waka Kotahi, and the community to deliver a road safety education programme that meets local needs. There was a strong focus on driver licensing as this not only provides road safety benefits but also opens doors to education and jobs. Other areas of focus have included driving to the conditions, sober driving, and raising awareness about the effects of fatigue and distraction. The programme has been delivered through community workshops, roadside education, skills training, and a large social media presence.

How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The change from the previous financial year in the number of fatal and serious injury crashes on the local road network.	+1	Reduction of 1 on previous year -1	+4		A 9% rise in fatal and serious injury crashes in our district reflects a nationwide trend that may be related to an increase in domestic tourism due to COVID-19 and an increase in heavy goods movements.
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	97%	Minimum 91%	97%		The sealed network provides a smooth driving experience that exceeds our target. Most road users will experience a good outcome on the network
The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.	96.4%	Greater than 90% or at category 3 or better	96.4%		The footpath network provides a level of service above the target set by consultation with the community
The percentage of the sealed local road network that is resurfaced.	5.3%	Minimum 6%	6.4%		The sealing programme for the year reflects network need based on evidence developed in the Activity Management Plan. The results also reflects the need to manage expenditure within an overall budget and balance Opex and Capex expenditure
The percentage of customer service requests relating to roads to which we respond within the timeframes specified.	96.6%	80%	96.2%		The customer experience in terms of response is well above the target
The percentage of customer service requests relating to footpaths responded to within the timeframes specified.	96.5%	80%	93.8%		The customer experience in terms of response is well above the target

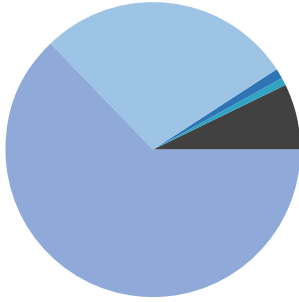
What this tells us

We surpassed our targets for the quality of our roading and for our responsiveness to customer requests. We made good progress on improving our levels of service, even though ongoing responses to COVID-19 disrupted our annual programmes. Planning for new developments remains a challenge and changes are required to accommodate new proposals in order to respond in a co-ordinated way to the requirements for water, power, and telco infrastructure as well as our renewal projects.

Potential significant negative effects

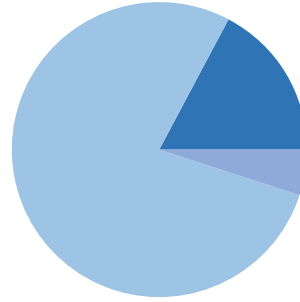
Potential negative effect	How we are addressing this
Road and environmental factors can contribute to crashes, particularly those that involve loss of control	NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents caused by loss of control. Identifying surface degradations early (SCRIM) to ensure timely interventions. Prioritised programmes under NZTA's Safer Network Programme (SNP) that align with Road to Zero National Strategy.
Increased traffic congestion on existing transport network	Roading contributions imposed under consent conditions contribute to road upgrading.
The particular needs of cyclists and pedestrians and their conflicts with other forms of traffic	Implement the recommendations of the Walking and Cycling Strategy, continue linkages within townships and communities. Continue 3 year programme of new footpaths and shared cycleways
Speed restrictions imposed on inappropriate locations causing speed limits to be ignored	Implement speed management and speed limit reviews in accordance with Speed Management guidelines 2016 and Waka Kotahi's Megamaps tool
If effect is not given to the Livestock Movement Bylaw 2011 then existing crossings will remain with resulting traffic hazards and public nuisance	Stock bylaw review is nearly complete and will be implemented early in the next LTP period.
Economically, the cost of desired infrastructure improvements may exceed the community's ability to pay	Consult with the community on all costs and options for levels of service through the Long Term Plan process.
The quality of surface runoff from roads that discharges into adjacent coastal or other waters	Compliance with resource consents and Council's engineering standards and guidelines. Environmental controls.
Dust nuisance	Track and record complaints and comply with resource consent conditions during construction activities.
Danger to people and property and high social cost from crashes	Continuing the programme of road safety improvements and speed limit changes
Main roads can divide communities	Continuing to advocate for by-passes around urban centres.
Potential for negative impacts from traffic noise and vibration to properties adjoining roads	High use roads are usually surfaced with asphalt to improve useful life and level of service. Traffic calming will avoid use of speed humps. Specific issues will be investigated and mitigation measures undertaken as appropriate.
Potential for air pollution from traffic fumes to affect health	Continuing to advocate for by-passes around urban centres.
Heavy traffic volumes can lead to loss of amenity in urban areas	Continuing to advocate for by-passes around urban centres. A review of some roads on which the community has raised concerns and address changes through the Public Spaces Bylaw schedules.
Provides easier access to sites that are culturally sensitive	Continuing to better identify sites of cultural significance.
Potential for road construction to disturb sites of cultural significance, including waahi tapu	Continuing to invest in good relationships with tangata whenua.

How we paid for it



Operational funding

63%	General rates, uniform annual general charge, rates penalties
28%	Subsidies and grants for operating purposes
7%	Local authorities fuel taxes, infringement fees and other receipts
1%	Fees and charges
1%	Internal charges and overheads recovered



Capital funding

77%	Subsidies and grants for capital expenditure
20%	Development and financial contributions
3%	Increase (decrease) in debt

Funding impact statement

Roading

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	21,374	22,151	22,131
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8,284	8,390	9,755
Fees and charges	153	154	151
Internal charges and overheads recovered	2,185	2,379	614
Local authorities fuel tax, fines, infringement fees, and other receipts	2,569	2,615	1,842
Total operating funding	34,565	35,689	34,492
Applications of operating funding			
Payments to staff and suppliers	20,564	21,160	19,758
Finance costs	-	-	-
Internal charges and overheads applied	4,549	5,038	3,457
Other operating funding applications	-	-	-
Total applications of operating funding	25,113	26,198	23,215
Surplus (deficit) of operating funding	9,452	9,491	11,277
Sources of capital funding			
Subsidies and grants for capital expenditure	11,050	11,093	11,142
Development and financial contributions	1,011	1,030	3,052
Increase (decrease) in debt	5,274	2,119	3,364
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	511
Total sources of capital funding	17,335	14,242	18,069
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,672	1,888	3,743
- to improve the level of service	7,053	2,986	8,081
- to replace existing assets	18,197	19,143	16,937
Increase (decrease) in reserves	(3,135)	(284)	585
Increase (decrease) in investments	-	-	-
Total applications of capital funding	26,787	23,733	29,346
Surplus (deficit) of capital funding	(9,452)	(9,491)	(11,277)
Funding balance for Roothing	-	-	-

Draft Only
Numbers TBC

What we did

We assigned a dedicated Stormwater Engineer to confront some complex stormwater management issues in the district, with a focus on consent compliance measured by conditions outlined in the District's Stormwater Discharge Consents. These are based on industry best practice.

High Risk Site Inspections

We visited facilities in Pokeno, Te Kauwhata, Huntly, Raglan, Onewhero, Horotiu and Matangi that were identified as high risk for contaminating stormwater if not maintained. Generally, these were automotive workshops, service stations and chemical/fertiliser suppliers. The main inspection checks were to confirm that oil and water separators were being regularly serviced, chemical storage was designed to stop spills entering the waterways/stormwater network and that spill kits were readily available.

Community collaboration and Engagement

We improved our community engagement, meeting with Raglan and Port Waikato community representatives every six months, and we sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments.

Stormwater Bylaw

A new stormwater bylaw was developed for consultation in June-July 2021. It will inform and educate our community and enable Council to enforce new regulations to protect stormwater assets and waterways.

Other

A 2021 addendum to the existing Pokeno Catchment Management Plan (CMP) will give effect to the objectives and principles outlined in the 2010 and 2020 (updated) CMP. It provides a clear action plan to address stormwater issues, primarily flood hazards, enabling the Council to establish stormwater management practices needed within the Pokeno catchment.

We started developing a new Ngaruawahia CMP, focussing on a catchment-wide stormwater solution, and to provide certainty for developers about compliance. We also produced a draft Stormwater Design Guide, for designers and consent approvers, to assist the Council to achieve effective stormwater management outcomes.

We started investigating the Port Waikato stormwater network at the community's request to ascertain its condition and potential impact on coastal erosion.

We completed an updated hydraulic model for the Travers Road Catchment in Te Kauwhata to assist with further catchment development whilst ensuring the downstream flooding risk is not increased.

Abatement Notice

Work to resolve non-compliances that led to an Abatement Notice for the Raglan urban area in 2018/19 has all been completed except for a minor flooding issue on two properties. A revised water quality sampling programme has covered most of the Waikato Regional Council's compliance concerns.

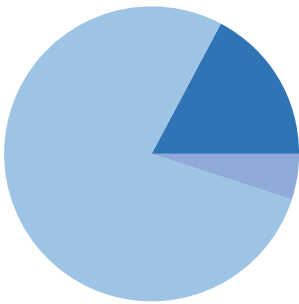
How we did

Performance measures	2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The number of flooding events that occurs in the district.	0	Less than 5 events per annum	0		Target met.
For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system).	0	0.3 affected per 1,000 properties per event	0		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.	0	Less than or equal to 2 hours	0		Target met.
The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system	1.7	Less than 4 per 1,000 properties per year	1.7		Target met.
The percentage of customer service requests relating to roads to which we respond within the timeframes specified. Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of the following notices, orders or convictions received in relation to those consents: <ul style="list-style-type: none"> Abatement notices Infringement notices Enforcement orders Convictions 	1	0	0		No Abatement Notices were issued during the period. As at 30 June 2021, there was one active Abatement Notice for Raglan urban area and work is underway for the outstanding item.

Potential significant negative effects

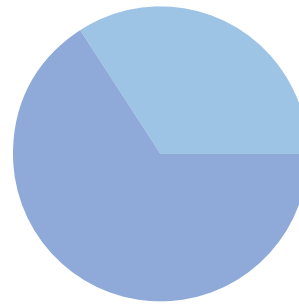
Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents	Improve processes (may be capital related) and continue to monitor discharges.
Discharge of contaminants to waterways and streams impacting on public health and the environment (includes but not limited to wastewater overflows and stormwater runoff containing sediments, oils, greases and heavy metals)	Implement improvements (capital related) and ensure compliance with Council's Development Manual Guidelines for new developments.
Erosion of streams and river beds	Implement Development Manual Guidelines.
Chemical spills affecting waterways	Establish procedures and emergency response plans with Waikato Regional Council.
Health and safety risks associated with the operation, maintenance, or construction of stormwater infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Potential impacts on customer satisfaction due to service failure/delays/responsiveness	Monitor customer requests for service and report on Levels of Service. Ensure customer complaints are resolved.
Disruption during the implementation of works	Works will be implemented under resource consent or contract conditions dictating how the service will be maintained (case by case basis).
Individuals can affect the stormwater network and neighbouring properties by altering natural flow paths	Monitor new developments to ensure natural flow paths are maintained.
Flooding can affect public health and safety	Continue to advise land owners of potential flood-prone areas.
Stormwater can cause public health issues through bacterial contamination of beaches	Establish procedures and emergency response plans with Waikato Regional Council.
Contamination of the receiving environment is unacceptable to tangata whenua	Continuing to better identify sites of cultural significance.

How we paid for it



Operational funding

78%	Targeted rates
17%	Internal charges and overheads recovered
5%	General rates, uniform annual general charge, rates penalties



Capital funding

66%	Development and financial contributions
34%	Increase (decrease) in debt

Funding impact statement

Stormwater

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	96	101	132
Targeted rates	1,692	1,793	1,830
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	266	244	367
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	2,054	2,138	2,329
Applications of operating funding			
Payments to staff and suppliers	2,376	1,515	1,222
Finance costs	-	-	-
Internal charges and overheads applied	496	516	306
Other operating funding applications	6	6	13
Total applications of operating funding	2,878	2,037	1,541
Surplus (deficit) of operating funding	(824)	101	788
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	343	349	724
Increase (decrease) in debt	528	976	40
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	871	1,325	764
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,572	1,459	895
- to improve the level of service	528	976	40
- to replace existing assets	160	148	-
Increase (decrease) in reserves	(4,213)	(1,157)	617
Increase (decrease) in investments	-	-	-
Total applications of capital funding	47	1,426	1,552
Surplus (deficit) of capital funding	824	(101)	(788)
Funding balance for Stormwater	-	-	-

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WASTEWATER

What we did

In line with our Long Term Plan, we completed a programme of work to upgrade our wastewater systems around the district with a focus on improving compliance.

Government Funding

The Council was successful in securing \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million of wastewater pond de-sludging, among other initiatives, for our wastewater, stormwater and water supply services.

We are continuing to assess the impact of the Government's reform proposals on our contract for operational and maintenance services with Watercare Services Ltd and will retain the flexibility to make a firm decision about the proposals once we have studied the details.

Treatment Plant Upgrades

Planning is at different stages for upgrades to treatment plants across the district.

An 'inflight' upgrade for the Meremere treatment plant will involve the installation of a side-stream Membrane Bioreactor (MBR) plant. This membrane upgrade will treat most of the flow from Meremere but allow any high flow to bypass the new treatment plant and continue to be pond treated and disinfected through the existing system.

Procurement is underway to upgrade the Te Kauwhata wastewater treatment plant with ultraviolet disinfection, a Membrane Aerated Biofilm reactor (MABR) and ultrafiltration to remove solids. The plans for this upgrade will allow growth for 50 years.

Treatment and discharge options were shortlisted for the Raglan wastewater treatment plant discharge consent renewal project. Consultation with iwi and community representatives continued, alongside planning, environmental and engineering analysis, to find a single preferred treatment and discharge solution for the resource consent application and treatment plant upgrade.

Funding was secured under the Three Waters Reform programme to de-sludge the Huntly wastewater treatment plant. Development of a concept upgrade plan is also underway which will consider geotechnical conditions, existing asset condition limitations and various other aspects.

Other achievements:

- The Meremere wastewater discharge consent renewal was secured for 35 years.
- Technical investigations were carried out at Matangi and an application to renew the discharge consent was lodged with Waikato Regional Council.
- Work started on network modelling projects to understand the impact of population growth on our Te Kauwhata and Raglan wastewater networks.
- Network pump station upgrades and inflow and infiltration work led to improved network performance.
- Work started with neighboring Councils to identify a long-term wastewater solution for our southern district area.

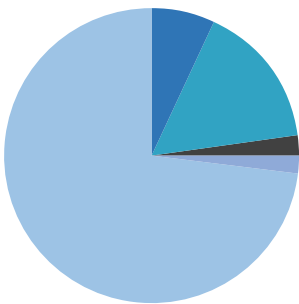
How we did

Performance measures		2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system.		1.7	Less than or equal to 3	1.8		Target met.
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured:	Attendance time: from the time that Council receives notification to the time that service personnel reach the site	34 minutes	Less than or equal to 1 hour (60 minutes)	41 minutes		Target met
	Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	123 minutes	Less than or equal to 4 hours (240 minutes)	143 minutes		Target met.
The total number of complaints received by Council about any of the following (expressed per 1,000 connections to the sewage system):	Sewage odour	9.5 per 1,000 connections	Less than or equal to 10 per 1,000 connections	8.1 per 1,000 connections		Target met.
	Sewage system faults					
	Sewage system blockages					
	Council's response to issues with its sewage system					
Council's level of compliance with resource consents for discharge from its wastewater system, measured by the number of:	Abatement notices	0	Equal or less than 2	0		No Abatement Notices were issued during the period. As at 30 June 2021, there were two active Abatement Notices (Meremere and Te Kauwhata). The Meremere Abatement Notice is now technically resolved as the new consent allows for elevated levels of suspended solids for the next year until the new plant being built is commissioned. A mid Waikato Servicing Strategy was completed and solutions for Te Kauwhata identified. Once implemented, the plant upgrade solution will resolve the non-compliances. Consultation with stakeholders will determine the discharge location.
	Infringement notices					
	Enforcement orders					
	Convictions					

Potential significant negative effects

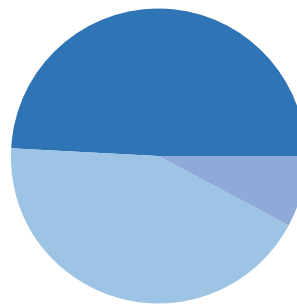
Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations and at treatment plants	Improve process and implement improvements (capital related).
Discharges from manholes	Investigate and take remedial measures.
Health and safety risks associated with the operation, maintenance, or construction of wastewater infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Pump station overflows	Investigate causes and provide additional storage if required.
Chemical spills at treatment plants	Ensure procedures are in place for correct identification, storage and handling of chemicals. Ensure appropriate funded areas and storage facilities are in place.
The cost of providing, operating and maintaining the schemes is high due to energy requirements	When looking for solutions for small communities, consider alternatives to traditional public wastewater systems.
Unless properly maintained there can be problems with foul odour	We will continue to investigate alternatives for the sustainable disposal of sewage sludge.
Creates an ongoing need for the disposal of sewage sludge	We will continue to encourage households to reduce the amount of wastewater they produce, for example through re-use of grey water for garden irrigation.

How we paid for it



Operational funding

73%	Targeted rates
16%	Fees and charges
7%	Subsidies and grants for operating purposes
2%	General rates, uniform annual general charge, rates penalties
2%	Internal charges and overheads recovered



Capital funding

49%	Increase (decrease) in debt
43%	Development and financial contributions
8%	Subsidies and grants for capital expenditure

Funding impact statement

Wastewater

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	230	238	418
Targeted rates	10,601	11,227	11,126
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,241	1,280	6,142
Internal charges and overheads recovered	55	74	137
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	12,127	12,819	17,823
Applications of operating funding			
Payments to staff and suppliers	6,206	4,483	11,597
Finance costs	-	-	-
Internal charges and overheads applied	4,463	4,668	2,633
Other operating funding applications	333	340	168
Total applications of operating funding	11,002	9,491	14,398
Surplus (deficit) of operating funding	1,125	3,328	3,425
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	875	889	4,046
Increase (decrease) in debt	2,303	10,297	1,652
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,178	11,186	5,698
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,852	10,841	658
- to improve the level of service	2,304	10,333	1,453
- to replace existing assets	2,880	1,931	1,337
Increase (decrease) in reserves	(5,733)	(8,591)	5,675
Increase (decrease) in investments	-	-	-
Total applications of capital funding	4,303	14,514	9,125
Surplus (deficit) of capital funding	(1,125)	(3,328)	(3,425)
Funding balance for Wastewater	-	-	-

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WATER SUPPLY

What we did

We continued to address the need for a safe and adequate water supply for our district, with a particular focus on our fast-growing communities.

We regularly engaged with iwi groups on key workstreams and are committed to take into consideration Kaitiakitanga and Te Ture Whaimana, the vision and strategy for the Waikato River, in our decision making.

Three Waters Reform

In July 2020, the Government launched its Three Waters Reform Programme - a three-year programme which will eventually change the way these services are provided across the country. Taumata Arowai, a new regulator established in 2019, will enforce the new drinking water, wastewater, and stormwater standards.

We secured \$11.3 million Government stimulus funding for three waters infrastructure projects announced with the reform programme. (See more details in our Wastewater service provision statement.)

The Council is continuing to assess the impact of the Government's proposals on our contract for operational and maintenance services with Watercare Services Limited. We have been positioning ourselves to enable alignment with the Government's reform proposals but are retaining the flexibility to make a firm decision once we have studied the details.

Safe water

An updated Waikato District Water Demand Management Plan has been submitted to Waikato Regional Council for review and approval. This provides background information and an analysis of water management in the district's 10 water supply schemes, discusses current business-as-usual water demand management activities, and presents options for improving water demand management in the future.

A new water safety plan for the Te Akau Water Treatment Plant and distribution network was completed and has been approved by the Waikato District Health Board. This plan analyses all risks associated with water supply in the Te Akau supply zone and ensures appropriate mitigation measures are in place. It reflects the change in water source from bore water to water from the Raglan Treatment Plant delivered by a tanker carrier.

Growth

A draft strategic servicing strategy for water and wastewater from Meremere to Huntly was prepared to assess the impact of growth and level of service improvements.

Leak Detection

A comprehensive assessment and identification of network leaks was proposed for various areas of the district. This will be completed using conventional sounding technology in the urban parts of the zone and using thermal imaging drones to identify leaks in the rural part of the network. Once identified, leaks will be assessed and repaired as appropriate.

Hydraulic Water Model Updates

We migrated our hydraulic water models for Huntly-Ngaruawahia and Raglan onto a new software platform to improve these decision support tools for managing our water supply networks.

The Huntly-Ngaruawahia InfoWorks WS Pro water model was calibrated with field test results and updated from November 2020.

The Raglan hydraulic model was also converted from EPANET to InfoWorks WS Pro software and calibrated with field test results early this year (2021).

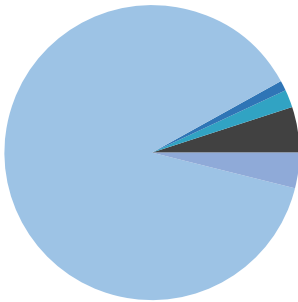
How we did

Performance measures		2019/20 result	2020/21 target	2020/21 result	Rating	Explanation
The extent to which Council's drinking water supply complies with:	Part 4 of the drinking water standards for zones (bacteria compliance criteria)	18	18 (no. of zones that comply out of 18)	18		Target met.
	Part 4 of the drinking water standards (bacteria compliance criteria)	4	4 (no. of plants that comply out of 4)	4		Target met.
	Part 5 of the drinking water standards (protozoal compliance criteria)*	4	4 (no. of plants that comply out of 4)	4		Target met.
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	Attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	40 minutes	Less than or equal to 60 minutes	36.5 minutes		Target met.
	Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	103 minutes	Less than or equal to 240 minutes	112.5 minutes		Target met.
Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:	Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	1 day	Less than or equal to 5 days	1 day		Target met.
	Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	1 day	Less than or equal to 5 days	1 day		Target met.
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system):	Drinking water clarity	19.4 per 1000 connections	Less than or equal to 25 per 1000 connections	15.5 per 1000 connections		Target met.
	Drinking water taste					
	Drinking water odour					
	Drinking water pressure or flow					
	Continuity of supply					
The local authority's response to any of these issues						
The average consumption of drinking water per day per resident within the Waikato District.		210L	250L or less per person per day	180L		Target met.
The percentage of real water loss from Council's networked reticulation system.	Combined System	32.9%	28%	24%		Target met.

Potential significant negative effects

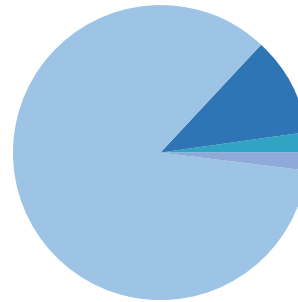
Potential negative effect	How we are addressing this
Potential contamination of the raw water supply	Emergency response plans, operational procedures and monitoring of the raw water supply as per the Water Safety Plan (WSP) are all in place.
Discharges of backwash water from treatment plants and chlorinated water from maintenance activities or pipe failures	Compliance with resource consents, Council's engineering standards and guidelines and maintenance programme.
Effects on river ecology caused by river water extraction during low flows	Compliance with resource consents.
Depletion of aquifer resources	Compliance with resource consents.
Health and safety risks associated with the operation, maintenance, or construction of water supply infrastructure	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Insufficient water supplies during times of drought or emergency	Ensure water sources security and identify potential new sources and back up supplies as per WSP.
Drinking water not meeting Drinking Water Standard 2005 (Revised 2018)	Continue to monitor water quality and improve process if necessary as per WSP. (May be capital related).
Inadequate pressure and flow to fight fires	Carry out modelling/pressure testing and implement remedial works.
Water abstraction from streams and rivers can have an adverse effect on the mauri of the water body	Continuing to better identify the cultural significance of water catchments through resource consent conditions
Insufficient water available during times of drought and emergencies	Implement conservation measures and prioritise use for public health requirements.

How we paid for it



Operational funding

89%	Targeted rates
5%	Internal charges and overheads recovered
4%	General rates, uniform annual general charge, rates penalties
2%	Fees and charges
1%	Subsidies and grants for operating purposes



Capital funding

85%	Development and financial contributions
11%	Increase (decrease) in debt
2%	Subsidies and grants for capital expenditure
2%	Other dedicated capital funding

Funding impact statement

Water supply

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	170	179	422
Targeted rates	9,191	9,940	9,670
Subsidies and grants for operating purposes	-	-	-
Fees and charges	94	97	150
Internal charges and overheads recovered	273	284	312
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	9
Total operating funding	9,728	10,500	10,563
Applications of operating funding			
Payments to staff and suppliers	7,059	4,586	6,665
Finance costs	-	-	-
Internal charges and overheads applied	3,975	4,253	2,588
Other operating funding applications	36	37	85
Total applications of operating funding	11,070	8,876	9,338
Surplus (deficit) of operating funding	(1,342)	1,624	1,225
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,313	1,335	4,666
Increase (decrease) in debt	1,018	1,156	1,882
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	120	124	102
Total sources of capital funding	2,451	2,615	6,650
Applications of capital funding			
Capital expenditure			
- to meet additional demand	7,750	5,109	2,354
- to improve the level of service	1,018	1,156	550
- to replace existing assets	3,582	2,338	1,774
Increase (decrease) in reserves	(11,241)	(4,364)	3,197
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,109	4,239	7,875
Surplus (deficit) of capital funding	1,342	(1,624)	(1,225)
Funding balance for Water supply	-	-	-

*Other dedicated capital funding for the Water Supply group of activities represents capital revenue from fees charged to fund capital works for new connections.

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ORGANISATIONAL SUPPORT

What we did

Business improvements

We continued to make significant improvements to our digital systems and management processes to enable fast and effective delivery of information to Council, our customers, ratepayers and partners, using digital as a first option.

Among this year's achievements we:

- Built our internal change management expertise to support Council's business initiatives.
- Progressed the transition of water service tools and data sources to our partner agency.
- Transformed our animal control processes with a focus on health and safety to protect staff and public.
- Implemented a new staff pay, performance, and recognition system.
- Replaced our computers with laptops using the latest Microsoft software, and Mondopad collaboration screens. Replaced desk phones with smart mobile phones.
- Upgraded our intranet and introduced new software to manage our social media.
- Implemented Azure Single Sign On to improve security and easy access to cloud systems.
- Upgraded Wi-Fi and internet connectivity to all office and library sites to provide a more reliable service.
- Upgraded council's core ERP system, TechOne, and our payment gateway for customer online payments.
- Progressed the digitisation of district property files to improve ease of access.
- Started developing a customer experience strategy to ensure that processes and systems meet the needs of our customers and community.
- Transitioned from a staff performance management system to a new performance coaching methodology.

We also transformed our project management systems to improve the delivery of business and infrastructure initiatives. We moved our support tool to the cloud, improved financial integration, and provided the ability for projects to be viewed spatially.

We continued implementing a business recovery plan that considered the impacts of COVID-19 and reshaped how we deliver services, and we upgraded our framework for identifying opportunities for continuous business improvement.

We developed a new organisational strategy (for implementation in the new financial year) to sharpen our customer focus and to help align our organisation with the probable future of local government.

Procurement and contract management

We developed a roadmap to implement best practice in procurement and contracting activity, then set about the required redesign of our policy, processes, guidance and related templates.

Due to work programme delays related to Covid-19 we put in place a process that expedited procurement, as well as appropriately managing risk, to ensure projects could still be delivered for our communities.

Zero Harm "Mahi Tika Kaainga Ora" (Work Safe Home Safe) programme

Our Zero Harm programme has continued to focus on three key areas:

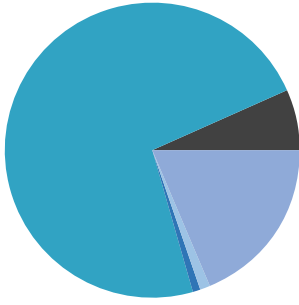
- Safety leadership and engagement
- Disciplined safety management systems and
- Managed risks

We continued to implement and monitor critical health and safety risk controls, and we trained staff in how to manage the risk of workplace violence and aggression.

We worked with other PCBUs (person conducting a business or undertaking) with whom we share duties to eliminate or manage risks to health and safety.

We ran a 'Work Safe Home Safe' week to teach staff about hazard management and to focus on their personal health and wellbeing.

How we paid for it



Operational Funding

77%	Internal charges and overheads recovered
20%	General rates, uniform annual general charge, rates penalties
7%	Local authorities fuel taxes, infringement fees and other receipts
1%	Subsidies and grants for operating purposes
1%	Fees and charges

Capital Funding

101%	Increase (decrease) in debt
-1%	Gross proceeds from the sale of assets

Funding impact statement

Organisational support

	2019/20 Long term plan \$'000	2020/21 Long term plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,234	4,052	3,772
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	1
Internal charges and overheads recovered	32,956	35,067	27,465
Local authorities fuel tax, fines, infringement fees, and other receipts	436	508	584
Total operating funding	36,626	39,627	31,822
Applications of operating funding			
Payments to staff and suppliers	21,558	22,393	22,461
Finance costs	4,267	4,947	4,505
Internal charges and overheads applied	7,480	7,856	7,123
Other operating funding applications	1,382	1,426	1,991
Total applications of operating funding	34,687	36,622	35,080
Surplus (deficit) of operating funding	1,939	3,005	(3,258)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	19,429	13,553	6,523
Gross proceeds from the sale of assets	193	193	789
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	19,622	13,746	7,312
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,415	1,334	450
- to replace existing assets	2,192	2,911	1,537
Increase (decrease) in reserves	17,560	12,229	(16,193)
Increase (decrease) in investments	394	277	18,260
Total applications of capital funding	21,561	16,751	4,054
Surplus (deficit) of capital funding	(1,939)	(3,005)	3,258
Funding balance for Organisational support	-	-	-

Draft Only
Numbers TBC

PROGRESS TOWARDS COMMUNITY OUTCOMES

The following tables outline the progress we've made towards the community outcomes we seek as a result of the Council's work programmes.

Governance

Community Outcomes		Progress
Supporting our communities	To ensure that our diverse community is represented in a democratically accountable and respectful manner.	We commenced our Representation Review. This process determines the number and size of wards, total number of councillors and the number of councillors per ward. Early engagement was to support the formation of Council's initial proposal. Public consultation for the initial proposal is set for July/August 2021.
Working together with you	To ensure that decisions are underpinned by sound financial governance.	All minutes of open meetings were made available to the public via our website.
Providing value for money	To ensure that decisions and processes take into account both short and long term impacts on our customers and partners.	We collaborate with Waikato-Tainui to develop a joint decision-making process on a number of initiatives, such as infrastructure, community development and Maaori representation. Council approved the creation of Maaori wards for the 2022 and 2025 local government elections. This will, benefit our decision-making process and our communities.

Sustainable Communities

Community Outcomes		Progress
Supporting our communities	To provide our customers and partners with opportunities for engagement thereby providing input to the decision making process.	We have engaged with our communities on plans, bylaws, projects and initiatives in a range of ways from formal submission procedures to open days, public meetings, and market days, and through social media.
Sustaining our environment	To ensure Council and our communities are resilient and have the capability to respond, manage and recover from emergencies.	We now have a total of 153 staff trained in civil defence emergency management.
Building our economy	To build community capacity by encouraging voluntary and community-based organisations to provide activities and services.	We supported the work of 155 organisations and charities throughout the district this year with grants and donations from Council-owned or administered funds
Sustaining our environment	To ensure that our open spaces are safe and well maintained and offer opportunities for a wide range of recreational, cultural and community activities.	We acquired additional sports park land in Tuakau for development and upgraded kerbing at the Jackson St Cemetery, Ngaruawahia. The roof on the Huntly Grandstand was replaced with the cooperation of Transpower, which has overhead transmission lines over the structure.
Providing value for money	To ensure the Council provides safe, accessible and well-maintained community and leisure facilities and general properties which contribute to the community's recreational, economic and cultural needs.	Our ongoing customer satisfaction survey recorded satisfaction levels of 80% or more with some of our largest and most widely-used services such as our libraries.

Supporting our communities	To ensure that a seamless consistent quality service is provided to our customers via a range of channels.	We use a range of engagement methods including social media, our website, letter drops, open days and our new e-newsletter called Waikato District News.
Building our economy	Tourism in the district is enhanced and Council's processes and infrastructure support and facilitate new and existing business.	We made an annual contribution of \$60,000 to the Regional Economic Development Agency, Te Waka, and an annual grant of \$150,000 to Hamilton & Waikato Tourism. A major marketing campaign to promote the Waikato region and to 'buy local' was led by Hamilton & Waikato Tourism.
Working together with you	To ensure that we are accountable to our customers for our outcomes.	We opened many of the Councillor workshops to the public, providing transparency and connecting our communities with the early planning stages on key decisions and policies, including the recently adopted 2021-31 Long Term Plan. Building on the success of online public meetings during Alert Levels 4 to 2, we continued to hold virtual/online public meetings and workshops whenever practical.
Sustaining our environment	Restoration, protection and enhancement of natural areas in the district to increase natural habitat and biodiversity.	We sponsored Waikato Rivercare to undertake riparian restoration on the lower Waikato River and associated catchments. We also are involved in the Future Proof partnership, which includes the Biodiversity Offset and Environmental Credit workstream.

Sustainable Environment

Community Outcomes		Progress
Sustaining our environment	To ensure that animals are kept in a way that protects their well-being and minimises danger and public nuisance, and provide animal owners with education regarding their responsibilities.	We responded to 2,997 service requests over the last year. We have been proactively patrolling the district to reduce numbers of wandering dogs and work closely with the community when these jobs are called through.
Supporting our community	To ensure that building regulations and standards are met so that people living and working in buildings are safe.	Currently we are processing 88.21% of standard consents within the statutory timeframe. Out of 2430 Building Consents processed this year, 70 have gone over the 20 working day timeframe.
Working together with you	To ensure that development enhances the wellbeing and safety of the community, and that people have the opportunity to participate in the strategic and district planning process.	In June 2020 and continuing into July, we held a series of 10 public workshops to check-in with communities and seek feedback to review and adjust the Blueprint priorities. The updated Blueprint guided Council in putting together the 2021-2031 LTP.
Sustaining our environment	To ensure communities are well informed about the effects of waste and opportunities they have to reduce waste.	We continue to present classroom sessions to primary and area schools participating in our Zero Waste Education programme. Council also continue to support Para Kore, a waste minimisation education programme delivered from a Maaori perspective and which aims to normalise living without waste on marae.
Sustaining our environment	To ensure that activities are managed so that our communities are healthy and safe, legislative requirements are met and nuisance is managed.	Our out-of-hours service operators attended about 1,200 noise complaints in the past year. The service has contingency plans that enable it to respond appropriately during COVID-19 restrictions.
Providing value for money	To ensure that timely and accurate information and efficient processes and provides to people planning to build on or purchase a property.	We continue to improve our new digital online consenting system, which allows for more seamless processing and provides an easier and more affordable customer experience. We now receive about 92% of our building consents online.
Supporting our communities	To ensure sustainable growth is encouraged in appropriate locations supported by well-planned essential services.	The 2021-2031 Long Term Plan (LTP), adopted in June 2021, advances many of the community's top priority initiatives included in the Districtwide Blueprint and Local Area Blueprints. The LTP also provides funding for design and infrastructure over a 10-year period to unlock growth cells identified in the Waikato 2070: District Growth and Economic Development Strategy (Waikato 2070).

Supporting our communities	To ensure that planning controls assist in protecting cultural heritage and the natural and physical environment.	Hearings were held on our Proposed District Plan (PDP), which provides updated guidelines for development of our communities, including rules for protecting the district's environment and heritage. Decisions on the entire PDP are expected in the coming months.
Supporting our environment	To ensure that our waste and recycling services are efficient and effective and protect our natural environment.	We renewed contracts with three operators we partner with to provide kerbside refuse and recycling collections and to operate transfer stations and rural drop-off points. These contracts have been amended for alignment with the objectives of our Waste Management and Minimisation Plan.

Roading

Community Outcomes		Progress
Sustaining our environment	To ensure that the district is easy and safe to get around and alternative transport options are available.	Projects included the new Huntly Rail Platform for the Te Huia train service, the Horotiu/River Road Roundabout which was a key safety initiative to try and reduce the number of vehicle incidents at this intersection. The new road construction at Annebrook Road was essentially completed, providing safe connection for residents once the Waikato Expressway is finished.
Providing value for money	To ensure that transport infrastructure is planned at a rate to consider growth and demand in a cost effective manner.	We re-surfaced 118 kilometres of sealed roads and rehabilitated 7 kilometres of roading pavement, completed an intensive programme of grading our unsealed roads (approximately 12,000 kilometres) and repaired 5,018 potholes.
Supporting our communities	To ensure that the network is well maintained and negative environmental effects are mitigated.	Waikato District Alliance also completed 108,500 m ² of stabilisation repairs to place pre-reseal repairs nine months ahead of schedule, providing much greater flexibility for annual resealing, and ensuring we will achieve the best practice 'year ahead' goal by June 2022.

Stormwater

Community Outcomes		Progress
Sustaining our environment	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	We completed an updated hydraulic model for the Travers Road Catchment in Te Kauwhata to assist with further catchment development whilst ensuring the downstream flooding risk is not increased.
Providing value for money	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	We completed an updated hydraulic model for the Travers Road Catchment in Te Kauwhata to assist with further catchment development whilst also ensuring the downstream flooding risk is not increased.
Supporting our communities	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	We visited facilities in Pokeno, Te Kauwhata, Huntly, Raglan, Onewhero, Horotiu and Matangi that were identified as high risk for contaminating stormwater if not maintained. The main inspection checks were to confirm that oil and water separators were being regularly serviced, chemical storage was designed to stop spills entering the waterways/stormwater network and that spill kits were readily available.

Wastewater

Community Outcomes		Progress
Sustaining our environment	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	In line with our Long Term Plan, we completed a programme of work to upgrade our wastewater systems around the district with a focus on improving compliance.
Providing value for money	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	The Council was successful in securing \$11.3 million of the Government's post-COVID-19 stimulus funding package announced with its Three Waters Reform Programme in July 2020. This will enable us to accelerate \$3.4 million of wastewater network renewals and undertake an additional \$4.3 million of wastewater pond de-sludging, among other initiatives.
Supporting our communities	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	Procurement is underway to upgrade the Te Kauwhata wastewater treatment plant with ultraviolet disinfection, a Membrane Aerated Biofilm reactor (MABR) and ultrafiltration to remove solids.

Water Supply

Community Outcomes		Progress
Providing value for money	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	We secured \$11.3 million Government stimulus funding for three waters infrastructure projects announced with the reform programme. Council is continuing to assess the impact of the Government's proposals on our contract for operational and maintenance services with Watercare Services Limited.
Sustaining our environment	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	A draft strategic servicing strategy for water and wastewater from Meremere to Huntly was prepared to assess the impact of growth and level of service improvements.
Working together with you	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	A new water safety plan for the Te Akau Water Treatment Plant and distribution network was completed and has been approved by the Waikato District Health Board. This plan analyses all risks associated with water supply in the Te Akau supply zone and ensures appropriate mitigation measures are in place.

WHAT YOU GOT FOR \$1

We deliver a broad range of services to our diverse district of residents, business owners and visitors. Here's how we spent every \$1 we received from general rates.*



ANIMAL CONTROL
1.4 CENTS

AREA OFFICES AND OTHER PROPERTIES
 **8.5 CENTS**


COMMUNITY AND SAFETY
 **2.3 CENTS**

CORPORATE AND COUNCIL LEADERSHIP
21.1 CENTS


ENVIRONMENTAL HEALTH
1.7 CENTS


GRANTS AND DONATIONS
2.7 CENTS


LIBRARIES
2.6 CENTS


PARKS AND RESERVES
18.3 CENTS


RESOURCE MANAGEMENT
6.0 CENTS


ROADING
33.7 CENTS


SOLID WASTE
0.9 CENTS

STORM WATER
0.1 CENTS


WASTE WATER
0.4 CENTS


WATER SUPPLY
0.3 CENTS


*This does not include targeted rates. A targeted rate funds a specific Council activity or group of activities rather than general Council services. For example, those who receive a refuse collection pay for it through a targeted rate. Those who don't receive it, don't pay for it.

Waikato District Council Financial statements

for the year ended 30 June 2021

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Statement of comprehensive revenue and expense for the year ended 30 June 2021

	Note	Council			Group	
		2020/21 Actual	2020/21 Budget	2019/20 Actual	2020/21 Actual	2019/20 Actual
		\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Rates	2	97,158	98,039	91,373	97,158	91,373
Development and financial contributions		13,158	6,393	15,101	13,158	15,101
Subsidies and grants		28,206	21,670	21,574	28,206	21,574
Finance revenue	3	60	130	85	60	95
Other revenue	4	69,539	19,665	47,086	70,254	47,399
Total revenue		208,121	145,897	175,219	208,836	175,542
Expenses						
Employee costs	6	33,165	36,041	32,377	33,165	32,377
Depreciation and amortisation expense	7	33,899	26,702	27,749	33,899	27,749
Finance costs	3	4,714	5,497	4,570	4,714	4,570
Other expenses and losses	8	73,656	59,441	80,900	73,815	80,957
Total operating expenses		145,434	127,681	145,596	145,593	145,653
Surplus(deficit) before tax		62,687	18,216	29,623	63,243	29,889
Income tax expense	9	-	-	-	-	-
Surplus(deficit) after tax wholly attributable to Waikato District Council		62,687	18,216	29,623	63,243	29,889
Other comprehensive revenue and expense						
Gain(loss) on property revaluations	15	31,385	37,964	(128,907)	31,385	(128,907)
Revaluation reserve – landfill		567	-	-	567	-
Gain (loss) on cessation of joint venture		-	-	-	-	(17)
Financial assets at fair value through other comprehensive revenue		6,323	-	1,540	6,323	1,540
Other comprehensive revenue and expense (net of tax)		38,275	37,964	(127,367)	38,275	(127,384)
Total comprehensive revenue and expense for the year		100,962	56,180	(97,744)	101,518	(97,495)

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 34

Statement of financial position as at 30 June 2021

	Note	Council			Group	
		2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Assets						
Current assets						
Cash and cash equivalents	10	19,037	9,940	27,076	19,038	27,113
Receivables from exchange transactions	11	12,157	7,198	14,602	11,889	14,416
Recoverables from non-exchange transactions	11	3,436	6,935	4,203	3,436	4,203
Prepayments		1,503	870	1,018	1,501	1,016
Other financial assets	13	1,141	45	1,115	6,315	5,564
Cattle	12	107	94	103	107	103
Non-current assets held for sale	14	-	-	1,256	-	1,256
Total current assets		37,381	25,082	49,373	42,286	53,671
Non-current assets						
Investment in CCO's and other similar entities	13	23,984	16,095	17,663	24,373	16,963
Investments in other entities	13	1,079	3,307	1,362	1,079	1,362
Property, plant and equipment	15	1,830,481	2,060,125	1,739,270	1,830,481	1,739,270
Intangible assets	16	2,392	6,129	4,506	2,392	4,506
Investment property	17	600	560	560	600	560
Total non-current assets		1,858,536	2,086,216	1,763,361	1,858,925	1,762,661
Total assets		1,895,917	2,111,298	1,812,734	1,901,211	1,816,332
Liabilities						
Current liabilities						
Payables under exchange transactions	18	28,283	17,177	22,416	28,392	21,384
Taxes and transfers payable	18	3,435	1,050	2,649	3,435	2,649
Derivative financial instruments	22	(133)	-	137	(133)	137
Borrowing	20	15,000	12,989	15,000	15,000	15,000
Employee entitlements	19	4,184	3,845	3,846	4,184	3,846
Provisions	21	120	187	97	120	97
Total current liabilities		50,889	35,248	44,145	50,998	43,113
Non-current liabilities						
Derivative financial instruments	22	12,702	15,667	21,478	12,702	21,478
Borrowing	20	65,000	126,472	80,000	65,000	80,000
Employee entitlements	19	181	193	192	181	192
Provisions	21	2,341	1,261	3,078	2,341	3,078
Total non-current liabilities		80,224	143,593	104,748	80,224	104,748
Total liabilities		131,113	178,841	148,893	131,222	147,861
Net assets		1,764,804	1,932,457	1,663,841	1,769,989	1,668,471
Net assets/ equity						
Accumulated comprehensive revenue and expense		1,146,220	1,211,908	1,090,189	1,148,176	1,091,674
Other reserves		618,584	720,549	573,652	621,813	576,796
Total net assets/equity		1,764,804	1,932,457	1,663,841	1,769,989	1,668,470

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 34

Statement of changes in net assets / equity for the year ended 30 June 2021

	Council			Group	
	2020/21	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Budget \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Balance at the beginning of the year					
Accumulated comprehensive revenue and expense	1,090,189	1,191,632	1,062,038	1,091,674	1,063,353
Other reserves					
Revaluation	557,786	744,196	688,564	557,786	688,564
Restricted	201	194	194	3,345	3,259
Council-created	23,534	22,989	30,521	23,534	30,521
Special rates and user pays	(12,398)	(14,281)	(6,833)	(12,398)	(6,833)
Capital replacement fund	24,887	8,805	19,118	24,887	19,118
Development contributions	(34,485)	(89,845)	(44,604)	(34,485)	(44,604)
Fair value through other comprehensive revenue and expense	14,127	12,587	12,587	14,127	12,587
Balance at 1 July as previously reported	1,663,841	1,876,277	1,761,585	1,668,470	1,765,965
Comprehensive revenue and expense for the year					
Accumulated comprehensive revenue and expense					
Loss in cessation of joint venture	-	-	-	-	(17)
Surplus(deficit) after tax	62,688	18,216	29,623	63,244	29,889
Other reserves					
Revaluation	31,385	37,964	(128,907)	31,385	(128,907)
Revaluation – landfill	567	-	-	567	-
Fair value through other comprehensive revenue and expense	6,323	-	1,540	6,323	1,540
Total comprehensive revenue for the year wholly attributable to Waikato District Council	100,963	56,180	(97,744)	101,519	(97,495)
Transfers to(from) accumulated comprehensive revenue and expense					
Accumulated comprehensive revenue and expense	(6,657)	2,060	(1,472)	(6,742)	(1,551)
Other reserves					
Revaluation	(845)	-	(1,871)	(845)	(1,871)
Restricted	7	-	7	92	86
Council-created	1,121	1,627	(6,987)	1,121	(6,987)
Special rates and user pays	1,096	93	(5,565)	1,096	(5,565)
Capital replacement fund	(313)	(560)	5,769	(313)	5,769
Development contributions	5,591	(3,220)	10,119	5,591	10,119
Total transfers to(from) accumulated comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	1,764,804	1,932,457	1,663,841	1,769,989	1,668,470
Represented by net assets/equity at the end of the year					
Accumulated comprehensive revenue and expense	1,146,220	1,211,908	1,090,189	1,148,176	1,091,674
Other reserves					
Revaluation	588,893	782,160	557,786	588,893	557,786
Restricted	208	194	201	3,437	3,345
Council-created	24,655	24,616	23,534	24,655	23,534
Special rates and user pays	(11,302)	(14,188)	(12,398)	(11,302)	(12,398)
Capital replacement fund	24,574	8,245	24,887	24,574	24,887
Development contributions	(28,894)	(93,065)	(34,485)	(28,894)	(34,485)
Fair value through other comprehensive revenue and expense	20,450	12,587	14,127	20,450	14,127
Balance at 30 June wholly attributable to Waikato District Council	1,764,804	1,932,457	1,663,841	1,769,989	1,668,470

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 34

Statement of cash flows for the year ended 30 June 2021

	Note	Council			Group	
		2020/21 Actual \$'000	2020/21 Budget \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Cash flows from operating activities						
Receipts						
Receipts from rates revenue		99,318	90,412	91,416	99,318	91,416
Subsidies received		27,429	22,398	21,368	27,429	21,368
Contributions received		9,766	6,384	14,868	9,766	14,868
Receipts from other revenue		32,065	25,570	21,554	32,065	21,839
Interest received		80	130	176	80	186
Dividends received		-	50	81	-	81
Goods and service tax (net)		(484)		356	(484)	356
Payments						
Payments to employees		(32,839)	(36,081)	(31,655)	(32,839)	(31,655)
Payments to suppliers		(76,034)	(60,174)	(62,531)	(76,061)	(63,723)
Interest paid		(4,744)	(5,497)	(4,595)	(4,744)	(4,595)
Net cash flows from (used in) operating activities	24	54,557	43,192	51,038	54,530	50,141
Cash flows from investing activities						
Proceeds from the sale of property, plant and equipment		2,105	522	795	2,105	795
Proceeds from the sale of investments		-	400	-	(9)	-
Community loan repayments received		46	-	48	46	48
Receipts from repayment of advance		-	-	-	-	-
Purchase of intangible assets		(507)	(2,242)	(1)	(507)	(1)
Purchase of property, plant and equipment		(49,720)	(56,918)	(50,109)	(49,720)	(50,109)
Acquisition of investments		132	(598)	(100)	132	(264)
Net cash flow from (used in) investing activities		(47,944)	(58,836)	(49,367)	(47,953)	(49,531)
Cash flows from financing activities						
Proceeds from borrowing		-	40,661	25,000	-	25,000
Repayment of borrowing		(15,000)	(25,000)	(10,000)	(15,000)	(10,000)
Net cash flow from financing activities		(15,000)	15,661	15,000	(15,000)	15,000
Net increase(decrease) in cash, cash equivalents and bank overdrafts		(8,387)	17	16,671	(8,423)	15,610
Cash, cash equivalents and bank overdrafts at the beginning of the year		27,424	9,923	10,405	27,461	11,503
Cash, cash equivalents and bank overdrafts at the end of the year		19,037	9,940	27,076	19,038	27,113

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 34

Statement of reserve funds for the year ended 30 June 2021

Reserves showing as negative have a debit balance and are mainly for development contributions and structure plan reserves. These reserves are in place to monitor the revenue and costs associated with development and growth. Often Council must incur the cost of works for base infrastructure before development contributions are received.

Essentially the negative balance for a reserve is the amount borrowed internally to fund the work ahead of revenue being received. A negative reserve is used instead of an internal loan because the amount is repaid by revenue received rather than a loan repayment regime. Like a loan, interest is charged and is added to the reserve balance for repayment from contributions received over time.

Reserve	Purpose	Related activities	Opening balance 1 July 2020 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2021 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	659	982	(1,100)	541
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any revenue or expenditure on these properties is kept separate from general funds.	Sustainable communities	123	1,678	(683)	1,118
Housing for the elderly	Revenue from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(274)	328	(496)	(442)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	571	1,102	(1,408)	265
Lake Hakanoa Caravan Park reserve	Revenue and expenditure for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self-funding.	Sustainable communities	200	206	(182)	224
Raglan Papahua Holiday Park reserve	Revenue and expenditure for the Holiday Park at Raglan is kept separate. The camp operation is self-funding.	Sustainable communities	999	2,232	(1,836)	1,395
Wainui Reserve farm	Revenue and expenditure for Wainui Reserve farm operations is kept separate. The farm operation is self-funding and surpluses are used towards projects at Wainui Reserve.	Sustainable communities	328	190	(168)	350
Hillary Commission grants	These funds are committed to a club development programme for the future	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	Sustainable communities	53	934	(1,002)	(15)
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	788	933	(191)	1,530
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid.	Sustainable communities	62	3	-	65
North Waikato development reserve	Remaining funds (with interest credits) from the Department of Corrections for use to assist the local community.	Sustainable communities	378	16	-	394
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	17	1	-	18
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	176	15	(58)	133

Structure plan non-growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	927	805	1	1,733
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	619	1,009	(956)	672
Huntly College Jubilee Award	A restricted reserve for the interest revenue to be used as educational sponsorship.	Sustainable communities	13	1	(2)	12
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest revenue to be used as sponsorship for educational purposes.	Sustainable communities	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest revenue to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Huntly social services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating Committee Inc when it was wound up in 2015.	Sustainable communities	169	11	(5)	175
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	24,414	9,839	(5,402)	28,851
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(12,398)	7,881	(6,785)	(11,302)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	24,887	22,713	(23,026)	24,574
Revaluation reserves	These non-cash reserves relate to the revaluation of property, plant and equipment to fair value.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	557,786	31,952	(845)	588,893
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(29,177)	16,030	(9,782)	(22,929)
Total reserves			573,652	98,861	(53,926)	618,587

Notes to the financial statements

Note I STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Waikato District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002 (LG(R)A).

The Group consists of the ultimate parent Waikato District Council; its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust (WBT).

Strada is no longer trading, management have elected to file a non-active declaration with Inland Revenue.

All the companies in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

These financial statements of Council and the Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on xx October 2021.

Basis of preparation

The financial statements of Council have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

Strada is no longer trading, it remains dormant until the Inland Revenue have completed the non-active declaration process and declared Strada inactive.

Statement of compliance

The financial statements of Council and the Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R) which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier I PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's) except for those within sections of narrative which are rounded to the nearest dollar.

Standards issued and not yet effective which have been early adopted

Financial instruments

The NZASB has issued PBE IPSAS 41 after the IPSASB issued its own financial instruments standard. PBE IPSAS 41 Financial Instruments will supersede PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments for public benefit entities.

PBE IPSAS 41 is effective from 1 January 2022, early adoption permitted.

Council has elected to early adopt PBE IPSAS 41 Financial Instruments.

Accounting policies have been updated to comply with PBE IPSAS 41.

PBE IPSAS 41 provides users of financial statements with more useful information by:

- applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. There is no change to the measurement of Council's financial instruments, the only amendment being the reclassification from 'Loans and receivables' and 'Held to maturity investments' to 'Financial assets at amortised cost'; and
- applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing. Council has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Council has adopted the new standard in preparing these financial statements; there have been no material effects in doing so.

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective have not been early adopted and which are relevant to Council and the Group are:

Statement of cash flows

An amendment to PBE-IPSAS 2 Statement of cash flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and from non-cash changes. This amendment is effective for the year ending 30 June 2022, with early application permitted. Council does not intend to early adopt the amendment and has not yet assessed the effects of this amendment.

Service performance reporting

PBE- FRS 48 replaces the service reporting requirements of PBE-IPSAS 1 and is effective for the year ending 30 June 2023, with early application permitted. Council does not intend to early adopt the amendment and believes the application of PBE FRS 48 will not have any significant impact on its statement of performance as Council has well established service performance reporting processes.

Other changes in accounting policies

There have been no other changes in accounting policies.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made 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 or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

Note 15 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Employee entitlement provisions

Note 19 provides information about the estimates and assumptions surrounding the retirement gratuities and long service leave provision.

Landfill aftercare provision

Note 21 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Goods and services tax

All items in the financial statements are stated exclusive of GST except for payables and receivables, which are presented on a GST inclusive basis. When GST is not recoverable as an 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 Department (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 an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of recoverable GST.

Budget figures

The budget figures are those approved by Council at the beginning of the year in its 2021 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Other reserves
 - revaluation
 - restricted
 - council-created
 - special rates and user pays
 - capital replacement fund
 - development contributions
 - fair value through other comprehensive revenue and expense.

Revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves represent funds subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Council and the Group's objectives, policies, and processes for managing capital are explained in note 33.

Fair value through other comprehensive revenue

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive revenue.

Cost allocation policy

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified, in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Note 2 RATES

Accounting policy

General rates, targeted rates (excluding those for water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment by instalment is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when the rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
General rates	55,403	52,481
Uniform annual general charge	10,412	9,739
Total general rates revenue	65,815	62,220
Targeted rates		
Community boards	269	244
Community centres and facilities	808	792
Refuse & waste management	5,023	4,651
Stormwater	1,984	1,830
Wastewater	11,956	11,126
Metered water supply	6,642	6,207
Other water rates	3,873	3,463
Total targeted rates	30,555	28,313
plus: Penalties revenue	1,433	1,463
Total rates revenue	97,803	91,996
less: Rate remissions	(645)	(623)
Total net rates	97,158	91,373

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate. Annual rates revenue by this definition is as disclosed in the table above.

Rates remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme hardship, land used for community and sporting purposes, land protected for historic or cultural purposes, rating units with a capital valuation (CV) of \$1,500 or less and Maori freehold land.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Land used for community and sporting purposes	262	253
Land protected for historical or cultural purposes	46	46
CV's under \$1,500	115	129
Rating exclusions	163	138
Maori freehold land	59	57
Total rates remissions	645	623

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. Non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's remission policy.

Rating base information

Council's rating base is as follows:

	Council	
	2020/21 Actual	2019/20 Actual
Total number of rating units	36,676	33,987
Total land value	\$21,767m	\$17,615m
Total capital value	\$35,759m	\$29,308m

Note 3 FINANCE REVENUE AND COSTS

Accounting policy

Interest revenue is recognised using the effective interest method.

All borrowing costs are recognised as an expense in the period in which they are incurred.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Finance revenue				
Interest - bank deposits	44	55	44	64
Interest - financial assets	1	2	1	2
Interest - community loans	4	7	4	7
Interest - other	-	-	-	1
Interest - LGFA borrower notes	11	21	11	21
Total finance revenue	60	85	60	95
less: Finance costs				
Interest - bank borrowing	40	-	40	-
Interest - LGFA borrowing	1,002	1,226	1,002	1,226
Interest - swaps differences	3,664	3,279	3,664	3,279
Provision: discount unwinding	7	65	7	65
Other finance costs	1	-	1	-
Total finance costs	4,714	4,570	4,714	4,570
Net finance costs	(4,654)	(4,485)	(4,654)	(4,475)

Note 4 OTHER REVENUE

Accounting policy

Found and vested physical assets are recognised at fair value at the time Council obtains control of the asset. The fair value is recognised as revenue and the amount is determined by reference to the costs of purchase and/or construction. Revenue from the sale or provision of goods is recognised when a product is sold to the customer.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Dividends are recognised as revenue when the right to receive payment has been established.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Rental revenue from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Found assets	2,410	796	2,410	796
Vested assets	33,092	20,234	33,092	20,234
Dividends	-	81	-	81
Other revenue	11,444	11,096	11,444	11,096
Regulatory revenue	10,205	8,575	10,205	8,575
Fees and charges – Council	2,706	6,009	2,706	6,009
Fair value through surplus (deficit) realised gain	-	-	123	104
Interest rate swaps revaluation gain	9,047	-	9,047	-
Gain on cessation of joint venture	-	-	-	8
Property, plant and equipment gains on disposal	595	295	595	295
Investment property revaluation gain	40	-	40	-
Fair value through surplus (deficit) unrealised gains	-	-	592	201
Total other revenue	69,539	47,086	70,254	47,399

Note 5 EXCHANGE AND NON-EXCHANGE REVENUE

Accounting policy

Revenue is measured at fair value. For exchange revenue this equals the fair value of the consideration received or receivable. For non-exchange revenue it is the amount of the increase in net assets recognised by the Group.

Council receives government grants from New Zealand Transport Agency (NZTA) which subsidise part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Development and financial contributions are recognised as revenue when Council is capable of providing the service for which the contribution is charged.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Revenue from exchange transactions				
Revenue from metered water supply	6,642	6,207	6,642	6,207
Development and financial contributions	13,158	15,101	13,158	15,101
Other fees and charges – Council	14,038	15,614	14,038	15,614
Finance revenue	60	85	60	95
Dividends received	-	81	-	81
Impairment recovered	-	-	-	-
Gain on cessation of joint venture	-	-	-	-
Other exchange revenue	5,864	5,220	6,579	5,533
Total revenue from exchange transactions	39,762	42,308	40,477	42,631
Revenue from non-exchange transactions				
Revenue from rates	90,516	85,166	90,516	85,166
Vested and found assets	35,502	21,030	35,502	21,030
Regulatory revenue	1,923	1,687	1,923	1,687
Infringements and fines	239	274	239	274
NZTA government subsidies	23,988	20,898	23,988	20,898
Petrol tax	594	579	594	579
Other subsidies and grants	4,218	676	4,218	676
Other fees and charges – Council	2,013	2,316	2,013	2,316
Other non-exchange revenue	9,366	285	9,366	285
Total revenue from non-exchange transactions	168,359	132,911	168,359	132,911
Revenue from exchange transactions	39,762	42,308	40,477	42,631
Revenue from non-exchange transactions	168,359	132,911	168,359	132,911
Total revenue per statement of comprehensive revenue and expense	208,121	175,219	208,836	175,542

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised. (2020: \$nil)

Note 6 EMPLOYEE COSTS

Accounting policy

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver are recognised as an expense in the surplus or deficit when incurred.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Salaries and wages	32,044	30,911
Defined contribution plan employer contributions	794	745
Increase (decrease) in employee liabilities	327	721
Total employee costs	33,165	32,377

Employer contributions to defined contribution plans is made up of contributions to KiwiSaver.

Note 7 DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Water supply	3,016	2,870
Wastewater	5,333	3,222
Stormwater	983	848
Roading	18,192	14,748
Sustainable environment	92	83
Sustainable communities	4,732	4,340
Governance	-	-
Organisational support	1,551	1,638
Total directly attributable depreciation and amortisation	33,899	27,749

Note 8 OTHER EXPENSES AND LOSSES

Accounting policy

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's approval.

Operating leases

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

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Audit fees – Annual report	177	172	186	181
Audit fees – Long Term Plan	130	-	130	-
Other payments to Audit New Zealand *	51	27	51	27
Total payments to Audit New Zealand	358	199	367	208
Asset write-off	1,826	2,237	1,826	2,237
Bad debt written off	(280)	368	(280)	368
Rates penalty write-offs	515	334	515	334
Other expenditure	59,572	59,383	59,600	59,431
Other personnel expenses	713	829	713	829
Minimum lease payments under operating leases	62	86	62	86
Legal expenses	371	337	371	337
Other professional fees	28	80	28	80
Consultant expenses	9,742	7,997	9,742	7,997
Litigation settlement	5		5	
Grants and sponsorship	718	794	840	794
Fair value loss on cattle	10	24	10	24
Loss on revaluation of landfill	-	1,795	-	1,795
Property, plant & equipment – losses on disposal	16	141	16	141
Impairment of non-current assets held for sale	-	347	-	347
Interest rate swaps revaluation loss	-	5,949	-	5,949
Total other expenses and losses	73,656	80,900	73,815	80,957

* Other payments to Audit New Zealand were for a probity review, assurance services relating to procurement processes; for the audit of the Debenture Trust Deed and for ad hoc support.

In 2020 other payments made to Audit New Zealand were for a probity review; for the audit of the Debenture Trust Deed and for ad hoc support.

Note 9 INCOME TAX

Accounting policy

Income tax expense includes both current 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 substantially enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group 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 a taxable profit will be available against 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 which at the time of the transaction affects neither accounting 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 revenue or directly in equity.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Operating surplus before tax expense	62,687	29,623	63,243	29,889
Prima facie tax at 28%	17,552	8,294	17,708	8,369
Non-assessable income (net)	(17,552)	(8,294)	(17,708)	(8,369)
Non-deductible expenditure	-	-	-	-
Total income tax expense	-	-	-	-
Made up of:				
Deferred tax	-	-	-	-
Prior period adjustment	-	-	-	-
Income tax expense	-	-	-	-

Deferred tax (assets) liabilities	Plant and Equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Total tax loss \$'000	Total \$'000
Balance at 1 July 2019	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
Balance at 30 June 2020	-	-	-	-	-
Balance at 1 July 2020	-	-	-	-	-
Charged to surplus (deficit)	-	-	-	-	-
Charged to other comprehensive revenue	-	-	-	-	-
Balance at 30 June 2021	-	-	-	-	-

Note 10 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. The carrying value of cash and cash equivalents approximates their fair value.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Cash at bank and on hand	1,637	876	1,638	877
Short term deposits maturing within three months or less from date of acquisition	17,400	26,200	17,400	26,236
Total cash and cash equivalents per statement of financial position	19,037	27,076	19,038	27,113
Bank overdrafts	-	-	-	-
Cash and cash equivalents per statement of cash flows	19,037	27,076	19,038	27,113

The total value of cash equivalents that can only be used for a specific purpose is \$207,966 (2020: \$200,644).

Note 11 RECOVERABLES AND RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Fair value

Receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Receivables from exchange transactions				
Receivables from related parties	268	186	-	-
Water rates receivable	229	532	229	532
Other receivables from exchange transactions	11,947	14,303	11,947	14,303
Gross receivables	12,444	15,021	12,176	14,835
Provision for uncollectability	(287)	(419)	(287)	(419)
Net receivables from exchange transactions	12,157	14,602	11,889	14,416
Recoverables from non-exchange transactions				
Rates receivable	3,762	5,051	3,762	5,051
Recoverables from user charges, taxes and other non-exchange revenue	178	413	178	413
GST refund	320	(164)	320	(164)
Gross recoverables	4,260	5,300	4,260	5,300
Provision for uncollectability	(824)	(1,097)	(824)	(1,097)
Net recoverables from non-exchange transactions	3,436	4,203	3,436	4,203
Total gross receivables and recoverables	16,704	20,321	16,436	20,135
Total provision for uncollectability	(1,111)	(1,516)	(1,111)	(1,516)
Total net recoverables and receivables	15,593	18,805	15,325	18,619

Assessment of expected credit loss

Rates receivable

Council provides for ECLs of rates receivable in certain circumstances; when the property is multiple-owned Maaori land or when there is no guarantor available. In all other circumstances, Council does not provide for any ECLs on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council is able to apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

Ratepayers can apply for payment options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value if the effect of discounting is material.

Other receivables

The ECL rates for other receivables at 30 June 2021 and 1 July 2020 are based on the payment profile of revenue on credit over the prior of one year at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2020 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on Council and the group's credit loss matrix is as follows:

	Gross \$'000	Uncollectable \$'000	Total \$'000
Council 2021			
Not past due	9,959		9,959
Past due 1 – 60 days	284		284
Past due 61 – 120 days	251		251
Past due > 120 days	6,210	(1,111)	5,099
Total gross recoverables and receivables	16,704	(1,111)	15,593
Council 2020			
Not past due	17,529	-	17,529
Past due 1 – 60 days	703	-	703
Past due 61 – 120 days	205	-	205
Past due > 120 days	1,884	(1,516)	368
Total gross recoverables and receivables	20,321	(1,516)	18,805
Group 2021			
Not past due	9,959		9,959
Past due 1 – 60 days	284		284
Past due 61 – 120 days	251		251
Past due > 120 days	6,210	(1,111)	5,099
Total gross recoverables and receivables	16,704	(1,111)	15,593
Group 2020			
Not past due	17,343	-	17,343
Past due 1 – 60 days	703	-	703
Past due 61 – 120 days	205	-	205
Past due > 120 days	1,884	(1,516)	368
Total gross recoverables and receivables	20,135	(1,516)	18,619

Allowance for expected credit losses (ECL)

The ECL allowance has been calculated based on a review of specific overdue receivables together with a collective assessment.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Individual uncollectability	243	380
Collective uncollectability	868	1,136
Total provision for uncollectability	1,111	1,516

Individually impaired receivables have been determined to be impaired because of the improbability of collection. An analysis of the individually impaired debtors is shown below:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due > 120 days	243	380
Total individual uncollectability	243	380

Movements in the allowance for credit losses are as follows:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Balance at 1 July	1,516	1,159
Additional provision made during the year	-	357
Provisions reversed during the year	(280)	-
Debts written off during the period	(125)	-
Balance at 30 June	1,111	1,516

Note 12 CATTLE

Accounting policy

Cattle on Council's reserves are revalued annually at fair value less estimated costs to sell. Fair value is determined based on market price at balance date.

Gains and losses from a change in fair value less estimated costs to sell are recognised in the surplus or deficit. The costs incurred in relation to the cattle are included in the surplus or deficit.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Balance at 1 July	103	94
Increase through purchases	117	127
Gains (losses) from fair value adjustments	(10)	(24)
Decrease through sales	(103)	(94)
Balance at 30 June	107	103

Council keeps cattle to graze on one of its reserves as part of reserve maintenance. Although a financial gain is achieved in most years it is not Council's primary purpose. The cattle are normally sold within the next twelve months after balance date. The number of cattle at balance date was 107 (2020: 102).

Council has no cattle with restricted title.

Note 13 OTHER FINANCIAL ASSETS

Accounting policy

Subsidiaries

Council consolidates in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by Council. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in Council's parent entity financial statements.

Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and held to maturity investments.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all

equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term and such an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy in note 22. 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 or deficit.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Current portion				
Term deposits	855	829	855	829
Equity instruments	-	-	2,872	2,449
Fixed interest instruments	-	-	2,302	2,000
LGFA borrower notes	240	240	240	240
Community loans	46	46	46	46
Total current portion	1,141	1,115	6,315	5,564
Non-current portion				
Investments in CCO's and other similar entities				
Waikato Local Authority Shared Services Limited (a)	219	219	219	219
Strada - shares	700	700	1,089	-
Waikato Regional Airport Limited	23,065	16,744	23,065	16,744
Total investment in CCO's and similar entities	23,984	17,663	24,373	16,963
Investment in other entities				
Community loans	(1)	44	(1)	44
LGFA borrower notes	1,040	1,280	1,040	1,280
Civic Financial Services Limited	40	38	40	38
Total investment in other entities	1,079	1,362	1,079	1,362
Total non-current portion	25,063	19,025	25,452	18,325
Total other financial assets	26,204	20,140	31,767	23,889

(a) Council's investment in Waikato Local Authority Shared Services Limited comprises four distinct classes of share. The numbers held and values of each share class are as follows:

	No. of shares	Value per Share \$	Total Capital \$	Uncalled Capital \$	Paid up Capital \$
Ordinary shares	1	1,000	1,000	1,000	-
Shared Valuation Database Service	106,674	1	106,674	-	106,674
Waikato Regional Photography Service	9,376	1	9,376	9,376	-
Waikato Regional Transport Model	11,250	10	112,500	-	112,500
			229,550	10,376	219,174

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Community loans

Community loans are measured at amortised cost using the effective interest method.

Their fair value is \$44,722 (2020: \$78,186). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2021) charged by Council on community loans. The rate used is 5.42% (2020: 5.32%).

The face value of total community loans is \$45,522 (2020: \$92,106).

Unlisted investments and advances

The fair value of Council's shares in Local Authority Shared Services Limited has not been disclosed because the fair value cannot be reliably measured as there is no active market for these instruments; therefore, the shares are held at cost.

Council's investments in Waikato Regional Airport Limited (WRAL) and Civic Financial Services Limited (formerly NZ Local Government Insurance Corporation Limited) are carried at fair value. Those values are based on Council's share of the assets less liabilities of each of the companies and changes in value are taken to fair value through other comprehensive revenue.

The details are:

	Share of net assets	Fair Value	
		2020/21	2019/20
Waikato Regional Airport Limited	15.62%	\$23,065,117	\$16,743,390
Civic Financial Services Limited	0.37%	\$39,509	\$38,250

Note 14 NON-CURRENT ASSETS HELD FOR SALE

Accounting policy

Non-current assets no longer required in Council's operations and therefore intended for sale have been measured at the lower of their carrying amount and their fair value, less costs to sell.

Any impairment losses for write-downs of such assets are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Land	-	748
Buildings	-	508
Total non-current assets for sale	-	1,256

Council holds no Non-Current Assets held for sale as at June 2021. (2020: One property was classified as held for sale.)

Note 15 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant, and equipment consists of:

- Operational assets: These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers, and motor vehicles.
- Restricted assets: These are parks and reserves owned by Council which provide a benefit or service to the community, and which can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructural assets: These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Description	Useful life (years)	Depreciation rate
Audio-visual materials and electronic games - Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	4 – 7	14 – 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 – 25%
Wastewater	3 – 100	1 – 33.3%
Urban stormwater	5 – 100	1 – 20%
Roading pavement - sealed	2 – 100	1 – 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95 – 1.5%
- unsealed metal	20	5%

Surface water channel	20 – 80	1.25 – 5%
Culverts	50 – 80	1.25 – 2%
Guardrails / barriers	40 – 80	1.25 – 2.5%
Drainage	50 – 80	1.25 – 2%
Retaining walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%

Description	Useful life (years)	Depreciation rate
Bridges		
- timber	50	2%
- all other	100	1%
Parks & reserves	1 – 100	1 – 100%
Solid waste		
- refuse transfer stations	10 – 80	1.25 – 10%
- landfills	5 - 90	1.11 - 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset is reviewed and adjusted if applicable, at each balance date.

Revaluation

Land and buildings (operational and restricted); parks and reserves and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amounts do not differ materially from fair value.

The carrying values of the revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair value. If there is a material difference, the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve, in equity, for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, with any remainder recognised in other comprehensive revenue and expense.

Impairment of property, plant and equipment

Items of property, plant and equipment having a finite useful life are reviewed for impairment at each balance date and 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its 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. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount the entire loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return,

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Work in progress

The total amount of Council property, plant and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Buildings - operational	3,968	2,558
Buildings – restricted	662	362
Parks and reserves	8,768	11,388
Wastewater	10,037	4,481
Stormwater	1,302	4,279
Water	4,579	3,935
Solid waste	149	143
Roading	16,521	14,439
Total work in progress	45,986	41,585

Infrastructural assets – further disclosures

Council 2021	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	*Assets transferred to Council \$'000	
Water treatment plants and facilities	8,890	655	-	17,835
Other water assets	141,605	2,013	7,970	199,240
Wastewater treatment plants and facilities	20,192	190	-	32,542
Other wastewater assets	119,384	1,483	8,321	193,580
Stormwater and drainage	85,680	60	9,731	104,720
Roads, footpaths, bridges and culverts	1,043,783	23,766	9,020	1,473,510
Total infrastructural assets	1,419,534	28,167	35,042	2,021,427
Council 2020				
Water treatment plants and facilities	8,162	-	-	16,018
Other water assets	116,481	5,943	2,536	165,118
Wastewater treatment plants and facilities	17,024	879	-	26,807
Other wastewater assets	105,749	3,022	4,007	174,232
Stormwater and drainage	75,255	-	5,024	92,788
Roads, footpaths, bridges and culverts	1,016,380	19,164	5,106	1,427,376
Total infrastructural assets	1,339,051	29,008	16,673	1,902,339

* This includes found assets of \$2,409,598 (2020: \$795,958).

Service concession assets – included in the table on the following page

Service concession assets are infrastructure assets owned by the Council and operated by Watercare Services Limited (Watercare) for the provision of water, wastewater, and stormwater services in Waikato district. The agreement stipulates the services Watercare must provide, to whom it must provide them and regulates the price.

Watercare is responsible for upgrading and maintaining the entire network in the district so that at the end of the contract period (term of 29 years ending on 2048. The network must be in the same, or better overall condition than that which existed at the time the contract was commenced in 2019. The Council retains ownership of the infrastructure assets operated by Watercare.

	Council and Group			
	Water supply \$'000	Wastewater \$'000	Stormwater and drainage \$'000	Total \$'000
Balance at 1 July 2020				
Cost	124,643	122,773	75,255	322,671
Accumulated depreciation	-	-	-	-
Opening carrying amount	124,643	122,773	75,255	322,671
Year ended 30 June 2021				
Additions	10,638	9,994	9,791	30,423
Revaluation surplus(deficit)	18,386	10,782	1,640	30,808
Disposal – cost	(175)	(872)	(25)	(1,072)
Disposal – accumulated depreciation	6	51	-	57
Depreciation	(3,002)	(3,152)	(980)	(7,134)
Closing carrying amount	150,496	139,576	85,681	375,753
Balance at 1 July 2020				
Cost	150,496	139,576	85,681	375,753
Accumulated depreciation	-	-	-	-
Closing carrying amount	150,496	139,576	85,681	375,753

Council and Group 2020/21	Cost / valuation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000
Operational assets					
Land	24,792	-	24,792	7,268	-
Buildings	26,736	-	26,736	323	-
Library books	6,018	(4,924)	1,094	648	-
Vehicles / moveable plant	5,500	(3,205)	2,295	662	(614)
Office equipment	1,404	(1,223)	181	-	-
Computer equipment	5,570	(5,298)	272	947	(3,870)
Furniture	1,592	(1,137)	455	166	-
Total operational assets	71,612	(15,787)	55,825	10,014	(4,484)
Infrastructural assets					
Wastewater	122,773	-	122,773	9,994	(872)
Stormwater	72,824	-	72,824	9,791	(23)
Water	124,643	-	124,643	10,638	(175)
Drainage	2,431	-	2,431	-	(2)
Solid waste	1,839	-	1,839	126	(90)
Roading	764,436	-	764,436	31,000	(211)
Bridges / culverts / pipes	251,944	-	251,944	2,246	-
Land under roads	109,101	-	109,101	543	-
Work in progress	41,585	-	41,585	58,634	(54,233)
Total infrastructural assets	1,491,576	-	1,491,576	122,972	(55,606)
Restricted assets					
Land	116,077	-	116,077	358	(250)
Buildings	27,554	-	27,554	172	-
Parks and reserves	48,238	-	48,238	3,787	(574)
Total restricted assets	191,869	-	191,869	4,317	(824)
Total Council and Group	1,755,057	(15,787)	1,739,270	137,303	(60,914)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2021 \$'000	Accumulated depreciation and impairment charges 30 Jun 2021 \$'000	Carrying amount 30 Jun 2021 \$'000
-	-	-	-	32,060	-	32,060
-	(1,245)	-	-	25,814	-	25,814
-	(288)	-	-	6,666	(5,212)	1,454
-	(525)	395	-	5,548	(3,335)	2,213
-	(37)	-	-	1,404	(1,260)	144
-	(162)	3,870	-	2,647	(1,590)	1,057
-	(114)	-	-	1,758	(1,251)	507
-	(2,371)	4,265	-	75,897	(12,648)	63,249
-	(3,152)	51	10,782	139,576	-	139,576
-	(950)	-	1,543	83,185	-	83,185
-	(3,002)	6	18,386	150,496	-	150,496
-	(30)	-	97	2,496	-	2,496
-	(79)	5	(29)	1,772	-	1,772
-	(12,657)	27	5,818	788,413	-	788,413
-	(5,508)	-	6,691	255,373	-	255,373
-	-	-	-	109,644	-	109,644
-	-	-	-	45,986	-	45,986
-	(25,378)	89	43,288	1,576,941	-	1,576,941
-	-	-	-	116,185	-	116,185
-	(1,112)	-	-	26,612	-	26,612
-	(2,416)	31	(1,572)	47,494	-	47,494
-	(3,528)	31	(1,572)	190,291	-	190,291
-	(31,277)	4,385	41,716	1,843,129	(12,648)	1,830,481

Council and Group 2019/20	Cost / valuation 1 Jul 2019 \$'000	Accumulated depreciation and impairment charges 1 Jul 2019 \$'000	Carrying amount 1 Jul 2019 \$'000	Current year additions \$'000	Current year Disposals and transfers from WIP \$'000
Operational assets					
Land	20,694	-	20,694	300	(80)
Buildings	28,394	(2,064)	26,330	1,349	(13)
Library books	6,018	(4,627)	1,391	-	-
Vehicles / moveable plant	6,068	(3,323)	2,745	605	(1,173)
Office equipment	1,404	(1,182)	222	-	-
Computer equipment	5,570	(5,096)	474	-	-
Furniture	1,557	(1,028)	529	35	-
Total operational assets	69,705	(17,320)	52,385	2,289	(1,266)
Infrastructural assets					
Wastewater	114,963	-	114,963	7,908	(802)
Stormwater	62,717	-	62,717	5,021	(226)
Water	117,734	-	117,734	8,479	(943)
Drainage	2,316	-	2,316	3	-
Solid waste	1,729	-	1,729	-	-
Roading	1,023,561	-	1,023,561	23,362	(296)
Bridges / culverts / pipes	144,158	-	144,158	908	-
Land under roads	108,288	-	108,288	813	-
Work in progress	33,469	-	33,469	48,251	(40,135)
Total infrastructural assets	1,608,935	-	1,608,935	94,745	(42,402)
Restricted assets					
Land	99,307	-	99,307	3,562	-
Buildings	26,899	(1,964)	24,935	134	(72)
Parks and reserves	44,920	-	44,920	7,084	(79)
Total restricted assets	171,126	(1,964)	169,162	10,780	(151)
Total Council and Group	1,849,766	(19,284)	1,830,482	107,814	(43,819)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / valuation 30 Jun 2020 \$'000	Accumulated depreciation and impairment charges 30 Jun 2020 \$'000	Carrying amount 30 Jun 2020 \$'000
-	-	-	3,878	24,792	-	24,792
-	(1,077)	-	147	26,736	-	26,736
-	(297)	-	-	6,018	(4,924)	1,094
-	(547)	665	-	5,500	(3,205)	2,295
-	(41)	-	-	1,404	(1,223)	181
-	(202)	-	-	5,570	(5,298)	272
-	(109)	-	-	1,592	(1,137)	455
-	(2,273)	665	4,025	71,612	(15,787)	55,825
-	(3,035)	41	3,698	122,773	-	122,773
-	(817)	3	6,126	72,824	-	72,824
-	(2,856)	32	2,197	124,643	-	124,643
-	(28)	-	140	2,431	-	2,431
-	(72)	-	182	1,839	-	1,839
(3,538)	(11,792)	30	(266,891)	764,436	-	764,436
3,538	(2,931)	-	106,271	251,944	-	251,944
-	-	-	-	109,101	-	109,101
-	-	-	-	41,585	-	41,585
-	(21,531)	106	(148,277)	1,491,576	-	1,491,576
-	-	-	13,208	116,077	-	116,077
-	(982)	33	3,506	27,554	-	27,554
-	(2,321)	2	(1,369)	48,238	-	48,238
-	(3,303)	35	15,345	191,869	-	191,869
-	(27,107)	806	(128,907)	1,755,057	(15,787)	1,739,270

Valuation

Operational and restricted land and buildings

Land, buildings, and properties valued by their components have been valued at fair value either as determined by an independent valuer using market-based evidence or by using a replacement cost approach. The most recent valuation was performed by Mairi MacDonald and Maria McHugh of Quotable Value Limited (QV) and dated 30 June 2020.

The fair value of Council's land and buildings has been determined based on the highest and best use in accordance with PBE IPSAS 17 Property, Plant and Equipment

Land

A number of estimates and assumptions must be made when valuing land and buildings. In this instance they include:

- Land valuations have been based on extensive local knowledge, the district rating records, the QV Mapping system and records held by QV and its predecessor Valuation New Zealand.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation, and current and potential usage.
- All land is valued on an open market "willing buyer willing seller" scenario. This is effectively the price an informed purchaser would have to spend to acquire a similar property.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.

Buildings

All buildings have been valued on either a fair market or depreciated replacement cost basis (DRC). Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

QV have considered the highest and best use of the property when formulating which approach to undertake the building valuations with. Where market-based evidence exists, structures have been valued on a market basis in relation to a market-based per square metre.

A number of estimates and assumptions must be made when valuing land and buildings. They may differ depending on the degree of specialisation inherent in the purpose or use of each particular building.

For specialised assets which are valued on a depreciated replacement cost basis:

- Replacement cost rates are derived from construction contracts of like assets, reference to publications such as QV Cost Builder (previously the Rawlinson's Construction Handbook), recent costings obtained from construction details and Property Institute of New Zealand's cost information.
- A componentisation approach is taken in most cases. The exceptions are where the cost of a component or the lives do not differ materially to the entire value of the structure to warrant being componentised. In all these cases, the building is reported as a structure only and will generally be under \$50,000 in value. The components are summarised for financial reporting purposes as structure, roof, internal fit-out, services, plant and external works/other improvements.
- The remaining useful life of properties is estimated by determining the effective age of the components within each property and comparing with the economic life of the improvements. A minimum residual life of five years has been adopted for properties nearing the end of their theoretical lives.
- Straight line depreciation has been applied to all DRC valued assets to determine their DRC.
- Optimisation has been considered in the process of determining DRC. Optimisation defines the most efficient set of assets that deliver the required services.

Residential dwellings and commercial properties have been valued in relation to market-based evidence.

- Market rents and capitalisation rates were applied to reflect market value while considering the highest and best use alternatives.
- Optimisation is not considered under a market-derived assessment.

Comparisons of the carrying value of buildings valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Operational buildings		
Depreciated replacement cost	24,137	24,886
Market-based evidence	1,677	1,850
Total carrying value of operational buildings	25,814	26,736
Restricted buildings		
Depreciated replacement cost	24,870	25,660
Market-based evidence	1,742	1,894
Total carrying value of restricted buildings	26,612	27,554

Classification of property

Council owns a number of properties held to provide housing for the elderly. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Parks and reserves

Parks and reserves assets include assets associated with cemeteries, public toilets (including toilet buildings); assets such as playgrounds, skate parks, carparks, roading within reserves, bollards, fences, pathways, gardens, rubbish bins, seating, and signage; and reserves-like assets associated with swimming pools.

Parks and reserves assets have been valued at fair value as determined on an optimised depreciated cost basis by an independent valuer. The most recent valuation was performed by Robert Berghuis and approved by Marvin Clough of Beca Limited and is dated 30 June 2021.

A number of estimates and assumptions must be made when valuing parks and reserves assets using the optimised depreciated replacement cost method. In this instance they include:

- The optimised replacement costs assume the use of modern materials, techniques, and designs. They further assume that some assets may be surplus to requirements, technically obsolete or over-designed for their purpose.
- Unit replacement cost rates allowed for modern equivalent asset replacement for known obsolete or redundant assets. For example, in the case of toilet blocks, rural plywood buildings are being replaced with circular concrete buildings, brick or weather-board clad buildings with concrete block buildings.
- Useful (or base) lives are determined from the information provided in the SPM 2021 Datasets and from information gained by Beca during previous assessments of this type. Remaining useful life (RUL) is assessed on useful life less age, with adjustments depending on condition and performance which may vary from one asset to another. Minimum remaining useful life is assumed to be two years.
- Assets are assumed to have zero residual value at the end of their effective useful lives.

Infrastructural asset classes: water, wastewater, stormwater, and drainage

Utilities have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation performed by Stephen Garlick and Luke Elsen and approved by Ian Martin of AECOM and is dated 30 June 2021.

Estimates and assumptions for the revaluation of these assets included:

- Straight-line depreciation was used.
- Waters assets were used in the valuation (land was not included).
- Assets were assumed to have zero residual value.
- Remaining useful life is assessed on useful life less age, with adjustments depending on condition and performance. A minimum remaining useful life of two years was used.
- An optimisation approach was employed. Optimisation seeks to remove excess capacity, redundant assets, inappropriate design practices, old technologies, and conservative design work. No areas of significant optimisation opportunities were identified.
- Asset unit rates have been determined from actual costs where available, rates from comparable local authorities and rates used in previous valuations. This data was cost indexed as appropriate using indices published by Statistics New Zealand and compared with unit rates from other valuations carried out by AECOM. Rates from a study carried out for Council in 2017 by Jacobs into unit rates were also used to ensure valuation rates are a fair representation of actual construction costs in the Waikato area.

Infrastructural asset classes: roading

Roading assets including bridges and culverts have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Shahaanan Arulgnanapragasam of WSP Limited; it was reviewed by Gregg Morrow and approved for release by John Vessey. The valuation is effective at 30 June 2021.

A number of estimates and assumptions must be made when valuing infrastructural assets using the optimised depreciated replacement cost method. In this instance they include:

- Replacement cost is the cost of building the existing infrastructure using present-day technology while maintaining the originally designed level of service.
- A review of unit rates has been undertaken and the results of that review have been factored into the current valuation. The review has resulted in no change to the basecourse rate, a significant decrease (-57%) in the sub-base rate and a smaller increase (+40%) in the overhead rate.
- Unit cost rates are factored to allow for other direct costs such as professional fees. Unit costs represent brown-field costs which reflect increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continuous operation of infrastructure.
- Overhead factors of 14% (2019:10%) have been applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location.
- An optimisation approach was employed. Optimisation means provision of the required utility at a minimum overall cost.
- Assets have been valued based on unit costs provided and quantities expressed as length, area or each.
- Useful life has been calculated in accordance with the International Infrastructure Management Manual and further modified if local knowledge and experience suggest it is appropriate. Remaining useful life is then assessed as the difference between useful life and the age of the asset.
- A zero residual value is assumed for all assets.
- Straight line depreciation is used.

Infrastructural asset class: Solid Waste

Solid waste assets were valued by Robert Berghuis and Marvin Clough Beca; the valuation is dated 30 June 2021 and used the optimised approach as described above.

Estimates and assumptions for the revaluation of these assets included:

- Unit costs allow for procurement and / or installation costs.
- SPM base lives were adopted.
- Remaining life of assets is based on the base life with adjustments dependent on age and condition.
- Residual values were not considered.

Land under roads

Land under roads was valued by both the former Franklin District Council (FDC) and Waikato District Council (WDC) before the transition by each to NZ Equivalent International Financial Reporting Standard (NZIFRS). On transition to NZIFRS both Councils elected to use the revaluation amounts for land under roads as the deemed cost. Following the merger of part of the former FDC and WDC, land under roads is stated at deemed cost and is not revalued.

Other comments

There are no items of property, plant and equipment that are not in current use. There have been no restrictions in titles relating to property, plant and equipment or items pledged as security for liabilities.

No impairment losses have been recognised for property, plant and equipment in the current period (2019: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2019: nil).

Gains on disposal of property, plant and equipment of \$594,600 (2019: \$295,474) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue. Losses on disposal amounting to \$15,982 (2019: \$488,049) have also been recognised in comprehensive revenue and expense in the line item Other expenses and losses.

Note 16 INTANGIBLE ASSETS**Accounting policy****Software acquisition and development**

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. This asset class, which is amortised on a straight-line basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

Consents

Consent costs for capital works are recognised at cost and amortised on a straight-line basis over the finite life of the consents (between 10 and 35 years). The amortisation charge for each period is recognised in the surplus or deficit.

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Intangible assets 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.

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 surplus or deficit.

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

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return,

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

	Council and Group		
	Computer software \$'000	Consents \$'000	Total \$'000
Balance at 1 July 2020			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,559)	(1,714)	(7,273)
Opening carrying amount	729	3,777	4,506
Year ended 30 June 2021			
Additions	364	335	699
Disposal – cost	(1,987)	-	(1,987)
Disposal – accumulated amortisation	1,987	-	1,987
Impairment losses	-	-	-
Amortisation charge	(600)	(2,213)	(2,813)
Closing carrying amount	493	1,899	2,392
Balance at 30 June 2021			
Cost	4,665	5,826	10,491
Accumulated amortisation and impairment	(4,172)	(3,927)	(8,099)
Closing carrying amount	493	1,899	2,392
Balance at 1 July 2019			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,135)	(1,496)	(6,631)
Opening carrying amount	1,153	3,995	5,148
Year ended 30 June 2020			
Additions	-	-	-
Disposal – cost	-	-	-
Disposal – accumulated amortisation	-	-	-
Impairment losses	-	-	-
Amortisation charge	(424)	(218)	(642)
Closing carrying amount	729	3,777	4,506
Balance at 30 June 2020			
Cost	6,288	5,491	11,779
Accumulated amortisation and impairment	(5,559)	(1,714)	(7,273)
Closing carrying amount	729	3,777	4,506

The carrying amount of the assets has been assessed as less than their replacement cost.

There are no restrictions over the title of the Council's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are no intangible assets which have been internally generated.

Note 17 INVESTMENT PROPERTY

Accounting policy

Properties leased to third parties under non-cancellable operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is initially measured at cost, including transaction costs. After initial recognition, all investment properties are measured at fair value effective at 30 June each year. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Balance at 1 July	560	560
Fair value gains (losses) on valuation	40	-
Disposals	-	-
Balance at 30 June (at valuation)	600	560

Valuation

At 30 June 2021 the valuation was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

The fair value of Council's investment properties has been determined based on the highest and best use in accordance with PBE IPSAS 16 Investment Property.

A number of estimates and assumptions must be made when valuing investment property. In this instance they include:

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2021.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.
- All buildings have been valued on either a fair market or depreciated replacement cost basis. Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

Revenue and expenses relating to investment property

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Rental revenue	44	44
Expenses from investment property generating revenue	-	-

Rental revenue from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

Note 18 PAYABLES, TAXES AND TRANSFERS**Accounting policy**

Short-term payables are recorded at their face value.

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Payables under exchange transactions				
Trade payables	2,909	8,704	2,912	8,705
Water rates in advance	832	545	832	545
Accrued expenses	19,239	10,355	19,345	10,411
Amounts due to related parties	1,087	1,089	1,087	-
Revenue in advance	4,216	1,723	4,216	1,723
Total payables under exchange transactions	28,283	22,416	28,392	21,384
Taxes and transfers payable under non-exchange transactions				
Rates in advance	3,092	2,196	3,092	2,196
Deposits and bonds	219	218	219	218
GST and FBT payable	31	46	31	46
Other non-exchange payables	93	189	93	189
Total taxes and transfers payable	3,435	2,649	3,435	2,649
Total payables, taxes and transfers	31,718	25,065	31,827	24,033

Payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of payables approximates their fair value.

Note 19 EMPLOYEE ENTITLEMENTS

Accounting policy

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 include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, 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 that it will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information;
- The present value of the estimated future cash flows; and
- An inflation factor based on the expected long-term increase in remuneration for employees.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Current portion		
Annual leave	2,317	2,256
Long service leave	13	19
Sick leave provision	123	104
Accrued payroll	949	765
Other employee liabilities	782	702
Total current portion	4,184	3,846
Non-current portion		
Long service leave	90	89
Retirement gratuities	91	103
Total non-current portion	181	192
Total employee entitlements	4,365	4,038

Estimating retirement and long service leave obligations

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10 year New Zealand Government bonds. The salary inflation factor has been determined in accordance with the inflation factors forecast by Berl in September 2020 for the years 2021-2031. A discount rate of 1.76% (2020: 0.89%) and an inflation factor of 2.44% (2020: 2.1%) have been used.

Note 20 BORROWING

Accounting policy

All borrowing is initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability at least 12 months after balance date.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Current portion		
LGFA borrowing	15,000	15,000
Total current portion	15,000	15,000
Non-current portion		
LGFA borrowing	65,000	80,000
Total non-current portion	65,000	80,000
Total borrowing (all secured)	80,000	95,000

Council secured debt of \$65,000,000 (2020: \$95,000,000) is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. Council has 28 swap contracts in place (2020: 30). During the year 3 swaps matured (2020: 6) and no contracts were cancelled and replaced by contracts with more suitable terms (2020: none); no outright new contracts (2020: none) were undertaken. Council has 5 (2020: 7) swaps with start dates after 30 June 2021.

Council's committed cash advance facility of \$15,000,000 (2020: \$15,000,000) expires on 31 July 2021.

A fully fluctuating overdraft facility of \$500,000 is also available to Council on demand for Council's working capital requirements. There is a facility fee of 0.04% per month.

At 30 June 2021 total borrowings from Local Government Funding Agency Limited (LGFA) were \$65,000,000 (2019: \$95,000,000). The average rate of interest was 1.11% (2020: 1.19%). The carrying amounts and the fair values of non-current borrowings are as follows:

	Carrying amount value		Fair Value	
	2020/21 \$'000	2019/20 \$'000	2020/21 \$'000	2019/20 \$'000
Council and Group				
Secured loans	65,000	80,000	64,915	80,008
Total non-current borrowing	65,000	80,000	64,915	80,008

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rates which range:

	2020/21	2019/20
From	0.92%	1.02%
To	1.36%	1.39%

Internal loans

Council has a policy to utilise investment funds for internal debt purposes so that external borrowing is minimised, and Council keeps its borrowing costs to a minimum.

Council	Balance at 1 July \$'000	Borrowing \$'000	Repayments \$'000	Balance at 30 June \$'000	Interest paid \$'000
2021					
Water supply	18,680	396	(638)	18,438	860
Wastewater	11,547	4,106	(428)	15,225	531
Stormwater	3,739	370	(158)	3,951	171
Roading	23,286	490	(1,692)	22,084	1,053
Sustainable environment	329	2,902	(35)	3,196	15
Sustainable communities	17,654	4,494	(1,076)	21,072	802
Governance	-	-	-	-	-
Organisational support	1,224	1,993	(46)	3,172	56
Total internal loans (gross)	76,459	14,751	(4,073)	87,138	3,488
2020					
Water supply	17,384	1,882	(586)	18,680	755
Wastewater	10,276	1,652	(381)	11,547	446
Stormwater	3,853	40	(154)	3,739	167
Roading	21,751	3,364	(1,829)	23,286	922
Sustainable environment	363	-	(34)	329	15
Sustainable communities	17,128	1,539	(1,013)	17,654	735
Governance	-	-	-	-	-
Organisational support	1,029	326	(131)	1,224	42
Total internal loans (gross)	71,784	8,803	(4,128)	76,459	3,082

Note 21 PROVISIONS

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time (discount unwinding) is recognised as an interest expense and is included in finance costs.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Current portion		
Landfill aftercare	120	97
Total current portion	120	97
Non-current portion		
Landfill aftercare	2,341	3,078
Total non-current portion	2,341	3,078
Total provisions	2,461	3,175

Movements for each class of provision are as follows:

	Landfill aftercare \$'000	Total \$'000
2021		
Balance at 1 July 2020	3,175	3,175
Change in provision made during the year	(567)	(567)
Amounts used	(154)	(154)
Unused amounts reversed	-	-
Discount unwind	7	7
Balance at 30 June 2021	2,461	2,461
2020		
Balance at 1 July 2019	1,447	1,447
Change in provision made during the year	1,795	1,698
Amounts used	(132)	(133)
Unused amounts reversed	-	-
Discount unwind	65	65
Balance at 30 June 2020	3,175	3,077

Weathertightness claims

No claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2021 (2020: none).

At 30 June 2021, no further claim had been received directly by Council (2020: none).

Landfill aftercare costs

Council has five landfill sites within the District. They are at Te Kauwhata, Ngaruawahia, Huntly, Raglan and Tuakau. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

The cash outflows for landfill post-closure are expected to occur over 35 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$4,181,626 (2020: \$4,731,399). A discount rate of 3.2% (2020: 1.8%) and an inflation factor of 2.5% (2020: 2.5%) have been used.

Note 22 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in the surplus or deficit. The portion of the fair value of non-hedge accounted interest rate derivatives that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Current liability portion		
Interest rate swaps	(133)	137
Non-current liability portion		
Interest rate swaps	12,702	21,478
Total derivative financial instruments liabilities	12,569	21,615

The fair values of interest rate swaps are measured against the prevailing market conditions at balance date. Council's interest rate swaps have been independently valued using Hedgebook software designed to capture, value and report interest rate swaps. Hedgebook uses daily rate feeds of floating rate references such as BKBM and NNSW from industry benchmark sources.

The notional principal amounts of outstanding interest rate swap contracts for Council and the Group is:

	2020/21 Actual \$'000	No.	2019/20 Actual \$'000	No.
Active swaps	101,500	23	78,500	23
Forward starting swaps	18,000	5	47,000	7
	119,500	28	125,500	30

Note 23 REVALUATION RESERVE – PROPERTY, PLANT AND EQUIPMENT

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Land	77,928	87,258
Buildings	34,196	34,268
Parks and reserves	18,309	20,928
Wastewater	53,088	42,515
Water	63,799	45,623
Bridges	202,378	195,687
Roading	117,612	111,635
Urban stormwater	20,258	20,151
Rural drainage	254	158
Solid waste	1,071	1,157
Balance at 30 June	588,893	559,380

Note 24 RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Net surplus (deficit) after tax	62,687	29,623	63,243	29,889
Plus (minus) non-cash items				
Depreciation, amortisation and asset write-off	35,725	29,986	35,725	29,986
Decrease (increase) in future tax benefits	-	-	-	-
Vested and found assets	(35,502)	(21,030)	(35,502)	(21,030)
(Gains) losses on fair value of investment property	(40)	-	(40)	-
(Gains) losses on derivative financial instruments	(9,047)	5,949	(9,047)	5,949
(Gains) losses on revaluation of property, plant and equipment	-	-	-	-
Impairment of non-current assets held for sale	-	347	-	347
(Gains) losses on cattle	10	24	10	24
Interest revenue on financial assets not at fair value through surplus(deficit)	(1)	(2)	(1)	(2)
Capitalised internal charges	(1,594)	(1,025)	(1,594)	(1,025)
(Gains) losses on revaluation of landfill	-	1,795	-	1,795
Plus (minus) items classified as investing or financing activities				
(Gains) losses on disposal of property, plant and equipment	(579)	(154)	(579)	(154)
(Gains) losses on investments	-	-	(715)	-
Decrease (increase) in creditors for capital expenditure	(6,735)	2,935	(6,735)	2,935
Plus (minus) movements in working capital items				
Receivables and recoverables	3,291	(5,052)	3,291	(5,080)
Prepayments	(478)	(226)	(478)	(226)
Cattle	(14)	(33)	(14)	(33)
Payables, taxes and transfers	6,654	7,149	6,710	6,014
Changes in provision	(147)	30	(147)	30
Employee entitlements	327	722	327	722
Net cash inflow (outflow) from operating activities	54,557	51,038	54,454	50,141

Note 25 RECONCILIATION OF TOTAL COMPREHENSIVE REVENUE WITH NET OPERATING FUNDING (PER FUNDING IMPACT STATEMENT)

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Total comprehensive revenue wholly attributable to Waikato District Council	100,962	(97,744)
Surplus (deficit) of operating funding per Whole of Council funding impact statement	23,664	18,425
Difference	77,298	(116,169)
The difference comprises:		
Capital revenue	29,792	27,699
Revaluation of assets	31,385	(128,907)
Revaluation reserve - landfill	567	(1,795)
Financial assets at fair value	15,370	1,540
Depreciation and amortisation	(33,899)	(27,749)
Profit (loss) on sale	229	154
Write off of assets	(1,826)	(2,237)
Vested and found assets	35,502	21,030
Change in provisions	147	67
Interest revenue from financial assets	1	2
Unrealised gains	40	-
Unrealised losses	(10)	(5,973)
Total difference	77,298	(116,169)

Note 26 CAPITAL COMMITMENTS AND OPERATING LEASES

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Capital commitments are for expenditure on:		
Water	92,730	35,165
Wastewater	188,098	66,925
Stormwater	22,627	8,127
Parks and reserves	6,132	1,922
Buildings - operational	-	-
Roading	57,874	89,575
Bridges	1,874	244
Library books	-	373
Intangible assets	4,825	1,111
Total capital commitments	374,160	203,442

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

Council and the Group lease property, plant and equipment in the normal course of business. The lease has a non-cancellable term of one year and three months (2020: between three years three months and two years three months).

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Not later than one year	121	147
Later than one year and not later than five years	30	30
Later than five years	-	-
Total minimum operating lease payments payable	151	177

Council

Council has a contract with Canon NZ for the lease of photocopiers. There are no minimum amounts payable; charges are based on actual volumes of printing. The agreement was renewed with a term of five years from October 2017.

No contingent rent relating to copiers was recognised during the period. (2020: \$nil)

Council's Tuakau office is leased from Young Investors Limited. The current agreement has a three year term effective from October 2017 with one right of renewal for a further three year term.

Other leases may be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council and the Group do not have the option to purchase any assets at the end of the lease term.

Strada

Strada has no leased property.

Operating leases as lessor

Council leases community and investment properties and grazing rights under operating leases. The leases have non-cancellable terms ranging from less than one year up to 30 years.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Not later than one year	503	456
Later than one year and not later than five years	1,033	1,230
Later than five years	450	526
Total minimum operating lease payments receivable	1,986	2,212

Council has recognised no contingent rents during the period (2020: \$nil).

Note 27 CONTINGENCIES

Contingent liabilities

Quantifiable contingent liabilities are as follows:

	Council and Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Uncalled share capital (LASS – ordinary shares)	1	1
Uncalled share capital (LASS - WRPS shares)	9	9

Outstanding insurance claims

There are no outstanding claims (2020: none) in progress.

Capital contributions

As disclosed in note 13, Council holds four classes of share in Waikato Local Authority Shared Services Limited (WLASS). There is uncalled capital on two classes of share.

Unquantified claims

Weathertight claims

Council is exposed to potential future weathertightness claims which have not yet been advised. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within ten years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

Other claims

At balance date no other claims (2020: none) expose Council or the Group to contingent liabilities. Council's maximum financial exposure is \$nil (2020: \$nil).

NZ Local Government Funding Agency Limited (LGFA)

Waikato District Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 54 local authority guarantors - 30 of which are also shareholders of LGFA. The aggregate amount of uncalled shareholder capital (\$20m) is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, Council is guarantor of all LGFA's borrowings. At 30 June 2021 LGFA had borrowings totalling \$13.61 billion (2020: \$11.91 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council is unable to determine a sufficiently reliable fair value of the guarantee and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on payments of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

Council is a 35% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish an appropriate value for the 35% share.

Note 28 RELATED PARTY TRANSACTIONS

Waikato District Council has a 100% shareholding in Strada Corporation Limited.

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2020: nil).

The following transactions were carried out between related parties:

	Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Between Council and Waikato District Community Wellbeing Trust (WBT)		
Council's accounts receivable from WBT	268	186
Between Council and Strada Corporation Limited (Strada)		
Council's accounts payable to Strada	-	1,089
Between Council and Local Authority Shared Services (LASS)		
Services provided to LASS	20	114
Charges from LASS	566	615
Council's accounts payable to LASS	202	135
Council's accounts receivable from LASS	-	-
Between Council and Waikato Regional Airport Limited (WRAL)		
Dividend paid by WRAL	-	46
Regional Tourism funding payment to WRAL	150	150
Between Council and Civic Financial Services Limited (Civic)		
Dividend paid by Civic	-	34
Between Strada and Waikato Quarries Limited (WQL)		
Share of WQL cash received	-	8
Deferred settlement received from WQL	-	-

Key management personnel compensation

Council's key management personnel include the Mayor, Councillors, the Chief Executive, General Managers and other members of the Executive Leadership Team. The Group enters into various transactions such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis. No disclosure has been made for these transactions.

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Remuneration		
Councillors	911	917
Senior management team (including CE)	2,545	2,304
Total key management personnel remuneration	3,456	3,221
	2020/21 Actual	2019/20 Actual
Full-time equivalent members		
Councillors	14	14
Senior management team (including CE)	11	11
Total full-time equivalent personnel	25	25

Because of the difficulties inherent in estimating the number for full-time equivalent Councillors, the figure used is the number of Councillors. There are close family members of key management personnel employed by Council and the Group. The terms and conditions of these arrangements are no more favourable than they would have been if there were no relationships to key management personnel.

Related party transactions requiring disclosure

In the current year, there were no other related party transactions requiring disclosure.

Note 29 REMUNERATION**Remuneration of elected members**

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Councillors		
Cash benefits		
A Sanson, Mayor	151	153
A Bech	79	68
J Church	48	47
C Eyre	48	33
D Fulton	-	34
J Gibb	90	76
S Henderson	48	47
S Lynch	55	55
B Main	-	14
R McGuire	48	47
F McInally	48	47
E Patterson	69	61
J Sedgwick	94	74
N Smith	59	55
L Thomson	48	47
C Woolerton	48	33
Total cash benefits paid to Councillors	933	891
Non-cash benefits		
A Sanson, Mayoral car	23	26
Total non-cash benefits paid to Councillors	23	26
Total remuneration of Councillors	956	917

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Community board and committee members		
Cash benefits		
D Amooore	4	3
J Ayers	5	4
S Bains	4	3
K Bredenbeck	5	5
B Cameron	-	3
C Conroy	5	5
R Cork	5	4
W Diamond	-	2
R Farrar	-	2
D Firth	5	4
B Green	15	2
P Haworth	-	1
J Henry	2	1

S Jackson	11	9
R Kereopa	-	1
R Kirkwood	5	5
D Lamb	-	2
K Langlands	-	3
J Lovatt	5	4
D Lovell	2	4
H Lovell	4	2
R MacLeod	4	6
G McCutchan	5	4
M Moana-Tuwahangai	23	3
K Morgan	5	5
J Morley	2	2
K Ngataki	5	4
A Oosten	4	4
S Ormsby-Cocup	2	2
G Parson	9	7
J Pecekajus	-	1
L Petersen	-	2
C Rayner	4	3
C Rees	-	2
V Reeve	5	5
V Rice	5	4
B Sherson	-	2
J Stevens	-	2
S Stewart	-	2
R Van Dam	2	2
A Vink	-	1
B Watson	5	5
E Wawatai	5	4
J Whetu	-	3
D Whyte	11	7
G Wiechern	11	7
R Wootton	5	4
Total cash benefits paid to community board and committee members	189	162
Total remuneration of Councillors and other elected representatives	1,145	1,079

Remuneration of Chief Executive

The Chief Executive of Waikato District Council is appointed under section 42 of the Local Government Act 2002. He received a salary of \$327,280 (2020: \$331,731) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Salary and other short-term employee benefits	327	332
Vehicle	19	17
Defined contribution plan employer contributions (KiwiSaver)	11	11
Expenses and other allowances	5	10
Other fringe benefits (value of benefit plus FBT)	10	10
Total Chief Executive's remuneration	372	380

Employee numbers

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
Number of employees (at 30 June)		
Full-time employees	320	311
Part-time employees (including casual employees)	87	79
Total employees	407	390
A full-time employee works 40 hours per week		
Full-time equivalent employees		
Full-time employees	319.89	310.86
Part-time employees (in full-time equivalents)	30.85	32.87
Total full-time equivalent employees	350.74	343.73

Total annual employee remuneration by band

	Council	
	2020/21 Actual \$'000	2019/20 Actual \$'000
\$0 - \$60,000	162	155
\$60,001 - \$80,000	91	80
\$80,001 - \$100,000	60	69
\$100,001 - \$120,000	48	44
\$120,001 - \$140,000	24	21
\$140,001 - \$160,000	8	10
\$160,001 - \$200,000	7	5
\$200,001 - \$400,000	7	6
Total employees	407.00	390.00

Total remuneration includes non-financial benefits provided to employees.

There are fewer than five employees on each of the bands above \$160,000 therefore the numbers for those bands have been combined into two bands of \$140,001 - \$160,000 and \$160,001 - \$200,000.

Note 30 SEVERANCE PAYMENTS

For the year ended 30 June 2021, Council made three (2020: four) severance payments to employees. The payments totalled: \$30,348; they comprised \$22,500, \$5,600 and \$2,248. (2020: Total \$60,414).

Strada had no employees during the year (2020: none).

Note 31 EVENTS AFTER BALANCE DATE

Waka Kotahi is planning to revoke the Huntly section of SH1 as at 1 July 2021. Waka Kotahi has committed to invest sufficient funds to improve the condition of this road.

For Strada, no material events are expected to occur subsequent to 30 June 2021 which affect the financial position at that date. (2020: none)

Three Waters Reform

The Government proposes via the water reform programme that local authorities will no longer be responsible for delivering wastewater, water and stormwater services. There would be an impact on finances relating to these services such as, but not limited to, operating revenues, direct costs of running the activities, and value of debt incurred to fund the activities. There would likely be second order impacts which Council would assess as part of the analysis of the proposal (once received). The Government has indicated a strong desire for all Councils to opt into the reform. Council has not made any decision in this regard.

Future for Local Government Review Reorganisation

A Ministerial Inquiry into the Future for Local Government has been established. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership. The review will focus on the roles, functions, and relationships on local government, representation and governance, funding and financing. The draft report and recommendations are set to be issued for public consultation on 30 September 2022. The final report is expected to be presented to the Minister and Local Government New Zealand on 23 April 2023. Council will continue to pro-actively explore opportunities and participate in shared services to provide such services cost-effectively. Changes within local government that results in a change to the structure and/or services provided by our organisation. While the review could recommend significant change to what local government is and does, there is no information available on the likely direction for the review at this time.

Covid-19

In August 2021 Covid-19 reappeared in the Auckland and subsequently in Wellington. The country was placed in lockdown at Alert Levels 3 and 4 since the outbreak occurred. Most staff continue to work either remotely or on site (for essential services only). All non-urgent maintenance and capital works were suspended. After 7 September 2021 Council resumed most of the operations. There was no significant impact for our essential services during the periods of Levels 4 and 3, and deferred maintenance and capital works programmes have not affected services. No specific measures have been taken. The impact of the Covid-19 lockdown in 2020 was not material and growth across the district since then has been above expectation. Activity levels in the early part of 2021/22 financial year are above plan levels, with many departments having a backlog of work attracting fees and charges. Council does not expect any medium or long term adverse impacts from the latest outbreak.

Note 32 FINANCIAL INSTRUMENTS

The Council and group have elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41.

The main changes to the Council and group's accounting policies are:

- Note 11 Recoverables and receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 13 Other Financial assets: This policy has been updated to reflect:
 - o the new classification categories;
 - o the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
 - o the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 22 Derivative financial instruments remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

	Measurement classification		Council		
	PBE IPSAS 29	PBE IPSAS 41	30-Jun-20 PBE IPSAS 29 \$'000	1-Jul-20 PBE IPSAS 41 \$'000	Adoption Adjustment \$'000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	27,076	27,076	-
Recoverables and receivables	Loans and receivables	Amortised cost	18,805	18,805	-
Community loans	Loans and receivables	Amortised cost	90	90	-
Term deposit	Loans and receivables	Amortised cost	829	829	-
LGFA borrower notes	Loans and receivables	Amortised cost	1,520	1,520	-
Fixed interest investments	FVTSD	FVTSD	-	-	-
Equity investments	FVTSD	FVTSD	-	-	-
Unlisted shares in Civic Financial Services Limited	FVTOCRE	FVTOCRE	38	38	-
Waikato Regional Airport Limited	FVTOCRE	FVTOCRE	16,744	16,744	-
Local Authority Shared Services Limited	At cost	At cost	219	219	-
Shares in Strada Corporation Limited (subsidiary)	At cost	At cost	700	700	-

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

	Measurement classification		Group		
	PBE IPSAS 29	PBE IPSAS 41	30-Jun-20 PBE IPSAS 29 \$'000	1-Jul-20 PBE IPSAS 41 \$'000	Adoption Adjustment \$'000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	27,113	27,113	-
Recoverables and receivables	Loans and receivables	Amortised cost	18,619	18,619	-
Community loans	Loans and receivables	Amortised cost	90	90	-
Term deposit	Loans and receivables	Amortised cost	829	829	-
LGFA borrower notes	Loans and receivables	Amortised cost	1,520	1,520	-
Fixed interest investments	FVTSD	FVTSD	2,000	2,000	-
Equity investments	FVTSD	FVTSD	2,449	2,449	-
Unlisted shares in Civic Financial Services Limited	FVTOCRE	FVTOCRE	38	38	-
Waikato Regional Airport Limited	FVTOCRE	FVTOCRE	16,744	16,744	-
Local Authority Shared Services Limited	At cost	At cost	219	219	-
Shares in Strada Corporation Limited (subsidiary)	At cost	At cost	-	-	-

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Financial instrument categories

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Financial assets				
Amortised cost (2020: Loans and receivables)				
Cash and cash equivalents	19,037	27,076	19,038	27,113
Recoverables and receivables	15,593	18,805	15,325	18,619
Community loans	45	90	45	90
Term deposit	855	829	855	829
LGFA borrower notes	1,280	1,520	1,280	1,520
Total amortised cost	36,810	48,320	36,543	48,171
Fair value through surplus (deficit) (FVTSD)				
Fixed interest investments	-	-	2,302	2,000
Equity investments	-	-	2,872	2,449
Total FVTSD	-	-	5,174	4,449
Fair value through other comprehensive revenue (FVTOCRE)				
Unlisted shares in Civic Financial Services Limited	40	38	40	38
Waikato Regional Airport Limited	23,065	16,744	23,065	16,744
Total FVTOCRE	23,105	16,782	23,105	16,782
Financial assets at cost				
Local Authority Shared Services Limited	219	219	219	219
Shares in Strada Corporation Limited (subsidiary)	700	700	-	-
Total financial assets at cost	919	919	219	219

Financial liabilities				
FVTSD (2020: Held for trading)				
Derivative financial instruments liabilities	12,569	21,615	12,569	21,615
Financial liabilities at amortised cost				
Payables, taxes and transfers	31,718	25,065	31,827	25,123
Borrowing -secured loans	80,000	95,000	80,001	95,000
Total financial liabilities at amortised cost	111,718	120,065	111,828	120,123

B: FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1): financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2): financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation technique with significant non-observable inputs (level 3): financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Valued at quoted market price (level 1)				
Fixed interest investments	-	-	2,302	2,000
Equity investments	-	-	2,872	2,449
Total financial instruments valued at quoted market price	-	-	5,174	4,449
Valued using observable inputs (level 2)				
Financial liabilities – derivatives	12,569	21,615	12,569	21,615
Valued using significant non-observable inputs (level 3)				
Unlisted shares	23,105	16,782	23,105	16,782

Instruments valued using significant non-observable inputs (level 3)

The table below provides reconciliation between the opening and closing balances for level 3 financial instruments:

	Group	
	2020/21	2019/20
	Actual \$'000	Actual \$'000
Balance at 1 July	16,782	15,242
Gains and losses recognised in other comprehensive revenue	6,323	1,540
Other movements	-	-
Balance at 30 June	23,105	16,782

There were no transfers between the different levels of the fair value hierarchy.

C: FINANCIAL INSTRUMENTS RISKS

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established and approved a Treasury Risk Management Policy which includes a Liability Management Policy and an Investment Policy. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices. Council has no exposure to price risk because it does not hold any listed securities. Equity securities price risk arises on listed equity investments which are held by the Waikato District Community Wellbeing Trust (WBT) and are classified as financial assets held at fair value through surplus or deficit. The price risk arises due to market movements in listed share prices. Kiwi Wealth Limited (KWL), which manages the investment portfolio on behalf of the Trustees, manages price risk via diversification and liquidity of investments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions. WBT holds investments in foreign currencies and is exposed to currency risk. KWL, on behalf of the trustees, enters into forward currency contracts on all fixed interest investments. The default currency exposure for equity investments is 50%.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market in interest rates.

Borrowings and investments issued at fixed rates of interest expose Council to interest rate risk. Council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 100% for debt maturing in the current period through to 55% for debt maturing in ten years.

KWL actively manages the average maturity date of WBT's fixed interest investments in response to changes in KWL's interest rate view.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. KWL actively manages the average maturity date of WBT's fixed interest investments in response to changes in KWL's interest rate view.

Generally, Council raises long-term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. Council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council and the Group, causing it to incur a loss.

Council's Treasury Risk Management Policy clearly specifies approved institutions, minimum credit ratings and investment limits. WBT is consolidated into Council's group financial statements and also includes cash and fixed interest securities that are a credit risk. KWL, on behalf of the trustees of WBT invests only in fixed interest investments in liquid securities, which means there is a secondary market available where these assets are readily traded. In addition, KWL invest primarily in investment-grade instruments and has established counterparty limits for fixed interest investments depending on their credit rating.

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 27.

Council and the Group have no other collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Cash and cash equivalents	19,037	27,076	19,038	27,113
Recoverables and receivables	15,593	18,805	15,593	18,619
Term deposits	855	829	855	829
Community loans	45	90	45	90
Fixed interest investments	-	-	2,302	2,000
Equity investments	-	-	2,872	2,449
LGFA borrower notes	1,280	1,520	1,280	1,520
Total credit risk	36,810	48,320	41,985	52,620

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Counterparties with credit ratings				
Cash and cash equivalents				
AA-	19,037	27,076	19,038	27,113
Term deposits				
AA-	855	829	855	829
Borrower notes				
AA+	1,280	1,520	1,280	1,520
Counterparties without credit ratings				
Community loans with no defaults in the past	45	90	45	90
Unrated equity investments	24,024	17,701	26,896	19,450
Unrated fixed interest investments	-	-	-	2,000

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk**Management of liquidity risk**

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity risks including borrowings in accordance with its Treasury Risk Management Policy, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a \$500,000 overdraft facility (2020: \$500,000) and a committed cash advance facility of \$15,000,000 (2020: \$15,000,000), of which \$15,000,000 (2020: \$15,000,000) is available to be drawn. Council's committed cash advance facility expires on 31 July 2021.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2021 Council had borrowed \$65,000,000 (2020: \$95,000,000) and held borrower notes with a face value of \$1,280,000 (2020: \$1,520,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 27.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council and the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Council		Group	
	2020/21 Actual \$'000	2019/20 Actual \$'000	2020/21 Actual \$'000	2019/20 Actual \$'000
Carrying amount				
Payables, taxes and transfers	31,718	25,065	24,033	24,033
Secured loans	80,000	95,000	80,000	95,000
Total carrying amount	111,718	120,065	104,033	119,033
Contractual cash flows				
Payables, taxes and transfers	31,718	25,065	24,033	24,033
Secured loans	82,608	98,883	82,608	98,883
Total contractual cash flows	114,326	123,948	106,641	122,916

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2021				
Payables, taxes and transfers	31,718	-	-	-
Secured loans	15,820	20,707	36,001	10,080
Total	47,538	20,707	36,001	10,080
Council 2020				
Payables, taxes and transfers	25,065	-	-	-
Secured loans	16,108	15,874	51,656	15,245
Total	41,173	15,874	51,656	15,245
Group 2021				
Payables, taxes and transfers	24,033	-	-	-
Secured loans	15,820	20,707	36,001	10,080
Total	39,853	20,707	36,001	10,080
Group 2020				
Payables, taxes and transfers	25,065	-	-	-
Secured loans	16,108	15,874	51,656	15,245
Total	41,173	15,874	51,656	15,245

Contractual maturity analysis of derivative financial instruments

The table below analyses Council and the Group's derivative financial instruments into those that will be settled on a net basis and those that will be settled on a gross basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Council and Group	
	2020/21	2019/20
	Actual \$'000	Actual \$'000
Net settled derivative liabilities		
Carrying amount	12,569	21,615
Contractual cash flows	26,303	23,431

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Net settled derivative liabilities				
2020/21	3,736	3,491	9,808	5,836
2019/20	3,689	3,691	9,914	6,137

Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Council		Group	
	2020/21	2019/20	2020/21	2019/20
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Carrying amount				
Cash and cash equivalents	19,037	27,076	19,038	27,113
Recoverables and receivables	15,593	18,805	15,370	18,619
Other financial assets				
- term deposit	855	829	855	829
- community loans	45	90	45	90
- LGFA borrower notes	1,280	1,520	1,280	1,520
Total carrying amount	36,810	48,320	36,588	48,171
Contractual cash flows				
Cash and cash equivalents	19,037	27,076	19,038	27,113
Recoverables and receivables	15,593	18,805	15,593	19,671
Other financial assets				
- term deposit	829	829	829	829
- community loans	47	96	47	97
- LGFA borrower notes	1,309	1,565	1,309	1,565
Total contractual cash flows	36,815	48,371	36,816	49,275

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2021				
Cash and cash equivalents	19,037	-	-	-
Recoverables and receivables	15,593	-	-	-
Other financial assets				
- term deposit	829	-	-	-
- community loans	47	-	-	-
- LGFA borrower notes	249	328	571	161
Total	35,755	328	571	161
Council 2020				
Cash and cash equivalents	27,076			
Recoverables and receivables	18,805			
Other financial assets				
- term deposit	829			
- community loans	49	47	-	-
- LGFA borrower notes	253	250	819	243
Total	47,012	297	819	243

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Group 2021				
Cash and cash equivalents	19,038			
Recoverables and receivables	15,593			
Other financial assets				
- term deposit	829			
- community loans	47	-	-	-
- LGFA borrower notes	249	328	571	161
Total	35,756	328	571	161
Group 2020				
Cash and cash equivalents	27,113			
Recoverables and receivables	18,619			
Other financial assets				
- term deposit	829			
- community loans	49	47	-	-
- LGFA borrower notes	253	250	819	243
Total	46,863	297	819	243

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council and the Group's financial instrument exposures at the balance date.

	2020/21		2019/20	
	Actual	Actual	Actual	Actual
	-100bps	+100bps	-100bps	+100bps
	\$'000	\$'000	\$'000	\$'000
Interest rate risk				
Council				
Financial assets				
Cash and cash equivalents	(191)	191	(271)	271
Term deposits	(20)	20	(8)	8
Financial liabilities				
Derivatives	(18,181)	(7,344)	(28,889)	(14,816)
Group				
Financial assets				
Cash and cash equivalents	10	(10)	14	(14)
Term deposits	(20)	20	(8)	8
Fixed interest investments				
Financial liabilities				
Derivatives	(18,181)	(7,344)	(28,889)	(14,186)
Foreign exchange risk				
Group				
Financial assets				
Cash and equity investments	10	(10)	14	(14)
Equity price risk				
Group				
Financial assets				
Equity investments	29	(29)	24	(24)

Explanations of sensitivity analysis

The interest rate, foreign exchange and equity price sensitivities are based on reasonably possible movements in interest rates, exchange rates and equity market valuations; with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates of -100bps/+100bps (2019: -100bps/+100bps).

Note 33 CAPITAL MANAGEMENT

Council's capital is its equity (or ratepayers' funds) which include accumulated funds and other reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner which promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of asset detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financing policies in Council's LTP.

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserve.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can be approved only by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Note 34 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

The major variance explanations are set out below and explain the significant differences between actual results for 2020/21 compared to the budget for 2020/21. Please note that the abbreviations used in this note are \$Xm, millions of dollars; \$Xk, thousands of dollars.

Statement of comprehensive revenue and expense

Overall revenue was \$62m more than budgeted. This difference was largely due to vested and found asset revenue of \$34m as well as a gain on the revaluation of interest rate swaps of \$9m not being budgeted. Contribution revenue was also \$7m higher than budget due to growth exceeding budgeted levels throughout the district and in particular for Pokeno. Other variances on revenue include subsidies from the NZTA being \$2m higher than budget and grant income of \$4m which was not budgeted. The levels of activity for various fees and charges were also more than expected which resulted in higher revenue than was budgeted in the annual plan.

Overall expenses were \$18m greater than budget. Significant variances include wastewater processing costs \$5m greater than budget that were recovered from customers. unbudgeted maintenance costs of \$4m funded by a grant from the Department of Internal Affairs relating to Three Waters Reform and \$4m spent on the Proposed District plan, as well as consultant costs being \$5m more than expected. External consultants were engaged to provide cover for various employee vacancies throughout the year as well as to meet increased demand for services in areas such as planning and consents.

Depreciation and amortisation costs were also \$7m higher than budget which is primarily due to the three waters and bridges revaluations in the prior year being much higher than expected. This increase was partially offset by the revaluation on roading assets however the overall impact of the revaluations at 30 June 2020 (based on the useful lives of the assets) was higher depreciation recognised in the current year. Unbudgeted amortisation of \$2m was also recognised in the current year due to pre-purchased wastewater infrastructure growth charges being utilised in Pokeno at a much faster rate than expected. The developers in Pokeno have largely achieved their 30 year growth projection in a much shorter time which has reduced the life of the related asset and resulted in the acceleration of the amortisation expense.

The above movements resulted in a surplus of \$62m at an operating level. (Compared to the budgeted surplus of \$18m).

Total comprehensive revenue and expense was \$101m which was \$45m higher than budget. Majority of the difference is explained by the operating results noted above. Other comprehensive revenue and expense includes revaluation surpluses which were \$6m lower than budgeted. This was off-set by a \$6m gain on Council's investment in the Waikato Regional Airport which was not budgeted in the annual plan.

Statement of financial position

The statement of financial position shows a decrease in overall net assets of \$168m compared to budget. The biggest variance was for property, plant and equipment which was lower than budget due to some asset write-offs and a capital programme which was significantly below budget. This difference is partially offset by lower borrowings compared to budgeted estimates which is consistent with the below budget capital programme. Current assets and liabilities are higher than budgeted and is largely due to cash flow timing differences which resulted in a higher cash and cash equivalents balance compared to budget.

Statement of cash flows

The cash flow statement highlights how the overall operational activities of Council were higher than expected throughout the year. It also highlights that the capital programme was below budget and therefore no additional external borrowings were required. The net impact of this resulted in cash balances being \$9m higher than budget at the end of the year.

Funding impact statements

The whole of Council funding impact statement reports cash or soon to be cash items (such as revenue or expenses in receivables or payables) and does not consider non-cash funded items such as asset write-offs or assets vested in Council. The report analyses separately the surplus or deficit for operating funding and capital funding.

This year the overall operating funding surplus was \$24m and in line with budget. Due to the operational activities of Council being higher than expected – both operating funding (revenue) and operating expenditure were \$9m more than budget.

The increase in operating funding was the result of higher Fees and Charges due to higher than anticipated growth and demand, as well as Subsidies and Grants for operating purposes exceeding budget.

The increase in operating expenditure was primarily due to above budget payments to suppliers partially offset by lower staff costs because several budgeted positions were vacant for a significant period throughout the year. Employee vacancies as well as increased growth and demand resulted in higher payments to external consultants.

Sources of capital funding were \$19m less compared to budget. Borrowings were partially repaid, and additional budgeted borrowings were not required due to lower actual spend on the capital programme. This was partially offset by contribution income which was \$7m higher than budget due to growth exceeding budgeted levels throughout the district.

Note 35 INSURANCE OF ASSETS

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2021 is \$712,826,927 (2020: \$698,579,479) and the maximum amount to which they are insured is \$253,072,970 (2020: \$253,424,033).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$447,233,345	\$10,000,000 per loss (primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets) \$100,000,000 per loss (For anything that falls outside primary layer cover, these insurance contracts provide for the recovery of 40 per cent of the costs of loss or damage to declared assets)
Material Damage	\$262,520,612	\$150,000,000 combined limit any one loss or series of losses arising out of any one event in excess of policy deductible \$25,000,000 fire limit
Motor Vehicle	\$2,616,540	\$2,616,540
Other	\$456,430	\$456,430
Total	\$712,826,927	\$253,072,970

In addition to the insurance contracts noted above, the council maintains a disaster recovery reserve to meet the costs of damage that may not be recoverable through insurance. At 30 June 2021 the balance of this reserve was \$1,530,494 (2020: \$788,265).

FIS STATEMENTS

Whole of Council

	2019/20	2019/20	2020/21	2020/21
	Long term plan \$'000	Annual Report \$'000	Annual plan \$'000	Actual \$'000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	73,494	62,408	67,330	67,248
Targeted rates	32,119	28,811	30,709	30,556
Subsidies and grants for operating purposes	17,236	8,607	8,355	12,804
Fees and charges	14,887	10,859	10,415	13,705
Interest and dividends from investments	50	180	130	59
Local authorities fuel tax, fines, infringement fees, and other receipts	10,432	9,290	7,885	9,266
Total operating funding	148,218	120,155	124,824	133,638
Applications of operating funding				
Payments to staff and suppliers	118,516	93,730	92,818	102,752
Finance costs	4,506	4,195	5,497	4,706
Other operating funding applications	2,834	2,422	2,664	2,516
Total applications of operating funding	125,856	100,347	100,979	109,974
Surplus (deficit) of operating funding	22,362	19,808	23,845	23,664
Sources of capital funding				
Subsidies and grants for capital expenditure	15,875	11,461	13,315	15,402
Development and financial contributions	8,271	6,283	6,393	13,158
Increase (decrease) in debt	46,871	34,269	15,661	(15,000)
Gross proceeds from the sale of assets	3,914	684	521	2,105
Lump sum contributions	-	-	-	-
Other dedicated capital funding	199	124	124	1,232
Total sources of capital funding	75,130	52,821	36,014	16,897
Applications of capital funding				
Capital expenditure				
- to meet additional demand	22,777	20,690	5,361	6,802
- to improve the level of service	32,912	21,263	14,607	19,516
- to replace existing assets	45,370	30,255	30,893	32,317
Increase (decrease) in reserves	(4,276)	398	(581)	(16,099)
Increase (decrease) in investments	709	23	9,579	(1,975)
Total applications of capital funding	97,492	72,629	59,859	40,561
Surplus (deficit) of capital funding	(22,362)	(19,808)	(23,845)	(23,664)
Funding balance for Whole of Council	-	-	-	-

Funding impact statement

Water supply

	2019/20 Long term plan \$'000	2020/21 Annual Plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	179	185	446
Targeted rates	9,940	10,873	10,515
Subsidies and grants for operating purposes	-	-	104
Fees and charges	97	97	223
Internal charges and overheads recovered	284	203	542
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	11
Total operating funding	10,500	11,358	11,841
Applications of operating funding			
Payments to staff and suppliers	4,586	4,593	7,130
Finance costs	-	-	-
Internal charges and overheads applied	4,253	4,315	2,523
Other operating funding applications	37	38	146
Total applications of operating funding	8,876	8,946	9,799
Surplus (deficit) of operating funding	1,624	2,412	2,042
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	82
Development and financial contributions	1,335	1,357	3,186
Increase (decrease) in debt	1,156	359	395
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	124	124	75
Total sources of capital funding	2,615	1,840	3,738
Applications of capital funding			
Capital expenditure			
- to meet additional demand	5,109	1,398	613
- to improve the level of service	1,156	359	374
- to replace existing assets	2,338	2,116	2,474
Increase (decrease) in reserves	(4,364)	379	2,319
Increase (decrease) in investments	-	-	-
Total applications of capital funding	4,239	4,252	5,780
Surplus (deficit) of capital funding	(1,624)	(2,412)	(2,042)
Funding balance for Water supply	-	-	-

*Other dedicated capital funding for the Water Supply group of activities represents capital revenue from fees charged to fund capital works for new connections.

Funding impact statement

Wastewater

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	238	244	410
Targeted rates	11,227	11,819	11,956
Subsidies and grants for operating purposes	-	-	1,104
Fees and charges	1,280	1,319	2,603
Internal charges and overheads recovered	74	41	361
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	12,819	13,423	16,434
Applications of operating funding			
Payments to staff and suppliers	4,483	4,691	9,407
Finance costs	-	-	-
Internal charges and overheads applied	4,668	4,964	2,584
Other operating funding applications	340	347	238
Total applications of operating funding	9,491	10,002	12,229
Surplus (deficit) of operating funding	3,328	3,421	4,205
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	695
Development and financial contributions	889	904	3,553
Increase (decrease) in debt	10,297	3,237	4,105
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	11,186	4,141	8,353
Applications of capital funding			
Capital expenditure			
- to meet additional demand	10,841	814	1,404
- to improve the level of service	10,333	3,237	4,614
- to replace existing assets	1,931	1,691	1,558
Increase (decrease) in reserves	(8,591)	1,820	4,982
Increase (decrease) in investments	-	-	-
Total applications of capital funding	14,514	7,562	12,558
Surplus (deficit) of capital funding	(3,328)	(3,421)	(4,205)
Funding balance for Wastewater	-	-	-

Funding impact statement

Stormwater

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	101	105	134
Targeted rates	1,793	1,897	1,984
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	244	302	422
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	2,138	2,304	2,540
Applications of operating funding			
Payments to staff and suppliers	1,515	1,082	1,222
Finance costs	-	-	-
Internal charges and overheads applied	516	534	264
Other operating funding applications	6	6	16
Total applications of operating funding	2,037	1,622	1,502
Surplus (deficit) of operating funding	101	682	1,038
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	349	354	715
Increase (decrease) in debt	976	986	370
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,325	1,340	1,085
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,459	100	343
- to improve the level of service	976	986	331
- to replace existing assets	148	166	102
Increase (decrease) in reserves	(1,157)	770	1,347
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,426	2,022	2,123
Surplus (deficit) of capital funding	(101)	(682)	(1,038)
Funding balance for Stormwater	-	-	-

*Other dedicated capital funding for the Roding group of activities includes a contribution towards the Taupo Mangawara stream crossing project and capital revenue for motorcycle safety upgrades.

Funding impact statement

Roading

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	22,151	22,403	21,829
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8,390	8,295	9,546
Fees and charges	154	175	200
Internal charges and overheads recovered	2,379	741	450
Local authorities fuel tax, fines, infringement fees, and other receipts	2,615	1,708	2,348
Total operating funding	35,689	33,322	34,373
Applications of operating funding			
Payments to staff and suppliers	21,160	18,629	20,094
Finance costs	-	-	-
Internal charges and overheads applied	5,038	4,890	3,470
Other operating funding applications	-	-	-
Total applications of operating funding	26,198	23,519	23,564
Surplus (deficit) of operating funding	9,491	9,803	10,809
Sources of capital funding			
Subsidies and grants for capital expenditure	11,093	12,915	12,937
Development and financial contributions	1,030	1,048	3,266
Increase (decrease) in debt	2,119	817	490
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	-
Total sources of capital funding	14,242	14,780	16,693
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,888	2,013	2,010
- to improve the level of service	2,986	2,990	1,409
- to replace existing assets	19,143	19,566	21,218
Increase (decrease) in reserves	(284)	14	2,865
Increase (decrease) in investments	-	-	-
Total applications of capital funding	23,733	24,583	27,502
Surplus (deficit) of capital funding	(9,491)	(9,803)	(10,809)
Funding balance for Roothing	-	-	-

*Other dedicated capital funding for the Roothing group of activities includes a contribution towards the Taupo Mangawara stream crossing project and capital revenue for motorcycle safety upgrades.

Funding impact statement

Sustainable environment

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	8,438	8,672	8,128
Targeted rates	5,406	5,029	5,023
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,390	6,995	8,845
Internal charges and overheads recovered	779	564	603
Local authorities fuel tax, fines, infringement fees, and other receipts	4,396	3,368	4,230
Total operating funding	25,409	24,628	26,829
Applications of operating funding			
Payments to staff and suppliers	18,750	18,389	22,449
Finance costs	-	-	-
Internal charges and overheads applied	6,290	5,961	6,024
Other operating funding applications	56	44	(220)
Total applications of operating funding	25,096	24,394	28,253
Surplus (deficit) of operating funding	313	234	(1,424)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	2,901
Gross proceeds from the sale of assets	-	-	(347)
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	2,554
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	51	52	3,013
- to replace existing assets	76	68	19
Increase (decrease) in reserves	186	114	(1,902)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	313	234	1,130
Surplus (deficit) of capital funding	(313)	(234)	1,424
Funding balance for Sustainable environment	-	-	-

Funding impact statement

Sustainable communities

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	21,627	22,209	23,186
Targeted rates	710	822	808
Subsidies and grants for operating purposes	60	60	1,534
Fees and charges	1,760	1,830	1,615
Internal charges and overheads recovered	353	1,894	2,010
Local authorities fuel tax, fines, infringement fees, and other receipts	1,754	1,868	2,315
Total operating funding	26,264	28,683	31,468
Applications of operating funding			
Payments to staff and suppliers	15,053	17,881	20,214
Finance costs	-	-	-
Internal charges and overheads applied	6,094	6,191	6,193
Other operating funding applications	562	632	554
Total applications of operating funding	21,709	24,704	26,961
Surplus (deficit) of operating funding	4,555	3,979	4,507
Sources of capital funding			
Subsidies and grants for capital expenditure	368	400	1,602
Development and financial contributions	2,680	2,730	2,438
Increase (decrease) in debt	3,668	3,228	4,494
Gross proceeds from the sale of assets	511	522	2,159
Lump sum contributions	-	-	-
Other dedicated capital funding*	-	-	1,157
Total sources of capital funding	7,227	6,880	11,850
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,393	1,037	2,389
- to improve the level of service	4,427	4,214	7,556
- to replace existing assets	3,708	4,582	4,003
- Increase (decrease) in reserves	2,254	1,026	2,409
- Increase (decrease) in investments	-	-	-
Total applications of capital funding	11,782	10,859	16,357
Surplus (deficit) of capital funding	(4,555)	(3,979)	(4,507)
Funding balance for Sustainable communities	-	-	-

*Other dedicated capital funding for the Sustainable Communities group of activities represents insurance proceeds to fund replacement of toilets at Tuakau, capital revenue for lighting upgrades at Dr John Lightbody Reserve and NZTA contributions to the Te Awa Cycleway.

Funding impact statement

Governance

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	5,623	6,495	5,518
Targeted rates	250	268	269
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,055	1,617	1,399
Local authorities fuel tax, fines, infringement fees, and other receipts	273	5	2
Total operating funding	7,201	8,385	7,188
Applications of operating funding			
Payments to staff and suppliers	3,091	3,422	2,644
Finance costs	-	-	-
Internal charges and overheads applied	4,086	4,920	4,555
Other operating funding applications	2	2	3
Total applications of operating funding	7,179	8,344	7,202
Surplus (deficit) of operating funding	22	41	(14)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	(18)
Increase (decrease) in reserves	22	41	4
Increase (decrease) in investments	-	-	-
Total applications of capital funding	22	41	(14)
Surplus (deficit) of capital funding	(22)	(41)	14
Funding balance for Governance	-	-	-

Funding impact statement

Organisational support

	2019/20 Long term plan \$'000	2020/21 Annual plan \$'000	2020/21 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,052	7,019	7,597
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	516
Fees and charges	-	-	219
Internal charges and overheads recovered	35,067	36,375	29,861
Local authorities fuel tax, fines, infringement fees, and other receipts	508	1,066	419
Total operating funding	39,627	44,460	38,612
Applications of operating funding			
Payments to staff and suppliers	22,393	25,609	21,186
Finance costs	4,947	5,497	4,706
Internal charges and overheads applied	7,856	8,486	8,442
Other operating funding applications	1,426	1,596	1,778
Total applications of operating funding	36,622	41,188	36,112
Surplus (deficit) of operating funding	3,005	3,272	2,500
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	88
Development and financial contributions	-	-	-
Increase (decrease) in debt	13,553	7,034	(27,756)
Gross proceeds from the sale of assets	193	-	293
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	13,746	7,034	(27,375)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	44
- to improve the level of service	1,334	2,768	2,219
- to replace existing assets	2,911	2,704	2,960
Increase (decrease) in reserves	12,229	(4,745)	(28,123)
Increase (decrease) in investments	277	9,579	(1,975)
Total applications of capital funding	16,751	10,306	(24,875)
Surplus (deficit) of capital funding	(3,005)	(3,272)	(2,500)
Funding balance for Organisational support	-	-	-

*Other dedicated capital funding for the Water Supply group of activities represents capital revenue from fees charged to fund capital works for new connections.

Annual report disclosure statement

for the year ended 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

Council's 2018-28 long-term plan set revised limits for its rates and debt affordability benchmarks. For this reason, results for the previous targets are included for the years ending 2016-2018 together with graphs depicting the results for the revised targets for the 2019-2021 years.

Rates affordability benchmarks

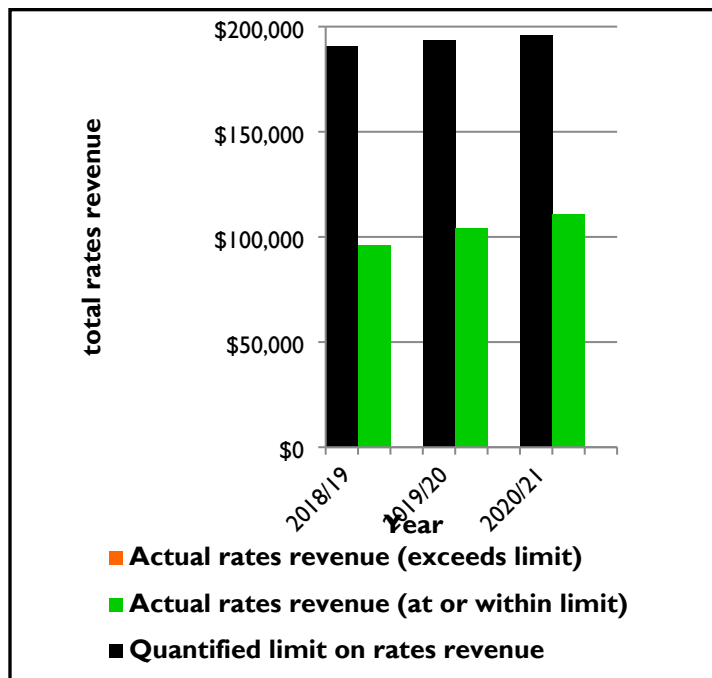
Council meets the rates affordability benchmarks if:

- its actual rates revenue equals or is less than each quantified limit on rates; and,
- its actual rates increases equal or are less than each quantified limit on rates increases.

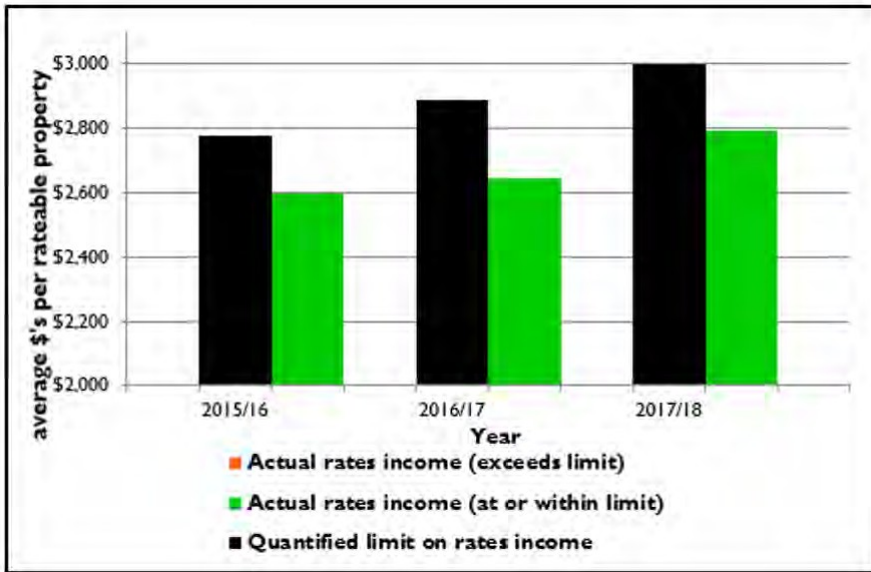
Rates (income) affordability

This graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's 2018-28 long-term plan (pg 10).

The quantified limit for the current year is that total rates revenue will not exceed 0.7% (2020: 0.7%) of the total capital value of the District (based on 2017 rating valuations and inclusive of GST). That limit equates to \$195,930 (2020: \$193,294)



The quantified limit on rates revenue contained in Council’s 2015-2025 long-term plan was based on an amount per rateable property. That amount ranged from \$2,943 in 2015 to \$2,999 in 2018

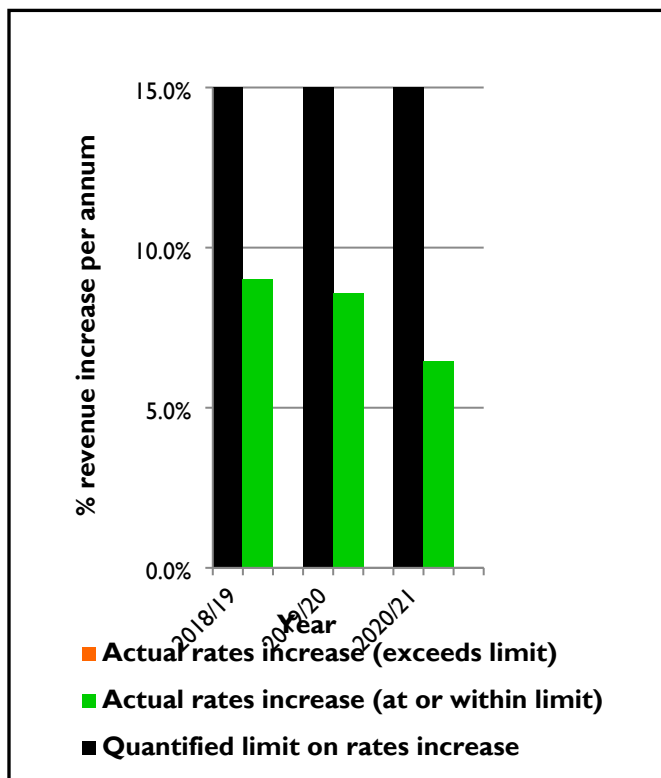


Rates (increases) affordability

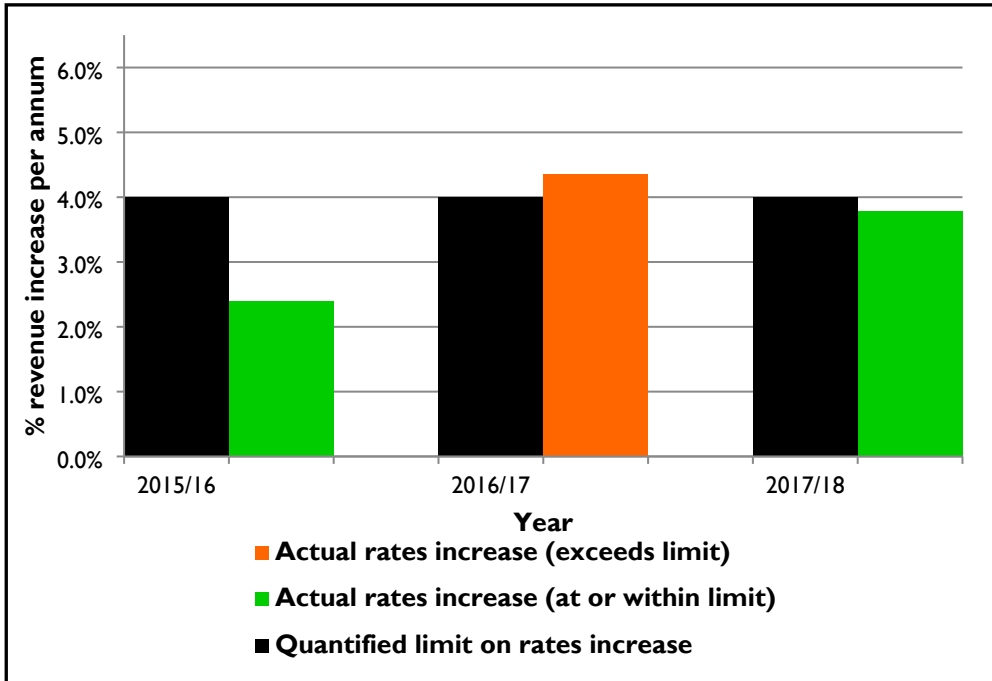
This graph compares Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council’s 2018-28 long-term plan (pg 10).

The quantified limit on increases in rates is that average annual rate increases to existing ratepayers* are not to exceed 15 percent in the first three years, reducing to five percent per annum from 2022.

*Based on 2017 rating valuations.



Council's previous limit on rates increases was set at 4% per annum (measured cumulatively from 2015/2016).

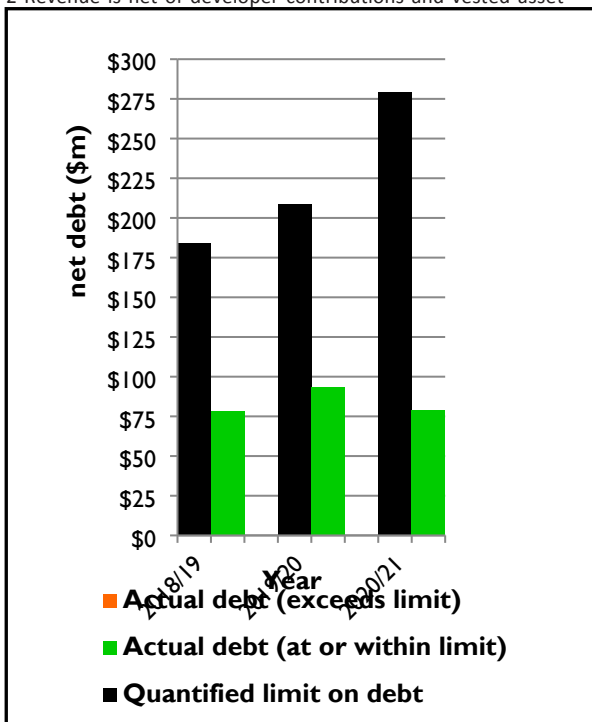


Debt affordability benchmarks

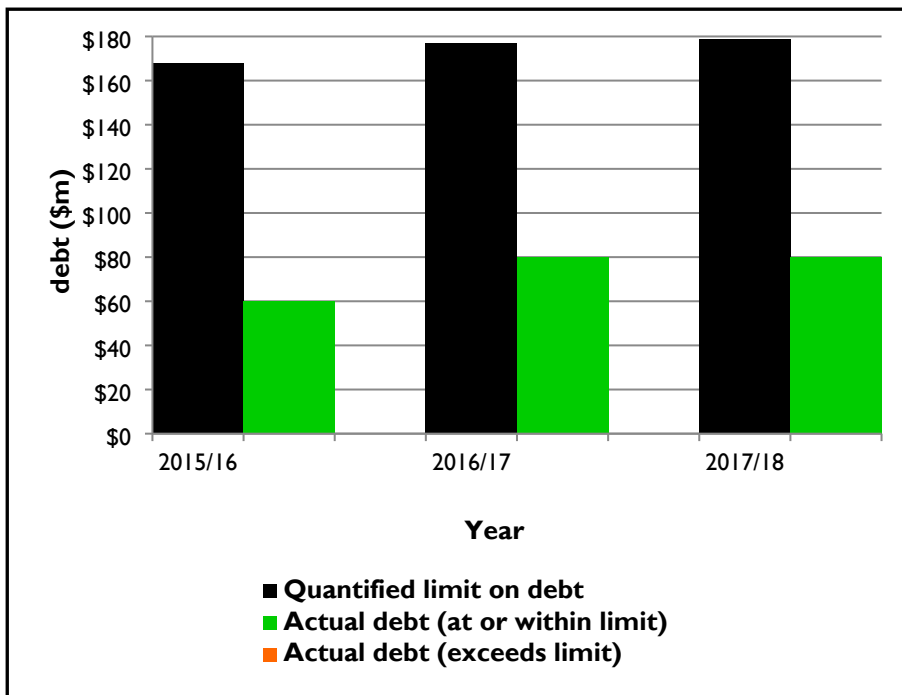
Council meets its debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. This graph compares Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in Council's 2018-28 long-term plan (pg 9).

The quantified limit on net debt¹ is that it does not exceed 150 percent of revenue².

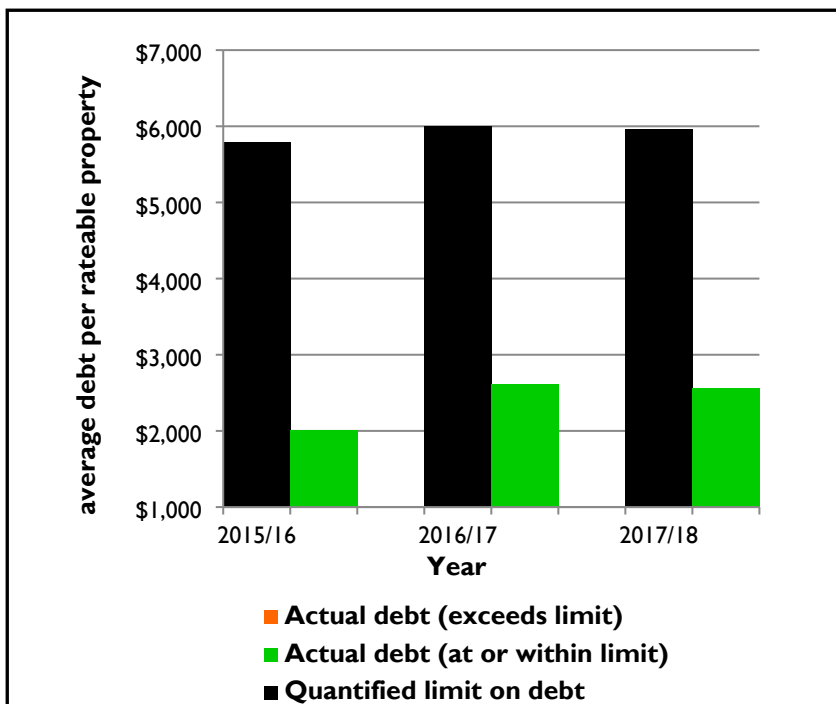
1 Net debt equals total external debt, net of borrower notes.
 2 Revenue is net of developer contributions and vested asset



Council's revised financial strategy only contains one debt limit but the previous strategy had two limits on net debt. The first of the previous limits ranged from \$167.8m in 2016 to \$178.9m in 2018.



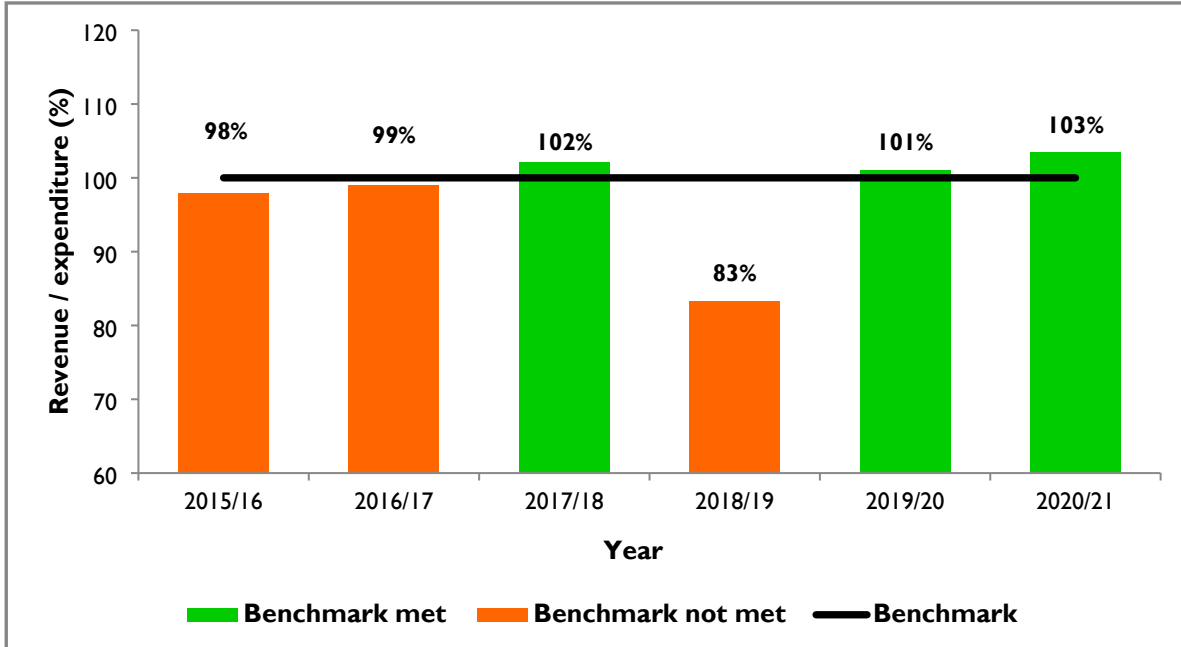
The previous strategy also limited the average net debt per dwelling. That limit ranged from \$5,788 in 2016 to \$5,957 in 2018.



Balanced budget benchmark

This graph displays Council's revenue (excluding development contributions; financial contributions; vested assets; gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

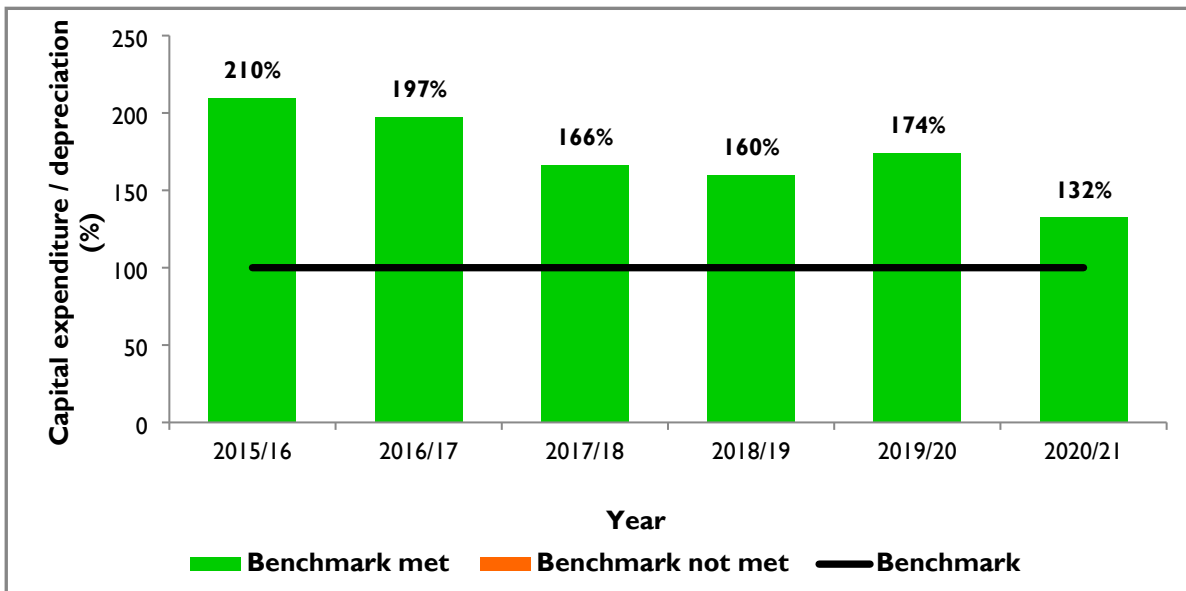
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

This graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

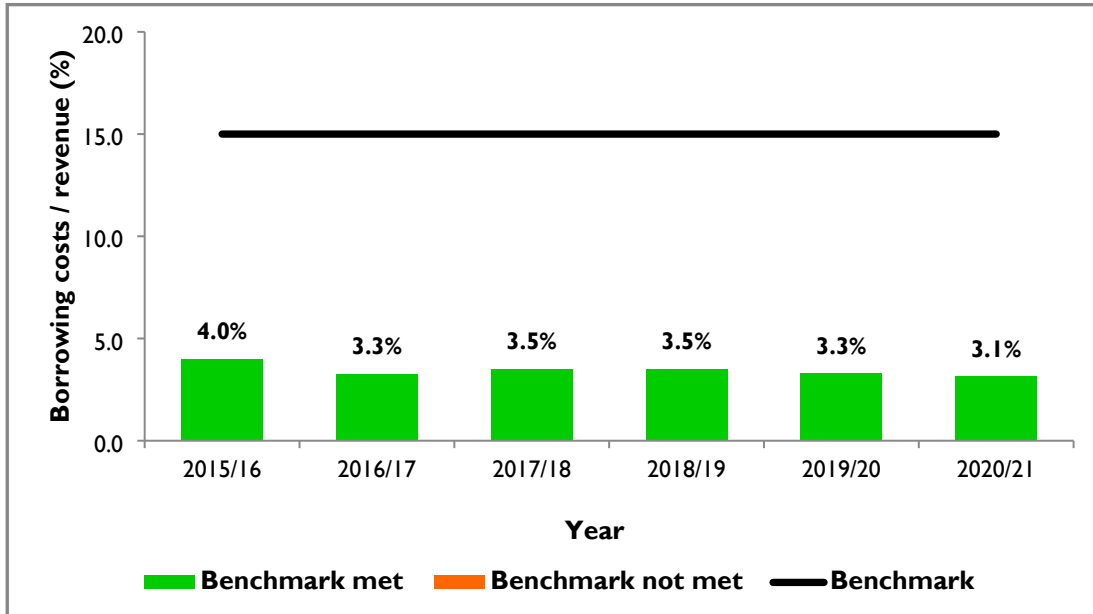
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

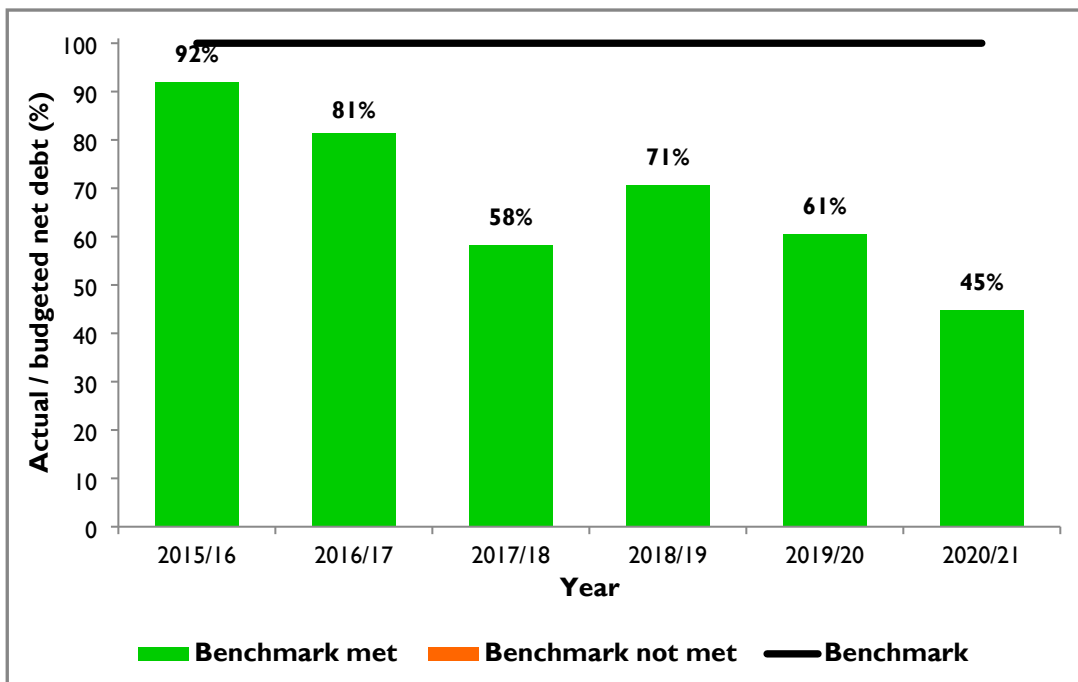
Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.



Debt control benchmark

This graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

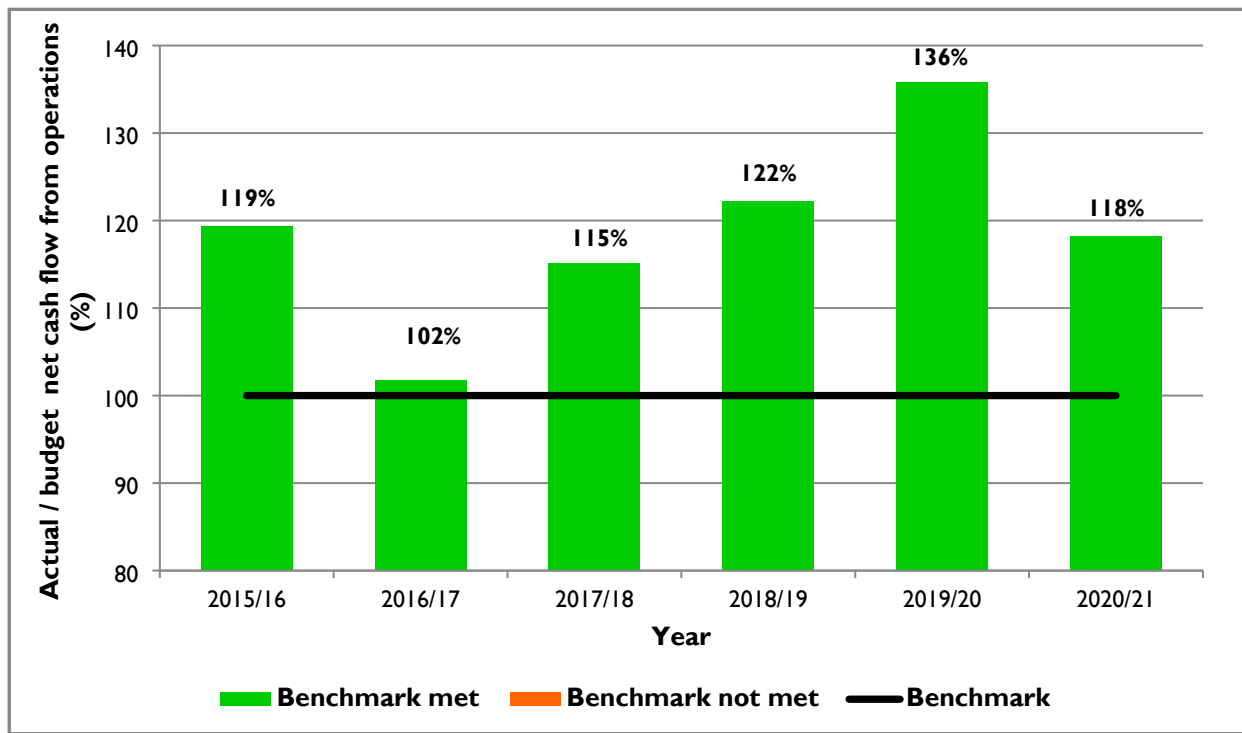
Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.



Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



COUNCIL-CONTROLLED ORGANISATIONS

The Council operates four Council-Controlled Organisations (CCO's). These organisations independently manage facilities and deliver services, with the exception of Strada Corporation Limited which wound up activities during the 2016/17 financial year. The following information explains what the organisations do and how their performance is measured.

Strada Corporation Limited

Strada Corporation Limited (formerly Tanlaw Corporation prior to 1 July 2009) was established in 1992 as a wholly owned Council-Controlled Organisation (CCO). The Council wished to separate the planning and development of its work programme from the physical works. Strada was established to achieve this and to operate as a profitable business for the Council's benefit, and ultimately Waikato District ratepayers'.

The company generally traded profitably and provided significant dividends that supplemented the council's income. However, in recent years in a more competitive market Strada had difficulty securing maintenance contract work and when the opportunity arose during 2015/16 to sell Strada's joint venture the decision was made to wind up operations.

The operational assets were sold during 2016/17 and liabilities extinguished.

Strada is no longer trading and an application has been made in to Inland Revenue for non-active status.

Waikato Regional Airport Limited

In December 1995, the Council along with four other local authorities purchased the Crown's 50 per cent shareholding in the Waikato Regional Airport Limited. The purchase increased the Council's shareholding to 15.625 per cent. At the time the Council considered the airport to be a significant infrastructural asset for the region and important to economic growth and development. The Council's shareholding is considered a strategic asset. The airport also operates a tourism subsidiary which aims to promote the region to tourists. The Council contributes separately to this entity.

The Airport has the following core purpose and key objectives for the business:

Core Purpose

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

Key Objectives of the Group (incorporating Titanium Park Limited & Hamilton Waikato Tourism Limited)

1. Operate an efficient and compliant 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. To promote the Hamilton & Waikato region as an appealing destination to international and domestic visitors.

The group achieved all of the financial targets included in their Statement of Intent. The performance against the Statement of Intent is summarised in the table below:

Agreed Measures	Statement of Intent	Actual 2020/21	Target met
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales	\$6,931m	(\$500m)	
Earnings before interest, taxation and depreciation (EBITDA) including land sales	\$9,962m	\$300m	
Land sales	\$8,617m	\$4,000m	
Net surplus/(deficit) before tax	\$39,952	(\$3,700)	
Net surplus/(deficit) after tax	n/a	n/a	n/a
Net operating cashflow (excluding land sales)	\$10,367m	(\$1,500)	
Percentage of non-landing charges revenue to total revenue	77.0%	60.0%	
Shareholders' funds to total assets	1	65%	
Net profit after tax, interest and revaluations to total assets	n/a	n/a	n/a
Net profit after tax, interest and revaluations to total shareholder funds	n/a	n/a	n/a
Net debt (less than)	\$11,995m	\$30,000m	
Interest rate cover	12.4	(4.0)	

The group achieved all but two of the non-financial targets included in their Statement of Intent. The two targets not met are stated below:

Performance Target	Comment	Target met
Titanium Park Limited Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council	The masterplan was completed however the project was halted due to the Group's financial constraints arising from COVID19 and resumed during 2021.	
Jet Park Hotel Hamilton Airport (Waikato Regional Airport Hotel Limited) Implement a recovery plan to enable a steady return to pre-COVID key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating	The hotel's contract to operate as a Managed Isolation Facility was continued throughout the financial year so it did not resume operations as a regular trading hotel.	

Waikato Local Authority Shared Services Limited

Local authorities of the Waikato region established the Waikato Local Authority Shared Services (WLASS) Limited during 2005/2006, the 12 local authorities of the region, being Environment Waikato; Hamilton City Council; Hauraki District Council; Matamata – Piako District Council; Otorohanga District Council; Rotorua District Council; South Waikato District Council; Taupo District Council; Thames-Coromandel District Council; Waikato District Council; Waipa District Council and Waitomo District Council, jointly own the company.

These local authorities have worked closely together over the years on mutually beneficial joint projects. The Councils believe the company will generate saving through economies of scale and through additional purchasing power and the ability to recover costs.

The objectives of WLASS are:

- 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
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers’ experiences.

The WLASS transformation

In the 2019 SOI WLASS asked shareholding councils to commit to transforming the company into a service delivery agent to allow it to better serve those councils. That transformation had three key elements:

- Establishing in-house resources: WLASS has since employed a small core team (a Chief Executive, Business Analyst and Executive Assistant);
- Changing the WLASS governance structure: The Board has reduced to six members - an independent Chair and five Council Representative Directors; and
- Thought leadership: By providing these structural changes it will better enable the company to explore ways in which councils can operate better for the benefit of their communities.

Performance reporting

Transforming the company into a service delivery agent and a true strategic partner to councils, means 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 is a provider of services to councils where a business case to do so has been established (recognising that it may make sense for some services to be provided by someone other than WLASS).

Given the evolution of the company, WLASS has revisited the way that it measures its success to reflect these roles. A performance framework has been established and the results are as follows:

****Awaiting performance results from WLASS.**

WLASS have confirmed that these will only be distributed once the board have approved these on the 17th of September 2021**

Waikato District Community Wellbeing Trust

In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which will result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely the Hamilton City Council, the Waikato District Council and the Waipa District Council. The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust during 2011/12.

The trust distributes fund that:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities; and
- Deliver on the aspirations and community outcomes of the Waikato district identified and promoted by the community and endorsed by the Waikato District Council

The performance against the Statement of Intent is provided in the table below:

Agreed Measures	Statement of Intent	Target met
<p>Governance:</p> <p>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.</p>	<p>Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.</p>	
<p>Investment:</p> <p>To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i>.</p> <p>To review on an annual basis the investment mandate and the performance of the portfolio manager.</p>	<p>At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.</p>	
<p>Fund disbursement:</p> <p>As per the <i>Management of Investment Portfolio and Distribution Policy</i>, to distribute a total grant disbursement that does not exceed 50% of the accumulated retained net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p>	<p>A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management of Investment Portfolio and Distribution Policy</i> for the current year.</p>	
	<p>Six-monthly reports are received from all successful applicants within the required timeframe.</p>	

Council's Financial returns

Returns on Investment	Expected return	2020/21 Results	Our performance
Financial	5.55%	9%	
Property	11.00%	7%	
Equity as follows:			
Waikato Regional Airport Ltd	0%	0%	
Civic Financial Services Ltd	0%	0%	
Local Authority Shared Services Ltd	0%	0%	
Waikato District Community Wellbeing Trust	0%	0%	

Open Meeting

To	Audit and Risk Committee
From	Vishal Ramduny Acting General Manager Community Growth
Date	2 September 2021
Prepared by	Melissa Russo Corporate Planning Team Leader
Chief Executive Approved	Y
Reference #	GOV1318 / 3236174
Report Title	Final Audit Management Report for the Long-Term Plan 2021-31

I. EXECUTIVE SUMMARY

The purpose of this report is to present the Audit Management Report from the Long Term Plan 2021-31 audit. The audit was undertaken by our independent auditors, Audit New Zealand.

The Long Term Plan 2021-2031 audit is additional to the one undertaken for the Annual Report. Council has an opportunity to provide comment on each of the issues specified based on its understanding of these and whether they require further action or have already been addressed.

The key points to note are as follows:

- Audit New Zealand has issued an unmodified opinion
- There was a level of uncertainty over the reasonableness to deliver our capital works programmes. Being a common issue for local authorities, this was an area of focus for the audit. Audit New Zealand acknowledged this is not unique to Council and noted Council's strong track record of programme delivery, particularly in wastewater and roading.
- The Three Waters Reform provided a level of uncertainty however Audit New Zealand acknowledged it was prudent to plan on a business-as-usual basis until further details are available.

Outcomes of the matters raised in the Audit Engagement Letter have been detailed in the Management Report and relate to the following:

- Content of the Consultation Document
- Control Environment
- Financial Strategy
- Infrastructure Strategy
- Key Assumptions
- Quality of asset information
- Performance Management Framework

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the final Audit Management Report for the Long-Term Plan 2021-31.

3. ATTACHMENT

Audit Management Report for the Long Term Plan 2021-31

Report to the Council on the audit of

Waikato District Council's Long-Term Plan

For the period 1 July 2021 to 30 June 2031

Contents

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2 Matters raised in the Audit Engagement Letter	6
Appendix 1: Disclosures	9

Key messages

We have completed the audit of the Waikato District Council's (the Council) Long-Term Plan (LTP) for the period 1 July 2021 to 30 June 2031. This report sets out our findings from the audit and draws attention to areas where the Council is doing well and where we have made recommendations for improvement.

Audit report

We issued an unmodified audit opinion, with emphasis of matter paragraphs on 28 June 2021. We have included emphasis of matter paragraphs in the opinion to draw readers' attention to uncertainty over the three waters reform and the uncertainty over the delivery of the capital programme.

We are satisfied that the LTP provides a reasonable basis for long-term, integrated decision-making and coordination of the Council's resources, and provides a reasonable basis for accountability of the Council to the community.

Matters identified during the audit

The audit process of the LTP has gone well. Management have been open to feedback on the LTP and the underlying information and have demonstrated effective project management in delivering on the key milestones agreed on or renegotiating where required.

We reconfirmed our previous work completed in respect of Council's underlying information supporting the consultation document which was also used for the development of the LTP. Our work on the infrastructure strategy and asset management plans identified some areas that we think the Council should consider when developing its future LTPs.

Thank you

We would like to thank the Council, management and staff for the assistance received during the audit as well as their level of preparedness.



Clarence Susan
Appointed Auditor
27 July 2021

1 Our audit report

1.1 We issued an unmodified audit report



We issued an unmodified audit opinion on the LTP on 28 June 2021. This means we were satisfied that the Council's LTP provides a reasonable basis for long-term, integrated decisions and coordination of the Council's resources, and provides a reasonable basis for accountability of the Council to the community.

We found the underlying information and assumptions used to prepare the LTP provided a reasonable and supportable basis for the preparation of the plan.

We also found that the disclosures on pages 109 to 111 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

We have included emphasis of matter paragraphs in the opinion to draw readers' attention to uncertainty over the three waters reform and the uncertainty over the delivery of the capital programme. These matters are further explained below.

1.1.1 Uncertainty over the delivery of the capital programme

A key focus area for the audit of the LTP was assessing the reasonableness of the assumption the Council has made about capital expenditure delivery. From our previous reports on local authorities, we have identified that local authorities have, on average, only spent 77% of their capital expenditure budgets from 2012/13 to 2018/19. In each of these financial years a majority of councils spent less than 80% of their capital expenditure budgets.

Under delivery of capital expenditure budgets can have significant implications to the local authority and the community, including reductions in levels of service, and ratepayers paying for work that has not been completed.

In forming a view of the reasonableness of the Council's capital expenditure forecasts, we reviewed how well the Council has delivered against its previous forecasts, as well as understand how the Council planned to meet its delivery forecasts for the LTP period.

We found that the Council has a strong track record of delivery especially on its core renewal budget for wastewater and roading. However, we did identify that there has been significant under delivery for water supply and storm water over the last three years.

We noted that the Council's total planned work programme for the 10-year period of the LTP is \$1.026 billion. In year one of the LTP, the District Council is planning to significantly increase (99%) the Council's budgeted capital expenditure programme compared to 2020/21.

The Council is aware there has been under delivery of their capital programme and have implemented plans to support the delivery of its capital programme for the next 10 years. We considered the Council's plans to support the delivery of its capital expenditure programme and found that the Council has increased its internal capacity, secured agreements with external providers, made changes to its contract delivery mode and developed realistic timeframes.

While the Council has put in place a number of initiatives to deliver its planned capital programme, there are many factors beyond its control, such as the state of the national economy, the impact of Covid-19, and the capacity of the market to deliver what is needed. If a project is affected by these factors, levels of service may not improve as quickly as planned and there could be increased risk of asset failures. As a result, we have included an emphasis of matter paragraph in the audit opinion to draw attention to the Council's disclosures in the LTP.

1.1.2 Uncertainty over three waters reform

In line with sector guidance, the Council has assumed that there is currently insufficient detail regarding the possible changes to services which will result from the three-waters reform programme, and therefore it is prudent to plan on a business-as-usual approach to service delivery. The future decisions of the three-waters reform may result in significant changes, which would affect the information on which the LTP has been based.

1.2 Uncorrected misstatements

The LTP is free from material misstatements, including omissions. However, in the course of the audit, we found certain misstatements that are individually and collectively not material to the LTP.

We have discussed any misstatements that we found with management. All misstatements identified have been corrected.

1.3 Project management, reporting deadlines and audit progress



The development of the LTP CD and LTP is a significant and complex project and a comprehensive project plan is required for a successful LTP process.

The Council had a detailed project plan which included key milestones, deadlines and the work stream responsible. This contributed to producing quality underlying information documents and enabling the Council to meet all key deadlines.

The Council continues to be receptive to audit recommendations and is focused on continuous improvement. In addition, Council staff were available throughout the audit and provided requested information in a punctual timeframe. Overall, this equated to a smooth audit process with no significant issues.

2 Matters raised in the Audit Engagement Letter



In our audit engagement letter dated 4 November 2020, we identified the following key risks and issues which were areas of emphasis during our audit.

2.1 The content of the consultation document

We reviewed the Council's LTP consultation document and are satisfied the LTP consultation document included appropriate information to enable consultation with the public on key issues. The impact on rates, debt and levels of service were clearly described for the options presented.

2.2 Control environment

Our approach to the audit was to identify, confirm and assess the Council's key processes and controls over the underlying information and ultimate production of both the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions.

We found that the overall control environment is reliable for the purposes of supporting the LTP.

2.3 Financial strategy

We reviewed the Council's financial strategy and considered whether it is financially prudent and allows for the right debate with the community.

The Council's financial strategy has not significantly changed from the strategy used in the 2018-28 LTP. The strategy is focused on moving the costs of providing a service to those who use it (user pays), maintaining existing assets, modernising and improving infrastructure and supporting growth in the district.

We reviewed the financial strategy and the links to the infrastructure strategy and are satisfied the financial strategy is financially prudent, is reflected in the forecast financial information.

2.4 Infrastructure Strategy

We reviewed the infrastructure strategy and are satisfied that it provides an overview of the Council's intentions regarding the management of its critical assets, including wastewater, storm water, water supply and roading, and significant works planned for the upcoming 50 years. The document explains the issues well and substantially meets the requirements of section 101B of the Local Government Act 2002.

In the Report to the Council on the audit of the LTP CD dated 22 June 2021, we communicated some opportunities for improvement or to further reflect good practice in the Council’s infrastructure strategy. We identified two opportunities that haven’t been taken up when completing the final infrastructure strategy that formed part of Council’s LTP. They were:

- enhancing the linkages between the significant issues and the significant decisions, ensuring it is clear why the decisions arise from the issues and the Council’s preferred option for addressing the issue. We consider the “story” would be significantly enhanced if Council can articulate the options considered in landing on the projects listed in the infrastructure strategy – this is the bit that is missing; and
- include further information on the significant issue’s options. These are currently binary (do nothing or do more/less) and there was little rationale disclosed for the preferred option;

We continue to recommend the Council considers these improvements during the development of its future infrastructure strategy.

Management comment

These items will be considered for development of the future Infrastructure Strategy.

2.5 Assumptions

We reviewed and assessed the appropriateness of assumptions that the Council has used as a basis for the development of the LTP. In particular, we tested the assumptions of the impact of Covid-19, climate change - changing weather patterns and natural hazards, capital do-ability, Waka Kōtahi subsidies, three waters reform, growth, inflation, useful lives of assets, projected number of rating units and borrowings. Our findings on key assumptions were reported in our Report to Council on the audit of the LTP CD dated 22 June 2021.

We are satisfied that the assumptions are appropriate and that they have been applied consistently in the development of the underlying information of the LTP.

2.6 Quality of asset-related forecasting information (including condition and performance information for critical assets)

A significant portion of the Council’s operations relates to the management of its infrastructure: the roading network and the “three waters” of water supply, sewerage and storm water drainage. These activities typically make up a significant percentage of the Council’s operational and capital expenditure.

We found the asset management control environment is reliable for the purposes of supporting the LTP. This involved assessing the quality of asset management information and the accuracy, reliability, and supportability of the flow of information from asset management planning into the LTP. This is based on a high level assessment of the Council's asset management planning systems, review of asset management plans, infrastructure strategy, and discussions with staff involved in asset management planning for key infrastructure activities.

We noted that the forecast spending on capital expenditure and operating expenditure in the Roding Asset Management Plan had not been updated for changes made following the consultation period. There are plans to update the costs in the Roding Asset Management Plan once the LTP has been adopted.

Once the final LTP has been approved, the Roding Asset Management Plan will need to be updated to reflect the financial forecasts included in the LTP and infrastructure strategy.

Management comment

The Transport AMP is a live document which is updated post LTP adoption and will be updated once funding has been confirmed from NZTA.

2.7 Performance management framework

We reviewed the Council's performance framework at the consultation document stage and made several recommendations to management for improvements to measures or targets. We followed up as part of our review of the LTP document and are satisfied the Council has addressed our recommendations.

Overall, we assessed the performance management system, processes and controls as adequate. We conclude that the levels of services and forecasts performance are reasonable and link to the forecast financial information. The forecast performance framework is adequate and will provide an appropriate framework for a meaningful assessment of actual levels of service provision delivered by the Council.

Appendix 1: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the LTP does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter dated 4 November 2020 contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Local Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the LTP audit we have carried out engagements in the areas of annual audit and the debenture trust deed assurance engagement, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Council or its subsidiaries.</p>
Fees	<p>The audit fee, covering both the CD and LTP audit for the year is \$119,700 as detailed in our Audit Engagement Letter.</p> <p>We will also charge an audit fee for the audit of the annual report for the year ending 30 June 2021 during this period.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Local Authority that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Local Authority during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	3 September 2021
Prepared by	Madelina Baena-Escamilla, Continuous Improvement Analyst Bessie Clarke, Corporate Planner Lynn Shirley, Zero Harm Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Quality and Governance Assurance Update – September 2021

1. EXECUTIVE SUMMARY

This report outlines those activities within the programmes designed to provide quality improvement and assurance within the organisation. It covers:

- Business Process Improvement Programme;
- Internal Audit activity; and
- Independent Audit New Zealand reviews.

2. RECOMMENDATIONS

THAT the Audit & Risk Committee notes the Quality and Governance Assurance update for September 2021.

3. DISCUSSION

3.1. Business Process Improvement Programme

3.1.1 Internal Audit Schedule (2021)

The last three months have been challenging from an internal audit delivery perspective. Two internal audits have been started but not yet completed, and two delayed, due to auditee core business function workload. These will all now be completed by October 2021. One internal audit has been cancelled due to the process owner now undertaking a general review of their team processes.

In this calendar year four internal audits, covering 17 processes, have been carried out, resulting in two major non-conformances, three minor non-conformances and 34 recommendations.

An internal audit of the Zero Harm Management system will be undertaken in October 2021 against ISO45001. This internal audit is being undertaken by two staff members trained in June this year in the auditing of Health and Safety Management Systems to ISO45001.

A dashboard summary of internal audit outcomes for 2021 is presented in Table I, including the number of internal audits planned and undertaken, the findings, and the number of outstanding non-conformances.

Given the challenge being experienced releasing staff from their core business to undertake internal audit activity (as evidenced above), other delivery options are being developed and considered. This review has involved learning from others such as Hamilton City Council, Waipa District Council, and Tauranga City Council (amongst others) as to what other options have been successful. Although other options will incur cost, evidence from others is a well functioning internal audit activity adds value across the business. It will also be more cost effective to administer. An update on the progress of this review will be provided in subsequent reports.

Table I - Outcome of the 2021 Internal Audit schedule

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
Total			2	3	34	3
Service Delivery - Community Assets	1 Audit 3 Processes	0 Audit 0 Processes				
Customer Support - Consents	1 Audit 2 Processes	1 Audit 2 Processes	0	2	4	2
Community Safety - Environmental Health	5 Audits 16 Processes	1 Audit 3 Processes	0	0	9	0
Customer Support – Customer Feedback	1 Audit 6 Processes	0 Audit 0 Processes				
Risk Management Processes	1 Audit 5 Processes	1 Audit 5 Processes	2	1	5	1
Zero Harm	1 Audit 4 Processes	0 Audit 0 Processes				
Projects & Initiatives	1 Audits 7 Processes	1 Audits 7 Processes	0	0	16	0
Red	Major Non-conformances haven't been addressed					
Orange	Minor Non - Conformances haven't been addressed					
Green	All Non - Conformances have been addressed / There were no Non - Conformances					

3.1.2 Special Internal Audit (Requested by the Events Team Leader)

An internal audit of the burial process has been requested by the Community Venues and Events Team Leader. We have experienced two instances recently of inconsistencies in burial processes, resulting in adverse consequences for Council. The objective of the internal audit is to identify gaps and improvements in the workflow such that processes can be redefined and clarified (both internally and with contractors) to avoid another occurrence. Four burial

processes have been identified, and an internal auditor has been appointed. The internal audit will be carried out by the middle of October 2021.

3.1.3 Internal Audit Schedule (2019-2020)

The last outstanding non-conformance has been resolved. The process "Prepare and Strike Annual Rates" has been reviewed and updated taking into consideration the finding and recommendations from the internal audit and the applicable staff have been trained in the process. Table 3 below is the update on these actions.

A dashboard summary of internal audit outcomes is presented in Table 2, including the number of internal audits planned and undertaken, the findings, and the number of outstanding non-conformances.

This internal audit program for 2019-2020 has been completed and now is closed.

Table 2 - Outcome of the 2019-2020 Internal Audit schedule

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
Total			6	18	121	0
Animal Control	4 Audits 15 Processes	4 Audits 15 Processes	4	0	37	0
Operations - Finance - Revenue	1 Audit 3 Processes	1 Audit 3 Processes	1	1	5	0
Operations - People & Capability	1 Audit 4 Processes	1 Audit 4 Process	0	12	6	0
Service Delivery – Community connections - Venue and Events	1 Audit 2 Processes	1 Audit 2 Processes	0	1	11	0
Service Delivery – Strategic Property	1 Audit 3 Processes	1 Audit 3 Processes	0	0	8	0
Service Delivery – Contracts & Partnering	1 Audit 4 Processes	1 Audit 4 Processes	0	0	26	0
Service Delivery - Community Assets	1 Audit 3 Processes	Postponed				
Chief Executive	1 Audit 2 Processes	1 Audit 2 Processes	0	3	9	0
Community Growth - Economic and Community Development	1 Audit 2 Processes	1 Audit 2 Processes	0	0	3	0
Customer Support - Consents	1 Audits 2 Processes	1 Audit 2 Processes	1	1	16	0
Customer Support - Consents	1 Audits 2 Processes	Postponed				
Red	Major Non-conformances haven't been addressed					
Orange	Minor Non - Conformances haven't been addressed					
Green	All Non - Conformances have been addressed / There were no Non - Conformances					

Table 3- Update on outstanding actions 2019-2020 Internal Audit schedule

Name of Process	Prepare and Strike Annual Rates (1 Major Non-Conformance)
Auditor's Findings	The Rates Strike Process Lacks Detail
Recommendations and Actions to be Taken (February 2020)	Agreed. The Rates Strike Process lacked detail to the extent that it would not have been a sufficient tool to undertake the process. Resources will be allocated to document the correct process as the Rates Strike and Charge Run process informs how Council will charge and collect the correct rates revenue to fund its activities. All Rates processes in will be updated in Promap prior to 30 June 2020
Process Owner Update on outstanding Actions (June 2021)	Training is underway and the Promapp process is being developed as tasks and activities are undertaken. To be completed when the rates strike for 2021/22 is finalised the first week of July 2021.
Process Owner Update on outstanding Actions (September 2021)	The Promapp process has been updated and training is complete.

3.1.3 Policy Review

The work programme for reviewing internal and external Council policies is progressing as follows:

Policies published and/or reviewed and updated in the last three months:

- Procurement Policy
- Rewards and Recognition Policy
- Risk Management Policy
- Development Contributions Policy

Other policies currently being created or reviewed are:

- Livestock Movement Policy
- Stock Underpass Policy
- Dog Control Policy
- Water Leak Policy
- Water Policy
- Trade Waste Agreements Policy
- Trade Waste Bylaw Charging Policy
- Water rates- discontinuing supply Policy
- Lead Developer Fund (Water/Waste water) Policy

3.1.4 Improvement Forum

- The Continuous Improvement Agents continue to promote Continuous Improvement ("CI") and help process owners and experts manage and review their business processes. The motto for 2021 is "review it before it becomes overdue". Since June 2021, the percentage of out of date processes has been less than 3% of the total of the organisation's processes. Our objective is to have these 'current' so we can focus our attention on improvement.
- The review and creation of the high-risk Animal Control processes have been completed, in a joint initiative between the Animal Control and Zero Harm teams, supported by Innovation and Risk. 16 processes were created with the purpose to minimise the risk of working with dangerous dogs and animals. Also, a process in delivering and managing induction training for new animal control staff has been created, including a detailed schedule of the first 6 weeks on the job and detailing the supporting tasks of the Animal Control Buddy.
- Process mapping training continues to be delivered online using the Nintex University online training and follow-up meetings using MS teams or via face-to-face. In the past three months, 22 new starters have been trained in process mapping and process improvement as part of their induction.
- The Innovation and Ideas framework has been shared with the organisation. The framework's objective is to implement a specific and rigorous criteria for selecting the ideas/improvements to be actioned. The Innovations and Ideas Forum (IIF) is now in place and is meeting to review and select ideas worth pursuing. Amongst these are the review of the development agreement process and the opportunity to reduce Council's postal charges through an initiative to encourage residents and ratepayers to receive notifications via email.

3.2 Independent Audit Activities

The table below outlines the areas and status of issues – either completed or in progress since the last report in June 2021.

Table 4 - Areas of audit issues - September 2021

	Pending	Work in progress	Complete	Total
Audit New Zealand	0	4	39	43
Cyber security	0	8	35	43
Internal audit	0	0	5	5
Procurement and contract management	0	1	14	15
Risk management	0	0	37	37
Project management	0	0	33	33
Information and Record Management	4	7	1	12
Total	4	20	164	188

There are a total of 188 issues that have been raised by various audits across the organisation, 164 of which are complete.

3.3. KPMG Health and Safety Governance Audit

The Zero Harm Team continues to progress the completion of the actions from the KPMG Health & Safety Governance Audit. Council received 29 improvement actions and to date 86% (25 actions) have been actioned. The following table provides an update on the remaining four actions.

Proposed Corrective Action	Timeframe	Current Status	Action Owner
Work with those ELT members who are yet to attend to the internal People Leader Health and Safety training modules. Schedule training for them and their People Leaders.	June 2022	Safety Culture and Leadership Standard has now been approved by ELT and published as part of the Zero Harm Safety Management System. Safety Leadership Survey to be developed and sent to People Leaders to ensure training is meeting the required needs. This activity is captured as part of the Zero Harm Strategic Improvement Plan for FY21/22.	Lynn Shirley
Develop health and safety legislative obligations register.	December 2021	Implementation meeting scheduled with ELT and ComplyWith for September 2021	Christine Pidduck
Conduct gap analysis using newly developed obligations register.	December 2021	Will be completed as part of ComplyWith implementation.	Christine Pidduck
Develop assurance plan for health and safety management system and where possible integrate into existing audit programme.	June 2022	Internal audit of Zero Harm Safety Management System to ISO45001 Standard compliance to be undertaken by Continuous Improvement Analysis and Business Improvement Analysis by October 2021	Lynn Shirley

4. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	6 September 2021
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Updated Future Work Plan

1. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Future Work Plan for the Audit & Risk Committee's information.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the updated Future Work Plan.

3. ATTACHMENTS

- Updated Future Work Plan

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	31 August 2021
Prepared by	Gaylene Kanawa Democracy Team Leader
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Register of Interests – Elected and Appointed Members

I. EXECUTIVE SUMMARY

The purpose of this report is to provide a summary of interests declared by elected and appointed members of Council's committees and community boards, and the elected members of community committees.

The summary reflects the completed declaration of interest forms from elected and appointed members and any subsequent updates provided to the Democracy Team.

2. RECOMMENDATION

THAT the Audit & Risk Committee notes the registers of interests.

3. ATTACHMENTS

- A Financial Interests – Statement Reference
- B Register of Elected Members Interests
- C Register of Elected Members Interests – External Appointees
- D Register of Elected Members Interests – Community Boards
- E Register of Elected Members Interests – Community Committees
- F Register of Elected Members Interests – Creative Communities (CCS)

Financial Interests	
Statement Reference	
1	I am, or my spouse or partner is, a party to a contract with Waikato District Council
2	I, or my spouse or partner, individually or together own(s) 10% or more of the shares in a contracting company or controlling company .
3	I am, or my spouse or partner is, a shareholder in a contracting company or controlling company, AND either I am, or my spouse/partner is, also a shareholder of the controlling company .
4	I am, or my spouse or partner is, a managing director or a general manager of a contracting company AND either I am, or spouse/partner is, also a shareholder of the controlling company .
5	I, or my spouse or partner, individually or together, has/have an indirect concern or interest in a contract with Waikato District Council not already disclosed above.
6	If you answered 'Yes' to any of questions 1 to 5, does the total value of all contracts listed above, exceed \$25,000 (including GST) for the current financial year.

Register of Elected Members Interests											
COUNCIL	Financial Interests		Non - Financial Interests								
	Please refer to Statement Reference here.		Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
	1 to 6	With the exception of	Director/Manager	Financial Interests	Trustee/Beneficiary	Other Bodies					
Aksel Bech	No	N/A	• Frost Solutions Ltd (Frost protections and HR consultancy)	<ul style="list-style-type: none"> • Synthase Biotech (Enzyme Company) • NDA Engineering (Stainless Steel Manufacturing) • Wing Acoustics (Audio Driver Manufacturing) <ul style="list-style-type: none"> • Heilala Vanilla (Vanilla Producer) • Rua Biosciences (Medical Cannabis Company - formally Waiapu Investments) <ul style="list-style-type: none"> • Spoke Network Ltd (Telecom Software) • Mighty River Power (Electricity Generator) • Genesis Energy (Electricity Generator) • James Street Ltd. (Property Investment) • Snell Street Ltd (Property Investment) <ul style="list-style-type: none"> • Mastaplex (Animal Welfare Co.) • Beany (Accounting Software Co) • Inhibit Coatings Ltd. (Anti-microbial Surface Coating) <ul style="list-style-type: none"> • Toto Investments LP (Property) • UBCO (Electric Motorcycles - minor holder of convertible note) 	<ul style="list-style-type: none"> • Synthase Biotech (Director) • St. Peters Trust (Board Trustee) 	<ul style="list-style-type: none"> • St. Peters School & Foundation (Trustee/Chair) • Jepsen Family Trust (Trustee) • A.B. Jepsen Trust (Trustee) • Feline Adventure Trust (Trustee) 	<ul style="list-style-type: none"> • Coastguard (Northern) - (Ordinary Member) • Kerikeri Cruising Club (Ordinary Member) 	1x Tamahere (Beneficiary of Trust)	<ul style="list-style-type: none"> • Complimentary access to Promoter's Lounge at Sevens tournament with +1 7 (Donor- 37 South Ltd) • Waikato Business Awards (13 Nov 2020) \$219.50 • Hospice Bucket-List Dinner (4 May 2021). Value \$160. 	N/A	• Loan to Individual in Ward.
Carolyn Eyre	No	N/A	• Pepepe Investments (Farming)	• Pepepe Investments (Farming)	• SM Eyre Trust (Office Manager)	• SM Eyre Trust (Beneficiary)	• Waikato Diocesan School for Girls Proprietors Board (Representative)	• Huntly (Beneficiary of Trust)	2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020	N/A	N/A
Chris Woolerton	No	N/A	• Middle Ridge Farms Ltd. (Dairy farm)	<ul style="list-style-type: none"> • Fonterra • Balance • LIC 	• Middle Ridge Farms Ltd.	• Woolerton Trust	• Oaks Church (Parish Council/ Building Committee)	• Taupiri (Owner)	N/A	N/A	N/A
Eugene Patterson	No	N/A	• Complete Painting & Decorating (Painting)	N/A	N/A	N/A	Ngaruawahia Bowling Club (Treasurer)	•Ngaruawahia (Owner)	N/A	N/A	N/A
Frank McInally	No	N/A	McInally Truckpainters (Panel-paint)	N/A	N/A	N/A	Huntly RSA (President)	2x Huntly (Owner)	N/A	N/A	N/A
Jacqui Church	No	N/A	• Great Goods Limited (Coffee & Food Service Wholesale Distributor)	N/A	N/A	• Southwest Trust (Trustee)	<ul style="list-style-type: none"> • Pukekohe Lions (Member) • Franklin & Districts Justices of the Peace Association (Member) • BPW Franklin – Business & Professional Women Franklin (Member) <ul style="list-style-type: none"> • Port Waikato Pink Breakfast (Committee Chair) • Tuakau Cleanup & Planting (Member) • Franklin & North Waikato [FAWN] Trails Forum (Member) • Onewhere Golf Club (Colin Church – Husband – Member & on Match Committee) • Port Waikato Blue Breakfast (Colin Church – Husband – committee member) 	•2xTuakau (Owner)	2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020	N/A	N/A
Jan Sedgwick	No	N/A	N/A	<ul style="list-style-type: none"> • Auckland Airport • Contact Energy <ul style="list-style-type: none"> • AMP • Methven • Cochlear • Telstra • Wherescape • CBA • Bank of Queensland (public shareholder in all above) 	N/A	<ul style="list-style-type: none"> • Holbrook Family Trust (beneficiary) • Carrara Wharf Trust (Beneficiary) • Harvey S'pore Trust (Beneficiary) • WWF NZ - Trustee (Board Member) • Te Araroa Trail Trustee (Board Member) 	N/A	• Te Kauwhata (Shareholder in company)	N/A	N/A	N/A
Janet Gibb	No	N/A	<ul style="list-style-type: none"> • JMG Ltd (Rental Properties) • Ede Investments Ltd (Farming) 	N/A	• Ede Investments Ltd (Farming)	<ul style="list-style-type: none"> • Janet Gibb Family Trust (Trustee/Settlor/Beneficiary) • Rarangi Trust (Trustee/Beneficiary) • Mangatokatoka Trust (Trustee/Beneficiary) • Tironui Trust (Trustee/Beneficiary) 	• Business + Professional Women NZ (Advocacy + Education – Member/Past Executive)	<ul style="list-style-type: none"> • 2x Taupiri (Owner) • 4x Taupiri (Trustee or Director) • 2x Taupiri (Trustee/Beneficiary/Director) 	2 Tickets to rugby match from Hamilton City Council value of \$150 5 July & 10 Oct 2020	N/A	<ul style="list-style-type: none"> • ASB (mortgages Rental Properties) • ASB (Farm Mortgages + Overdrafts)

Register of Elected Members Interests											
COUNCIL	Financial Interests			Non - Financial Interests							
	1 to 6	With the exception of	Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Other Bodies				
Lisa Thompson	No	N/A	N/A	N/A	<ul style="list-style-type: none"> Raglan Area School (Board of Trustees & Administrator) Trade Aide Importer (Retail) 	<ul style="list-style-type: none"> Raglan Event & Multi Sport Trust (Event Coordinator/Trustee) 	<ul style="list-style-type: none"> Whaingaroa Raglan Affordability Project/Affordable Housing/Council Raglan Naturally (Community Organisation) Raglan Business Chamber (Local Business Development) Council & Community Board 	1x Raglan (owner)	N/A	N/A	N/A
Noel Smith	No	N/A	N/A	<ul style="list-style-type: none"> National Australian Bank (Bank) Farmlands Loop Ltd (Farm Supplies) 	• Self Employed (Farming)	N/A	<ul style="list-style-type: none"> Waikato JP Assn Inc (JP Duties – Senior Vice President) Huntly JP Assn (JP Support – IPP) 	x2 Ngaruawahia (owner)	N/A	N/A	N/A
Rob McGuire	No	N/A	N/A	• Fonterra (Shareholder)	• Self-employed (Farming)	• McGuire Family Trust (Beneficiary)	N/A	1x Puketaha (Family Trust/Beneficiary)	N/A	N/A	N/A
Mayor Allan Sanson	No	N/A	Sanpat Ltd (Farming)	Sanpat Ltd (Farming)	N/A	AM & PA Sanson Family Trust (Trustee)	N/A	x3 Huntly (owner)	January 2020 Return Airfare to Guangzhou (China) from Yashili International Holdings, including 3 nights accommodation.	N/A	N/A
Stephanie Henderson	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Te Kohanga (owner)	N/A	N/A	N/A
Shelley Lynch	No	6. No answer entered	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Huntly Rotary (Charity) – Organisation has received, or applied to receive, funding from Council/Community Board/Community Committee BPW Huntly (Dinner meetings) Huntly & Ngaruawahia RSA (Dinner) 	x3 Huntly (owner)	N/A	N/A	N/A

Register of Elected Members Interests

Name	Financial Interests <i>Please refer to Statement Reference</i>		Non - Financial Interests								
	1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Brendon John Green	No	No	<ul style="list-style-type: none"> Peak 2 Peak limited Advanced biotech 	n/a	n/a	n/a	<ul style="list-style-type: none"> Watercare (director) Ministry of Education (taumata aronui) Waikato Tainui (member) Maitiaki Advisory limited (director) Tainui Kawhia Inc (director) Manukau Institute of Technology (Runanga) 	n/a	n/a	n/a	ANZ Mortgage
Maxine Moana-Tuwhangai	No	n/a	n/a	n/a	n/a	<ul style="list-style-type: none"> Te Whakakitenga o Waikato (Marae representative) Koheroa 39D1B and 39D2 Trust (trustee) Te Aho o Te Kura Pounamu (Trustee) 	<ul style="list-style-type: none"> Baukura Hauora o Tainui (director) Kiwi Rail Holdings (director) 	n/a	n/a	n/a	n/a

Jack Ayers	Ngaruawahia	No	N/A	N/A	N/A	N/A	• Waipa School Board of Trustees (Board Member)	N/A	N/A	N/A	N/A	N/A
Rongo Kirkwood	Ngaruawahia	No	N/A	• Riverbed Motel (Accommodation)	• Riverbed Motel (Accommodation)	• Trust Waikato (Community Trust)	• Ngaruawahia High School Board of Trustee (Board Member)	N/A	N/A	N/A	N/A	N/A
Dianne Firth	Ngaruawahia	No	N/A	N/A	• Soalchemy (Soap Making) • Shipits (Dress Making)	N/A	• Dianne Firth Family Trust (Trustee) • KH & CL Ulrich Trust (Beneficiary)	• Glen Massey School PTA (Treasurer) • Ngaruawahia High School Board of Trustees	1x Ngaruawahia (Beneficiary of Trust) 1x Hamilton (Beneficiary of Trust)	N/A	N/A	N/A
Venessa Rice	Ngaruawahia	No	N/A	N/A	N/A	• Ngaruawahia Community House (local community services and activities) • Ngaruawahia High School (Husband employed as groundsman)	N/A	Ngaruawahia Community Patrol	2x Ngaruawahia (Owner)	N/A	N/A	N/A
David Whyte	Huntly	No	N/A	N/A	• Zestos (Boutique citrus production, writing on environmental/tree issues, rental property management)	N/A	N/A	• New Zealand Tree Crops Association (President moving to Past President in 2021) • Waikato Tree Crops (Committee Member)	2x Ohinewai (Owner) 2x Huntly (Owner) 2x Ngaruawahia (Owner)	2x Complimentary tickets to Huntly Wearable Art Show	N/A	• Westpac (bank loan)
Red Wootton	Huntly											
Rewi Cork	Huntly											
Greg McCutchan	Huntly	No	N/A	N/A	N/A	Declined to answer	N/A	N/A	Declined to answer	N/A	N/A	N/A
Kim Bredenbeck	Huntly	No	5. GM of WEA who hold a contract for iSITE delivery services for Raglan. Contract will end possibly in June 2020 (value of contract 142k)	N/A	N/A	• Waikato Enterprise Agency Trust Inc. (Education and Tourism services)	• Friendship House Inc (Treasurer)	• Huntly War Memorial Hall Committee (Secretary) (Currently negotiating funds to continue the refurbishment of the hall as outlined by Chairperson who is the project manager aligned to plan) • Huntly Residency and Ratepayers Association (Secretary) • Lets Get Together Huntly (Committee member - delivers Wearable Arts Competition every second year- will apply to the culture fund and community board for this event in July)	1x Huntly (owner)	N/A	N/A	N/A
Eden Watawai	Huntly	No	N/A	N/A	N/A	• Waikato District Council (Employee-Customer Service)	N/A	• Huntly RSA (Committee Member) • Harty Sistaz Huntly Girls Youth Group (Co-Facilitator) Anzac Day funding for Huntly RSA Access to Council resources as Huntly Youth Action Group Contributors (Harty Sistaz)	1x Huntly (Tenant)	N/A	N/A	N/A
Dorothy Lovell	Taupiri	No	N/A	N/A	N/A	• Hamilton Hearing Assoc. (Administrator)	N/A	N/A	N/A	N/A	N/A	N/A
Howard Lovell	Taupiri	No	No	HW & JE Lovell Ltd			• Kildore Development (Director) • Mountain View Developments (Director) • Taupiri School Board of Trustees (Trustee)		6x Taupiri	N/A	N/A	
Rudy Van Dam	Taupiri	No	N/A	• St. Isadore Co Ltd. (Farming)	N/A	N/A		N/A	1x Taupiri (Owner)	N/A	N/A	N/A
Joanne Morley	Taupiri	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sharnay Cocup	Taupiri	No	N/A	N/A	N/A	N/A	• Taupiri School Board Trustees (Trustee) • Taupiri Youth Group (Trustee) • Waikato Trout Committee (Trustee)	• Taupiri Rugby Club (Weigh in deligate)	N/A	N/A	N/A	N/A
Jacqueline Henry	Taupiri	No	N/A	N/A	N/A	• Waikato Regional Council (Senior Social Scientist)	N/A	N/A	1x Taupiri (Owner)	N/A	N/A	N/A

YELLOW INDICATES THAT THE ELECTED MEMBER DID NOT SUBMIT A COMPLETED FORM

Register of Elected Members Interests

Name	Community Committee	Financial Interests Please refer to Statement Reference here.		Non - Financial Interests								
		1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Jim Katu	Meremere	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Meremere (Owner)	N/A	N/A	N/A
James Harman	Meremere	No	N/A	N/A	N/A	N/A	N/A	• Meremere Development Committee incorporated (Chairman) Received community funding	x1 Meremere (Owner)	N/A	N/A	N/A
Angela Dobby	Meremere	No	6 - No answer entered	N/A	N/A	N/A	N/A	N/A	1x Meremere (Beneficiary of Trust)	N/A	N/A	N/A
Lauren Horsfall	Meremere	No	N/A	N/A	N/A	N/A	N/A	• Meremere Community Development Committee (Find funding for events & programs run in Meremere) <i>Funding: Christmas events in past.</i>	x1 Meremere (Owner)	N/A	N/A	N/A
Cecilia Heta	Meremere	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$500 gift card each to Cecilia Heta, Trish van der Wende and Okeroa Rogers, all members of the MMCC Hall Committee, on behalf of MMCC, as resolved by email resolution (MMCC2002/04)	N/A	N/A
Ben Brown	Meremere	No	N/A	• Decal Ltd (Director)	N/A	N/A	N/A	• Meremere Development Committee (Secretary)	1x Meremere (Owner)	N/A		
Toni Grace	Te Kauwhata	No	N/A	N/A	• Mercury Energy (shares)	• Suits & Gumboots Country Daycare (Early Childhood Centre)	• Tolemisa Trust (Trustee)	• Te Kauwhata Squash Club (Club Captain)	1x Te Kauwhata (Owner/Trustee)	N/A	N/A	Home Mortgage
John Cunningham	Te Kauwhata	No	N/A	Aparangi Retirement Village	• Ignition Partner Ltd (Business Advice & capital raising) • Resin & Wax Holdings (Chemical Development) • Cawthron Institute (Aquaculture Research) • IMMR (Research) • Climsystems Ltd. (Climate forecasting & risk management)	N/A	N/A	N/A	2 x Te Kauwhata (Owner)	N/A	N/A	N/A
Carolyn Berney	Te Kauwhata	No	N/A	N/A	N/A	• Te Kauwhata Primary School (Teaching)	N/A	N/A	1 x Te Kauwhata (Owner)	N/A	N/A	N/A
Courtney Howells	Te Kauwhata	No	N/A	N/A	N/A	• Century 21 Tuakau	N/A	• Wife is District Commissioner of Te Kauwhata Area Pony Club	1x Waerenga (Owner)	N/A	N/A	Home Mortgage
Barry Weaver	Te Kauwhata	No	N/A	N/A	N/A	N/A	N/A	N/A	1 x Te Kauwhata (Owner)	N/A	N/A	N/A
Angela Van de Munckhof	Te Kauwhata	No	N/A	• Te Kauwhata Pharmacy (Pharmacy/Retail)	• Te Kauwhata Pharmacy (Pharmacy)	• Te Kauwhata Pharmacy (Retail)	N/A	N/A	1x Onewhero (Owner)	N/A	N/A	N/A
Tim Hinton	Te Kauwhata	YES Sub contractor to City Care (Value of contract \$600,00)	YES No.6	Inform Landscapes (Horticulture Contractor)	Inform Landscapes (Horticulture Contractor)	• Inform Landscapes (Horticulture Contractor)	Tim Hinton Family Trust (Director)	• Te Kauwhata Emergency Services Trust (Funding for emergency services)	1x Te Kauwhata (Owner)	N/A	N/A	N/A

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Ric Odom	Pokeno	No	N/A	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Investments Ltd. (Investment)	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Family Trust (Trustee)	Franklin JP Assn (Council member. Justices of the Peace)	1x Pokeno (Owner/Trustee)	N/A	N/A	New Zealand Home Loans (Mortgage)
Helen Clotworthy	Pokeno	No	N/A	Pokeno Bacon Co. (Manufacturers-Retailers)	Pokeno Bacon Co. (Manufacturers-Retailers)		David Evans Family Trust (Trustee & Beneficiary)	Pokeno Hall Committee (Treasurer) Pokeno Community Hall (Manager)	x4 Pokeno (Owner)	N/A	N/A	N/A
Lance Straker	Pokeno											
Allen Grainger	Pokeno	No	N/A	•Waikato Rugby Union •Frankton Rugby Sports Club Inc	N/A	N/A	N/A	• Waikato Rugby Union (Director) • Frankton Rugby Sports Club (Board Member)	N/A	N/A	N/A	N/A
Peter Koizumi	Pokeno											
Todd Miller	Pokeno											
Kris Hines	Pokeno	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Pokeno (Owner)	N/A	N/A	N/A
Brenda Ann Roberts	Pokeno	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Doug Rowe	Pokeno	No	N/A	N/A	N/A	N/A	N/A	Pokeno Community Patrol Member Pokeno Hall Committee Member	1x Pokeno (Owner)	N/A	N/A	N/A
Helen Johnson	Pokeno	No	N/A	N/A	N/A	NZ Police (Intelligence Analyst & Support)	N/A	Pokeno Tennis & Rec Club (Committee Member-rebuilding a community facility)	N/A	N/A	N/A	N/A
James McRobbie	Pokeno											

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

Register of Elected Members Interests

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				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Judith Anne Muru	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	Te Wharekura o Rakaumanga - Education	N/A	N/A	Owner 1x property, Huntly	N/A	N/A	N/A
Mark Leslie Vincent	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Heather Joy Cunningham	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	Raglan Community Arts Council - Clay Tutor	N/A	N/A	N/A	N/A	Tutor Fee in employment for Raglan Community Arts Council	N/A
Annette Joan Taylor	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	N/A	N/A	Home Range/Number 8 Network (Editor) - received grants from WDC Discretionary Fund	N/A	N/A	N/A	N/A
Amomai Pihama	Creative Communities Scheme Assessment Committee											
Claire du Bosky	Creative Communities Scheme Assessment Committee	No	N/A	N/A	Shares in Genesis	Relief Teacher - Waitakaruru School, Te Kauwhata Primary School and Waerenga Primary School	N/A	Te Kauwhata Fitness Centre - Committee Member	Owner 1x property - Te Kauwhata	N/A	N/A	N/A
Miriama (Tilly) Turner	Creative Communities Scheme Assessment Committee	No	N/A	Mighty Fine Product Ltd (Food Caravan)	Trading as Taana Ltd (Mussel Fritters)	N/A	Hone & Miriama Turner Whanau Trust (Trust for Whanau Papakainga)	Turangawaewae Maori Women's Welfare League (Branch of the Waikato Regional MWWL and part of National MWWL)	1 x property Ngaruawahia (Trustee members & beneficiary)	N/A	N/A	ANZ Bank (Trust for home mortgage)

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	31 August 2021
Prepared by	Gaylene Kanawa Democracy Team Leader
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 Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item number 2 Action Register		
Item number 3.1 Fraud Declaration		
Item number 3.2 Register of Members' Interests – Staff		
Item number 3.3 Application Landscape and Associated Risks		
Item number 3.4 Committee time with Audit NZ (management excluded)		

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 Action Register		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 3.1 Fraud Declaration	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.
Item number 3.2 Register of Members' Interests – Staff	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
Item number 3.3 Application Landscape and Associated Risks	7(2)(b)	Protect information where the making available of the information: (i) would disclose a trade secret, or (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or
	7(2)(e)	Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or
	7(2)(j)	Prevent the disclosure or use of official information for improper gain or improper advantage.
Item number 3.4 Committee time with Audit NZ (management excluded)	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.

AND THAT Ms Wyburn and Mr Sutton be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.