

Agenda for a meeting of the Performance & Strategy Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY, 20 JUNE 2023** commencing at **9.30am**.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

3. DISCLOSURES OF INTEREST

The register of interests is no longer included on agendas, however members still have a duty to disclose any interests under this item.

4. CONFIRMATION OF MINUTES

Meeting held on Monday, 8 May 2023

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5. ACTIONS REGISTER

Waikato Regional Airport Ltd – Verbal Presentation

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7. PERFORMANCE REPORTS

7.1 Chief Executive Business Plan Update

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8. EXCLUSION OF THE PUBLIC

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	Cr Janet Gibb
Deputy Chairperson:	Cr Marlene Raumati
Membership:	The Mayor, all Councillors
Meeting frequency:	Six-weekly
Quorum:	Majority of members (including vacancies)

Purpose:

The Performance & Strategy Committee is responsible for:

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

In addition to the common delegations, the Performance & Strategy Committee is delegated the following Terms of Reference and powers:

Terms of Reference - Strategy:

1. Develop and agree strategy and plans for the purposes of consultation (including those required under schedule 10 of the Local Government Act 2002).
2. Recommend to Council strategy and plans for adoption, that underpin Council's Long Term Plan.
3. Monitor and review adopted strategies and plans.
4. To monitor and provide advice on the development and implementation of growth and development strategies, land use, and spatial plans in line with national policy requirements.

Terms of Reference – Performance:

1. To monitor Council's financial strategy, and performance against that strategy.
2. To monitor Council's non-financial performance framework as set out in the Long Term Plan.
3. To receive quarterly reports on the Chief Executive's Business Plan.
4. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
5. To receive six-monthly reports of Council's CCOs and COs, including on board performance.

6. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for full Council's approval.

7. To monitor Council's investments and Local Government Funding requirements in accordance with Council policy and applicable legislation.

The Committee is delegated the following powers to act:

- Approval of:
 - a. the increase or decrease of the number of members on CCO and CO boards;
 - b. appointments to, and removals from, CCO and CO boards; and
 - c. a mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.
- Exercise the Council's powers as a shareholder, or as given under a trust deed, in relation to a CCO or CO, including (but not limited to) modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, or exempting CCOs in accordance with the Local Government Act 2002. For clarity, this delegation includes the approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Monitor work programme of Future Proof, Waikato Plan, Growth Strategy and cross-boundary issues.
- Approval of any process for making decisions where additional operating expenditure or capital expenditure funding, or deferred capital expenditure, is required.
- Approval of all insurance matters which exceed the delegation of the Chief Executive or other staff, including considering legal advice from the Council's legal and other advisers, approving further actions relating to insurance issues, and authorising the taking of formal actions
- Review and make recommendations to Council in relation to Fees & Charges (after consultation with relevant community boards or committees).
- Review and recommend to Council the adoption of the Annual Report.
- Approval of transactions in relation to investments in accordance with Council policy.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which exceed the Chief Executive's delegations, but exclude contracts or arrangements that are reserved for the Council or another committee's approval.
- Approval of rating issues where these exceed the delegated authority of officers or are an appeal against officer decisions. For clarity, this excludes decisions that are required, by law, to be made by the Council.
- Approval to write-off outstanding accounts that exceed officer delegations.

To	Performance & Strategy Committee
Report title	Confirmation of Minutes
Date:	Thursday, 8 June 2023
Report Author:	Elizabeth Saunders, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Purpose of the report

Te Take moo te puurongo

To confirm the minutes for a meeting of the Performance & Strategy Committee (P&S) held on Monday, 8 May 2023.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the minutes for a meeting of the Performance & Strategy Committee held on Monday, 8 May 2023 be confirmed as a true and correct record.

3. Attachments

Ngaa taapirihanga

Attachment 1 – P&S Minutes – 8 May 2023.

Minutes of a meeting of the Performance & Strategy Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **MONDAY, 8 MAY 2023** commencing at **9.30am**.

Present:

Cr M Raumati (Chairperson)
Cr C Beavis
Cr CA Eyre (Deputy Mayor)
Cr P Matatahi-Poutapu
Cr V Reeve
Cr LR Thomson
Cr P Thomson
Cr T Turner
Cr D Whyte

Attending:

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Ms A Diaz (Chief Financial Officer) – *until 10.03am*
Mr C Morgan (General Manager Community Growth)
Ms M May (General Manager, Service Delivery)
Mr J Ebenhoh (Planning & Policy Manager)
Mr W Gauntlett (Growth & Analytics Manager)
Ms M Rinaldi (Long Term Plan Project Manager)
Mr C Bailey (Finance Manager)
Mr R Turner (Customer Experience Manager)
Ms N Hubbard (Corporate Planning Team Leader)
Ms M Hong (Principal Analyst)
Mr K French (Chief Executive - Co-Lab)

Ms E Saunders (Democracy Advisor)

Cr M Raumati opened the Committee Meeting with a karakia.

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Cr P Thomson/Her Worship the Mayor, JA Church)

That the apologies for:

- a. non-attendance from Cr J Gibb, Cr E Patterson, Cr M Keir & Cr P Matatahi-Poutapu be accepted.

CARRIED

P&S2305/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Beavis/L Thomson)

- a. **THAT** the agenda for a meeting of the Performance & Strategy Committee held on Monday, 8 May 2023 be confirmed and all items therein be considered in open meeting, and
- b. **THAT** all reports be received.

CARRIED

P&S2305/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs L Thomson/Beavis)

THAT the minutes for a meeting of the Performance & Strategy Committee held on Monday, 27 March 2023 be confirmed as a true and correct record of that meeting.

CARRIED

P&S2305/03

ACTIONS REGISTER

Agenda Item 5

This item was received [*P&S2305/02 refers*], and the following discussion was held:

Mr K French (Co-Lab) provided a powerpoint presentation and answered questions of the committee.

Presentation:

- Overview of Co-Lab, the structure of the organisation and how it works with different Councils.
- There are currently 12 Councils involved with Co-Lab which are: Waikato District Council; Hamilton City Council; Matamata-Piako District Council; Otorohanga District Council; South Waikato District Council; Rotorua Lakes District Council; Thames Coromandel District Council; Waikato Regional Council; Waipa District Council; Waitomo District Council and Western Bay of Plenty District Council.
- An overview of the highlights for Co-Lab for the last six months was given with the launch of Co-Lab Learning noted as a particular highlight.

Questions/Discussion:

- A discussion was had around the number of presentations Mr French would be making to Council over the coming year. It was decided that a calendar appointment would be added on an annual basis.
- A question was raised around shareholder councils and how potential membership or ideas from other councils could impact? Mr French confirmed that there is no active programmes outside of the shareholding councils or anything that could impact shareholding councils at this time.
- A question was raised around the services provided and what is on offer for shareholding councils? Trade waste management support is something that Co-Lab works actively in along with the Smart Waters programme.
- It was asked if Co-Lab were picking out programmes that are happening throughout the country in other councils and investing in these or implementing them in our councils? Co-Lab advised that they do engage with other councils particularly to ensure we are not duplicating efforts or replicating programmes that are happening in other areas.

ACTION: An appointment is to be scheduled into the Meetings Calendar to ensure Mr French could attend the Performance & Strategy Committee Meeting this time next year to produce another report.

ACTION: The actions from the February Performance & Strategy meeting are to be included in the Actions Register moving forward.

REPORTS

Long Term Plan Work Programme Update

Agenda Item 6.1

The report was received [P&S2305/02 refers] and The Long Term Plan Project Manager gave a verbal update and answered questions of the committee.

- A comment was made around cohesiveness between the vision; work programmes and KPI's – is there anyway we can have a report that outlines these things and ensure we are keeping all three of things in mind when reporting to Council with the LTP.
- A question was raised around the four building blocks (4, 5, 6 & 9) that have not yet been started? Should there be any concern with this? It was confirmed that there is no concern and Council staff are comfortable about where we are at with these blocks.
- Special Consultant Procedure – this is a specific type of consultation that is done under the Local Government Act – there is specific aspects of the LTP that need to go through this process.

ACTION: The LTP Planning Manager to look at a clear spreadsheet outlining not only the key building blocks but but also the current status of these blocks and the reasoning behind this to be created for the Elected Members moving forward.

Growth Projections to Inform the 2024-2034 Long Term Plan

Agenda Item 6.2

The report was received [P&S2305/02 refers] and the Growth & Analytics Manager along with the Principal Analyst gave a verbal update and answered questions of the committee.

Presentation:

- It was noted that there was great engagement with the two workshops that were scheduled in the last week.
- The projections in the report were adopted by Council in 2021; tested by Waikato University in 2022 and adopted by Futureproof earlier in 2023.

Questions/Discussion:

- It was good to to see how these assumptions have actually come about and it would good to workshop further with Councillors if there are any adjustments to these assumptions moving forward.

- A question was raised around growth for the next 10 years – what does this look like for Waikato District and are we in line with the Waikato 2070 Strategy? It was noted that the Waikato 2070 strategy is aspirational and does not align with actual growth. The Waikato 2070 strategy is looked at as a future land use pattern.
- The overall growth for the next decade as predicted is 101,000.

Resolved: (Crs Turner/Eyre)

THAT the Performance and Strategy Committee:

- notes that the Council formally adopted the University of Waikato 2021 high growth scenario as its default growth projection on 21 September 2021; and**
- recommends that Council adopts the University of Waikato 2021 high growth projections as the base scenario to inform its 2024-2034 Long Term Plan.**

CARRIED

P&S2305/04

Adoption of Strategic Priorities

Agenda Item 6.3

The report was received [*P&S2305/02 refers*] and The Corporate Planning Team Leader answered questions of the committee.

Questions/Discussion:

- It was asked where does this list of Strategic Priorities sit in relationship to Community outcomes? The Community outcomes sit at the highest level – when we think about the outcomes they are things that Council may deliver on but also other groups may deliver on including our communities. They are aspirational and ask the question “What can Council do to deliver on those Community outcomes?”. – community outcomes sits at that high level – what can council do to deliver on those community outcomes
- It was asked if it is more appropriate to adopt these Strategic Priorities after the community consultation/engagement has been undertaken? Council did not want it to look like we have pre-determined what that consultation will bring. It was noted that Council were not expecting much change after community engagement had been undertaken but if there is significant change it will be looked at moving forward.

- It was asked if there was any way we could give a recommendation for the Strategic Priorities with clear support but stop short of formally adopting at this time? It was preferred that Council adopt the Strategic Priorities after the Community recommendations are done.
- It was noted that this could indeed be done and the report can be received at this time and adopted once the Strategic Priorities have been reaffirmed.
- A question was raised around Page 37 - Improving Core Services vs Maintaining them. It was noted that there was a lot of discussions at the workshop around “holding the line” when it comes to Council services but it was confirmed that staff will remove the word “improving” and replace with the word “maintain”.
- A discussion took place amongst the committee about “Roadside Amenity” and what it is referring to and what it means. May need to relook at this and provide further clarification if required.
- It was noted by Cr Whyte that further clarity was also required around “Road Safety Measures”.
- There was discussion around the previous workshop that had been done and the outcomes that were noted from that. It was noted that from memory the main outcome was “Community want Council to deliver on what they say they are going to deliver on”. The Committee does not want the nuance from that workshop to be lost. Core services are done well in some areas of the district and not so well in others.
- It was confirmed by the Chief Operating Officer that the resolution would not be adopted at the Committee meeting today and instead the report would be received only.
- The question was raised around Council making some effort to control the weeds on the roadside reserves particularly in the Rural Areas (rather than being just in the residential area). Also a question around the Animal Control team and whether improvement was even needed in this team? Is there a reason this was noted in the report?
- For Animal Control it was noted in the workshop that the improvements noted referred more to the Council reserves and bylaws for this area.
- The Corporate Planning Team Leader read the notes that she took from the Workshop and whilst she was happy to deliberate further she noted that she did not want to lose the work that had been done to date. It was noted that “Roadside Amenity” would be updated to “Rural Roadside Amenity” to better reflect the discussion that was had from the workshop.
- A question was raised around Capital Expenditure - it was noted that staff who are looking at these different projects like “improving connectivity” or “improving core services” there will be Capex items that relate to these. There is a difference between Capital Expenditure vs Operational Budget.
- It was noted by the General Manager Service Delivery that the main point of the workshop was “Council getting back to core services and doing them well – getting back to the basics”.

- It was noted that Council need to get the Community Priorities and Strategic Priorities right before the nitty gritty of the detail is explored further. Might be an idea to get a map or vision outline to capture everything.
- It was confirmed that the report would be sent to the Councillors for some further ideas but all feedback will need to be provided by Close of Business Tuesday, 9th May 2023.

ACTION: The Corporate Planning Team Leader to send this report to Councillors with feedback to be given via email by COB tomorrow.

Resident Perception Survey – Quarter 2 Results
Agenda Item 7.1

Resident Perception Survey – Quarter 3 Results
Agenda Item 7.2

The above items were taken together and the reports were received [P&S2305/02 refers]. The Customer Experience Manager gave a verbal update and answered questions of the committee.

Presentation:

- A brief overview of both Quarter 2 and Quarter 3 results was given by the Customer Experience Manager.
- It was noted there was a significant list of decreased satisfaction points in the Quarter 3 results, for which clarification was provided on the wording at point 4.3 and what it actually meant.
- Consultation & Community Engagement results in Quarter 3- this was interesting since these results were captured was during a time when there was a significant amount of engagement by Council.
- On a positive note for Quarter 3 there was an improvement in Waste Management & Minimisation.
- The next steps going into the next quarter were also outlined to the Committee and one of the solutions that was talked about was the Roding Team and what they are doing to better fund and meet the needs the Community are looking for.
- Service Requests space and project is continuing to be worked on and improved.
- Recycling Space – there was progress made after the Quarter 3 because of some specific strategic communications that was undertaken with specific properties.

Discussion/Questions:

- It was noted that if Council were going to tweak and work on the invoicing (which is a good idea) then some robust communication needed to be done at the same time.
- A question was raised in regards to Council dealing with the issues that the Community feel are important. It was noted that once the Service Request system is up and running correctly it would go a long way to improving the overall perception of Council.
- It was noted that Councillors were not entirely satisfied that the consultants are asking relevant questions to our residents. Can the actual survey be circulated to Councillors so they can see it? It was confirmed as an action that this would be circulated.
- The Consultant who looks after these surveys does a yearly recap which is due in August/September 2023. A full presentation of this outcome will be presented to the Committee once this has been completed.
- It was noted that results are now being seen from decisions that were made 12-18 months ago (Inorganic Collection was noted as an example of this). Do we have any idea around the timeline between decisions being made and effects of those decisions being seen to our communities?
- It was advised by the Customer Experience Manager that generally those timeframes can be captured quarterly to quarterly but sometimes it may be longer dependant on what the decision is that is being made.
- It would be beneficial to sit down with customers that are frustrated and actually determine how better we can serve their needs. The Customer Experience Manager noted that how we go about approaching this will be looked into further.
- It was noted that this is the second year that this external consultant company has been used to undertake our resident surveys.
- It was noted and celebrated that the “Availability of Local Councillors” survey results have gone up.
- Has the survey been tailored to ensure those residents that are answering questions have actually engaged or had an interaction with Council in the last quarter? It was confirmed that yes residents are asked this before proceeding. Other questions like “Do you have a water meter” are also asked before survey answers about water supply is requested.
- It was also noted that requesting a break down of answers via “ward” can be looked into further as this would be good for each Ward Councillor to get a better understanding of the concerns in their area.
- There is currently a lag between results for each quarter and real time results – ideally real time feedback would be our preference but is something that can be worked on.

ACTION: The Customer Experience Manager to circulate to Elected Members the survey that was given to residents so they can see exactly what questions were asked and what scope residents were answering these questions in.

The meeting adjourned at 11.22am and resumed at 11.40am.

Financial Performance Summary for the Nine Months to 31 March 2023

Agenda Item 7.3

The report was received [*P&S2305/02 refers*] and the Finance Manager gave a verbal update and answered questions of the committee.

Presentation:

- It was noted that more details have been provided as per the request of the Committee on both Pages 56 and 57.

Questions/Discussion:

- It was confirmed that land held for sale is at residential properties.
- It was noted that in terms of this LTP we would be much more focused on ensuring the plan has some lens over it from a deliverability perspective as Council were aware of the number of projects in the current plan that had not been fully scoped and were not deliverable. This was not the case for the current Annual Plan year as all projects had been scoped and priced out.
- It was further noted that whilst Council are in a better space at this time it was acknowledged that the previous position we have been in is not sustainable. There will be better clarity in the Annual Plan moving forward.
- Clarification was sought around the rise in Rates Penalties as these have gone up substantially along with an increase in Debtors. It was noted by the Finance Manager that Council were not receiving payments in the timely manner we usually would. The Credit Control team are actively working with ratepayers on their payment schedules to ensure we are capturing this as best we can. As an example it was noted that Council offered more payment plans this year than we have in previous years.
- It was further noted that when Council accept a payment plan we charge penalties throughout the year however at the end of the year (30 of June) if those payments have been met then penalties are remitted.
- A question was raised in regards to the Financial Performance Summary on Page 54 – is the difference in figures because of the delay in vesting State Highway 1 back to council? It was noted that this was part of it.
- It was noted that on Page 55 (Debtors) that overall there did not appear to be an experts opinion on this. The report was very hard to read and the data held in the spreadsheet was hard to collate with the commentary provided. It was suggested that both The Finance Manager and Chief Financial Officer work with the Mayor on the layout of the reports and having the data explained in a transparent way.
- A question was raised in regards to the Employee Entitlements increase – is this covid related or due to staff not taking their leave? The Finance Manager will gather further information regarding this and come back to the Committee.
- A question was raised around the brackets in the report and whether these figures are positive or negative? It was noted that moving forward – Brackets vs Non Brackets – Positive inside brackets and negative outside brackets.

ACTION: The Finance Manager to gather further information regarding the Employee Entitlements Increase and report back to the Committee.

Treasury Risk Management Policy – Compliance Report at 31 March 2023
Agenda Item 7.4

The report was received [P&S2305/02 refers] and the Finance Manager gave a verbal update and answered questions of the committee.

Presentation:

- It was noted by the Finance Manager that this report omitted to include interest rates on future swaps.
- It was further noted that the interest rates range from 4.21 – 4.27%.

Questions/Discussion:

- A question was raised around the treasury – Council are forecasting an increase in debt of \$80M year on year – how much provision has been given to this? The Finance Manager provided a summary on this and advised that we would test the market for a portion of those swaps and the forecast line also includes Waters at this stage and this will drop out if Waters do leave us.
- A question was raised around the Port Waikato Hub and what happens if a situation arises where the community cannot use the hub but they still carry the debt? It was confirmed that the loan is now active and being paid for by the Port Waikato Community Ratepayers whether it can be used or not.
- It was noted by the Service Delivery General Manager that the Port Waikato Hub building has been constructed in a way that allows it to be picked up and moved to another piece of land if the need arises.

ACTION: Port Waikato Hub – clarification is required around the debt for this project and confirmation of liability when community members cannot use the hub for any given reason.

2022/2023 Third Quarter Non-Financial Performance Results
Agenda Item 7.5

The report was received [P&S2305/02 refers] and the Corporate Planning Team Leader gave a verbal update presentation and answered questions of the committee.

Presentation

- It was confirmed that the report comes to the Committee on a Quarterly Basis.

- There are 63 measures in our Long Term Plan – 11 of which are measured annually.

Questions/Discussion:

- It was requested if there was a possibility Councillors could have the last three (3) years worth of data (quarterly results over 3 years) and whether this could be given in an excel spreadsheet. It was advised that this information will be held in previous Committee agendas and this can be located on the Council Website.
- It was queried if the wording around the KPI's could be improved at all. Is there a way this could be better worded to reflect the actual results? It was noted that the only reason we were failing in the Animal Control area is because of how we have worded this. It was confirmed by the the Corporate Planning Team Leader that this is being looked at.
- Was there a way that the KPI around Councillor Engagement could be refined further to reflect the work and engagement that Councillors are currently doing? The target is 80% and the result is sitting at 43% at the moment but this is not a fair reflection of the the work Councillors are doing in their communities. It was confirmed that the upcoming Council LTP is an appropriate space to identify what an appropriate measure is.
- It was noted there were three categories that were particularly concerning:
 - i. Customer & Partnership – there is a significant drop which was spoken to in Agenda Items 7.1 and 7.2;
 - ii. Councillors Engagement; and
 - iii. The percentage of Land Use Consents issued that are being Monitored – this is a major concern and would like further information about this. Is this a resourcing issue?
- It was noted that both Cr Thomson & Cr Eyre have met targets and a Congratulations was given.

ACTION: The Corporate Planning Team Leader to report back to the Committee on the wording for the KPI's moving forward.

Chief Executive Business Plan
Agenda Item 7.6

The report was received [*P&S2305/02 refers*] and the Chief Operating Officer gave a verbal update and answered questions of the committee.

- Further clarification around the term “Kalista” is required. It was provided at the last meeting.
- A comment was made around Sign-Language Week and where Council is going with this.

To	Performance & Strategy Committee
Report title	Actions Register
Date:	20 June 2023
Report Author:	Ashleigh Fairhead, EA Chief Operating Officer
Authorised by:	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

To update the Performance and Strategy Committee on the actions arising from the previous meeting.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Performance & Strategy Committee receives the Actions Register for June 2023.

3. Attachments

Ngaa taapirihanga

Attachment 1 – Performance and Strategy Committee Actions Register

	Action	Responsible to Action	Status/Update/Response
1.	<p><u>Council Controlled Organisations Half-Yearly Reports</u></p> <p>An invitation from the Chief Financial Officer to the next Performance & Strategy meeting to be issued to both Waikato Regional Airport Ltd and Co-Lab to provide further information and answer questions of the Committee.</p>	Alison Diaz, Chief Financial Officer	Completed. Kelvin French from Colab was in attendance at the 8 May meeting. Representatives from Waikato Regional Airport Limited will attend the Performance & Strategy hui in June.
2.	<p><u>Actions Register:</u></p> <p>An appointment is to be scheduled into the Meetings Calendar to ensure Mr French could attend the Performance & Strategy Committee Meeting this time next year.</p>	Alison Diaz, Chief Financial Officer	Noted.
3.	<p><u>Long Term Plan Work Programme Update</u></p> <p>The LTP Planning Manager to look at a clear spreadsheet outlining not only the key building blocks but also the current status of these blocks and the reasoning behind this to be created for the Elected Members moving forward.</p>	Nicole Hubbard, Corporate Planning Team Leader	Noted. A traffic light status will be added to the report going forward.

	Action	Responsible to Action	Status/Update/Response
4.	<p><u>Adoption of Strategic Priorities</u></p> <p>The Corporate Planning Team Leader to send this report to Councillors with feedback to be given via email by COB tomorrow.</p>	Nicole Hubbard, Corporate Planning Team Leader	Completed.
5.	<p><u>Resident Perception Survey</u></p> <p>The Customer Experience Manager to circulate to Elected Members the survey that was given to residents so they can see exactly what questions were asked and what scope residents were answering these questions in.</p>	Reece Turner, Customer Experience Manager	Completed.
6.	<p><u>Financial Performance Summary for the Nine Months to 31 March 2023</u></p> <p>The Finance Manager to gather further information regarding the Employee Entitlements Increase and report back to the Committee.</p>	Colin Bailey, Finance Manager	<p>The query refers to the increase in Employee Entitlements from \$2.7 million at 31 March 2022 to \$4.3 million at 31 March 2023.</p> <p>The majority of the variance at \$1.1 million relates to a processing delay (February journal posted in April), \$400,000 relates to the timing of the PAYE payment (payday filing date before month end in 2022 and after month end in 2023) and \$100,000 is due to an increase in staff leave provision.</p>
7.	<p><u>Treasury Risk Management Policy – Compliance Report at 31 March 2023</u></p> <p>Port Waikato Hub – clarification is required around the debt for this project and confirmation of liability when community members cannot use the hub for any given reason.</p>	Colin Bailey, Finance Manager	The agreement with the Sunset Beach Trust includes provision for Council to take ownership of the Community Centre building if the Trust defaults. The building is transportable and was designed as such to mitigate the risk to the building and community of further erosion in the area. There is no provision or mechanism available to cease the targeted rate that repays the community loan, other than via a Council decision.

	Action	Responsible to Action	Status/Update/Response
8.	<u>2022/2023 Third Quarter Non-Financial Performance Results</u> The Corporate Planning Team Leader to report back to the Committee on the wording for the KPI's moving forward.	Nicole Hubbard, Corporate Planning Team Leader	Noted and feedback passed onto the Customer Experience Manager. The discussion referred to comments in the survey which relate directly to the satisfaction survey percentages. Context is provided via the survey results which are reported to the committee separately.

To	Performance and Strategy Committee
Report title	2024-2034 Long Term Plan work programme update
Date:	20 June 2023
Report Author:	Nicole Hubbard, Corporate Planning Manager
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to provide the Performance and Strategy Committee with an update on progress in the Long-Term Plan (LTP) work programme, as well as information about what's coming up for elected members in the next six weeks.

2. Executive summary

Whakaraapopototanga matua

The report provides an update about the work programme for the 2024-2034 LTP under the 11 key building blocks that make up the LTP. The updates include timeframes (where these are known), as well as how elected members can expect to be involved.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Performance and Strategy Committee receives the 2024-2034 Long Term Plan Work Programme report.

4. Background

Koorero whaimaarama

Elected members were provided with an overview of the LGA planning and reporting process and the requirements and work programme for the 2024-2034 Long Term Plan at the Policy and Strategy Committee meeting on 27 March 2023, and since then have received an update on the building blocks progress.

Objectives

The key project management objectives for the 2024-2034 LTP project are:

- to create, and effectively consult on, an LTP Consultation Document;
- to deliver a final 2024-2034 Long Term Plan by 30 June 2024 that meets statutory requirements and receives an unmodified audit opinion; and
- to ensure that the final LTP is a document that has buy-in from, and can be relied on, by staff, elected members and the community.

Work programme update

The LTP project involves many process and content pieces, many of which overlap or are dependent on each other, before getting to the final LTP document that is adopted at the very end.

Updates about each of the key building blocks for the LTP are in the table below.

Key Building Blocks		Where it's at/what's the plan	Status
1	Community Outcomes and Strategic Direction setting	Community Outcomes and Strategic Priorities were adopted by Council on 7 June 2023. These will be used to provide direction to staff when planning work programmes and will be included in the LTP proper.	Completed
2	Groups of Activities structure	The Groups of Activities (GOA) structure is currently being reviewed and any changes will be presented to Council for approval. This aspect is behind where staff anticipated but a plan is in place to complete this work.	Monitor
3	Significant forecasting assumptions	The significant forecasting assumptions were workshopped with Council on 15 May to enable staff to use them in their upcoming planning and budgeting, with further light reviews later in 2023 and in early 2024 to retest and confirm them.	On track

Key Building Blocks		Where it's at/what's the plan	Status
4	Significance and engagement policy	This policy determines how to assess the level of significance of decisions that Council makes, and also sets out how and when communities can expect to be engaged with. Work has not begun on this review and is now anticipated to occur in August – October 2023.	Monitor
5	Budgeting process	<p>The budgeting process will set CAPEX and OPEX for each of the 10 years of the LTP. Budget managers start the process from a baseline of what is currently planned for years 4, 5 and 6 of the current LTP, then update using various lenses put across their activities including the significant forecasting assumptions, contribution to strategic priorities, community needs and aspirations (e.g. as expressed through Blueprints), carryovers, and realistic ability to deliver. Trade-offs and prioritisation will need to be considered within activities and across activities.</p> <p>There will be many opportunities for elected members to feed into the budgeting process, including workshops on asset and activity management plans and levels of service, and ultimately workshopping and approving the draft budget for the consultation document.</p>	On track
6	Financial and funding policies	There are various financial and funding policies that will be reviewed through the LTP project. These include a review of Council's fees and charges, the Revenue and Financing Policy and several rates remission policies. A workshop was held with Council on 30 May, further work will continue throughout the LTP process.	On track
7	Financial Strategy	The financial strategy describes the significant factors impacting the council that have influenced the strategy (e.g. changes in population and land use, expected capital expenditure needed to maintain levels of service). It also sets out limits on rates increases and borrowing.	On track

Key Building Blocks		Where it's at/what's the plan	Status
		The review of the financial strategy has begun and elected members had their first opportunity to input into this at a workshop on 15 May, alongside the infrastructure strategy.	
8	Infrastructure Strategy	<p>The infrastructure strategy is a synthesis of the significant infrastructural issues that are likely to arise over the next 30 years, including their financial and non-financial consequences, and the principal options for managing them.</p> <p>The review of the infrastructure strategy has begun and elected members had their first opportunity to input into this at a workshop on 15 May, alongside the financial strategy.</p>	On track
9	Development contributions policy	<p>The development contributions policy (DCP) enables the council to set charges for new developments to contribute to the growth-related costs of building infrastructure to support the increased demand.</p> <p>The DCP is not a policy required to be reviewed as part of the LTP process, however it is included here as the review will occur alongside the LTP development. The LTP will set in place the CAPEX for the upcoming 10 years, so the DCP levies have strong interdependencies with the LTP.</p> <p>Elected members will have opportunities to input into the review of this policy later starting with a workshop in June 2023, and subsequently through budget workshops later in the year. It will need to be consulted on with the public at the same time as the LTP Consultation Document.</p>	On track
10	Activity and asset planning	Activity management plans describe the activities, services and outcomes Council is delivering, and summarise the strategic and long-term approach to the provision of activities at an agreed level of service.	On track

Key Building Blocks		Where it's at/what's the plan	Status
		<p>Asset management plans focus on the physical assets of groups of assets, covering condition, lifespan of components, resources needed to manage the assets, cost of replacing the assets, and levels of service.</p> <p>The six asset management plans are currently all on track, while activity management plans for non-asset activities are yet to begin as the groups of activities structure still needs to be finalised.</p> <p>Elected members will contribute to activity and asset planning through workshops over July to September 2023, which will include levels of service, prioritisation and performance measurement discussions.</p>	
11	Consultation and engagement	<p>PRE-ENGAGEMENT</p> <p>The community was engaged during May 2023 and asked for their input into the Community Outcomes.</p> <p>Ongoing work is occurring with the communications team to develop an engagement strategy for the rest of the LTP process.</p> <p>FORMAL CONSULTATION</p> <p>Formal consultation via the special consultative procedure (SCP) must be done for certain policies (e.g. significance and engagement, development contributions) and other elements of the LTP if significant changes are being made (e.g. fees and charges, levels of service).</p> <p>Formal consultation on the LTP's consultation document will be undertaken in March-April 2024, with subsequent hearings and deliberations to be during May 2024.</p>	On track

5. Next steps

Ahu whakamua

Staff will continue to report on the progress of the 2024-2034 LTP at each Performance and Strategy meeting through the key building blocks.

To	Performance & Strategy Committee
Report title	Chief Executive’s Business Plan
Date:	20 June 2023
Report Author:	Tony Whittaker, Chief Operating Officer
Report Authoriser:	Gavin Ion, Chief Executive Officer

1. Purpose of the report

Te Take moo te puurongo

To update/inform the Committee on progress covering 2022/2023 business plan items.

2. Executive summary

Whakaraapopotanga matua

The Chief Executive’s Business Plan is a summary of progress on priority issues agreed by Councillors.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Performance & Strategy Committee receives the update on the Chief Executive’s Plan.

4. Background

Koorero whaimaarama

The Plan is a summary of progress on specific issues. It enables staff and Councillors to focus on the big issues and ensures that attention is given to those things of strategic importance.

The Plan is in line with the Chief Executive’s Performance Agreement which was updated in June 2022 in preparation for the new financial year.

Work on the plan is underway in a difficult environment given resource and supply change issues.

5. Discussion and analysis

Taataritanga me ngaa tohutohu

The report contains the strategic issues that Council is focussed on. The Chief Executive's Business Plan is aligned to the Chief Executive's Performance Agreement. The underpinning criteria is the council vision of 'liveable, thriving and connected communities.'

The list of KPIs was updated in line with the Chief Executive's Performance Agreement Reports in June 2022.

A review of the KPIs has been scheduled with the Chief Executive's Performance Review Committee.

5.1 Options

Ngaa koowhiringa

This report is for information only and as an update on progress. No decision is being sought from the Committee other than to receive the report.

5.2 Financial considerations

Whaiwhakaaro puutea

This report covers the strategic goals set for the Chief Executive for the year. There will be financial implications as the various projects and initiatives are worked through. There are no immediate concerns at the time of this report.

5.3 Legal considerations

Whaiwhakaaro-aa-ture

There are potential legal issues that arise through the implementation of this work plan and these will be discussed with council if and when these come to light.

5.4 Strategy and policy considerations

Whaiwhakaaro whakamaaherehere kaupapa here

The report and recommendations are consistent with and give effect to Council's vision of 'Liveable, thriving and connected communities – He noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi.'

5.5 Maaori and cultural considerations

Whaiwhakaaro Maaori me oona tikanga

Iwi and Tangata Whenua have been or will be consulted on at least some of the key projects or initiatives referred to in the report. Iwi are involved as a strategic partner of Council through our Joint Management Agreements and projects such as Raglan, Huntly and Te Kauwhata Wastewater Treatment plant upgrades and consent processes.

Iwi have been engaging in the waters management project, the Better Off funding assessments and with Council and central government through the Future Proof. This will be enhanced as the Mana Whenua Fora find their cadence.

5.6 Climate response and resilience considerations

Whaiwhakaaro-aa-taiao

The matters in this report will impact on climate action but it is unclear what this will be until further progress on individual projects is made. A specific measure however is included in the Chief Executive performance measures in regard to emission reduction.

5.7 Risks

Tuuraru

As this report seeks to provide a general update only, it is anticipated that the risk level is low.

6. Significance and engagement assessment

Aromatawai paahekoheko

6.1 Significance

Te Hiranga

The matters covered in this report may be assessed as of high significance, in accordance with the Council's Significant and Engagement Policy.

6.2 Engagement

Te Whakatuutakitaki

Engagement on the contents of this report has been low and internal. However specific items encompass engagement with key external stakeholders.

The following areas are priorities in the communications and engagement approach:

- Keeping councillors informed of progress;
- Ensuring the development of strategic partnerships and relationships.

Highest level of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Staff have worked collaboratively with our iwi/hapuu to maximise engagement on a range of activities and actions. Similarly, there has been consistent communication with a range of strategic partners and organisations.				

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

Planned	In Progress	Complete	
✓	✓	<input type="checkbox"/>	Internal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Community Boards/Community Committees
<input type="checkbox"/>	✓	<input type="checkbox"/>	Waikato-Tainui/Local iwi and hapuu
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Affected Communities
<input type="checkbox"/>	✓	<input type="checkbox"/>	Affected Businesses
<input type="checkbox"/>	✓	<input type="checkbox"/>	Other (Please Specify)

7. Next steps Ahu whakamua

Regular updates will be provided on progress with delivery of the business plan.

8. Confirmation of statutory compliance Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Terms of Reference and Delegations. Confirmed

The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (*Section 5.1*). Confirmed

Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (*Section 6.1*). Low

The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (*Section 6.2*). Confirmed

The report considers impact on Maaori (<i>Section 5.5</i>)	Confirmed
The report and recommendations are consistent with Council's plans and policies (<i>Section 5.4</i>).	Confirmed
The report and recommendations comply with Council's legal duties and responsibilities (<i>Section 5.3</i>).	Confirmed

9. Attachments

Ngaa taapirihanga

Attachment 1 – Chief Executive's KPI worksheet

A Chief Executive's KPIs – 2022/2023

Overarching Council Vision: "Liveable, Thriving and Connected Communities"

Staff & Wellbeing Vision: "Work Safe, Home Safe"

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
1. Delivery and achievement of Annual Plan 2022/2023 (covers normal business activities, financial and non-financial performance measures and the delivery of the annual work programme)	1.1	The 2022/2023 Annual Plan is delivered within the agreed budget, and in accordance with variations approved by Council. Provide regular updates to the Strategy & Finance Committee on progress.	<ul style="list-style-type: none"> The organisation remains under pressure in many areas due to workload and resourcing issues. We address these pressures with additional resource as we can with some support in the Draft Annual Plan. A financial review of the year indicates we are managing within operational budgets. Capex is within budget but does reflect the delayed work programme delivery as reported to Infrastructure Committee. This will lead to carry forwards to enable projects to be supported next financial year.
	1.2	Capital Works are delivered within the agreed budget and in accordance with variations approved by Council. Provide regular updates on progress and any barriers to the delivery of the projects under the following key categories:	<ul style="list-style-type: none"> EPMO is now fully resourced. Planning and forecasting rigour continues to improve as reported to infrastructure committee. This is reflected as stalled projects restart and new projects are initiated through to delivery. The focus on the Capital Works portfolio data is enabling the team to produce up to date meaningful regular reports by project phase and wards. Work is progressing well to ensure that all projects carried forward, as well as the 23/24 LTP planned projects, are scheduled and resourced for delivery. This will be complete by the commencement of the new financial year.
	a)	3 Waters (projects managed and delivered via Watercare)	<ul style="list-style-type: none"> Watercare have indicated they expect to deliver \$155 million of the LTP capital programme in years 1-3. This is a shortfall of approximately \$21 million over the 3-year period. The WGB has requested regular updates at each WGB meeting to enable the Capital Delivery Program to be reviewed and appropriate mitigations put in place where possible to minimise the Capital Delivery Program shortfall.

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
		b) Roading (project predominantly delivered through the Waikato District Alliance)	<ul style="list-style-type: none"> Additional funding has been allocated to the Waikato District Alliance contract to facilitate additional capital work to be undertaken by under this contract. <p>\$30 Million + of the transport capital programme is to be delivered through the Alliance by 24/25 financial year.</p>
		c) Sustainable communities (largely blueprints, social & community related projects).	<ul style="list-style-type: none"> With the implementation of the EPMO, there has been an increased delivery of annual plan projects. This includes completion of SP1 and SP2 at the Raglan Wharf, progress of Huntly Rail Station relocation, plus several neighbourhood playgrounds.
	1.3	Advance social procurement through: a) Implementing the Sustainable Procurement Framework by 31 December	<ul style="list-style-type: none"> The Sustainable Procurement Framework was shared with Council late in 2022. Working group has been expanded to include members from Communications Economic Development and Iwi Partnerships. Discussion underway with Maori ward councillors on incorporating Maatauranga Maori principles into the framework for low cost, low risk projects. Trina Pohatu-McQueen (Waikato Tainui representative, economic development) has also been invited to contribute to the development of the framework.
		b) Developing a Small Business Panel to enable businesses to work with us in an easier way by 31 March 2023.	<ul style="list-style-type: none"> Work has commenced on the development of a Small Business Panel. However, the current focus of the procurement team is to assist service delivery for the 2023 and 2024 capex work programme. Three days of workshops were held on capex delivery and procurement planning/approach to market etc. is the priority. Procurement is connecting with businesses through various channels including the Iwi business portal and Waikato Pacific Network Waka Kotahi procurement team feedback is to refine approach to market for low cost, low-risk procurements with a focus on award and probity criteria to better engage underrepresented businesses. Will be working with Community Boards (such as Raglan and Huntly) and Mana Whenua Forum to develop a more inclusive and effective procurement environment that support community-driven outcomes, promotes localism and social impact.
2. To deliver the 2023-2024	2.1	The 2023-2024 Draft Annual Plan	<ul style="list-style-type: none"> The Draft Annual Plan was adopted by Council on 5th April. Hearings

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
Draft Annual Plan		is complete by 30 June 2023.	commence on 8 th June with deliberations the following week. Council adoption meeting scheduled for 28 th June.
3. Government Reform	3.1	<p>Demonstrate the work being done by the Chief Executive and staff to inform, advise and advocate on behalf of the Council (evidenced through reports, workshops, briefings or emails) towards a better outcome for the District in relation to Local Government reform to:</p> <p>Future of Local Government, RMA and Three Waters.</p>	<ul style="list-style-type: none"> • Council's submission on the Future for Local Government has been acknowledged by the Review Panel including the use of a quote relating to Te Tiriti. We await the final report and recommendations on 19 June 2023. • We submitted on the Natural and Built Environment Bill and Spatial Planning Bill in February 2023 and spoke to its submission in March 2023. Key submission points aligned with LGNZ and Future Proof Council submission points, including concerns about loss of local voice, funding constraints, and the need for adequate status to be given to Te Ture Whaimana. The Natural and Built Environment Bill and the Spatial Planning Bill are currently being considered by the Environment Select Committee which will report back to parliament on 27 June 2023. Three Waters Reform – opportunities to engage and to submit have been taken. The appropriate Select Committee is working through the submissions. The Chief Executive and the Mayor have been engaging with the National Transition Unit Board. The Finance and Expenditure Select Committee will be reporting back to the House on 8 June 2023. Council's Three Waters Reform Manager, Deron Sharma, will be reviewing the report and ascertaining actions for Council. • The Council CFO is a member of the LG reference group on the finance and commercial workstream of Three Waters. Conversations on debt settlement have been attempted with the NTU (National Transition Unit) but NTU favours a more consolidated approach. • Staff nominations to the 3 Waters National Transition Unit Growth Workstreams have been put forward. Peter Henderson is representing WDC on the Land Development Working Group. • With regards to latest government announcement on Three Waters Reform, staff are continuing to deliver on agreed deliverables with the NTU. • The Three Waters Reform Manager, the Mayor and Chief Executive have been having discussions regarding entity boundaries and how WDC is positioned in these. • The puutea for Better Off Funding has been approved and committed by the DIA. It is currently sitting in the grant management system, ready to be claimed. However, Council cannot claim the funds yet because the entity monitoring Council against the DIA funding criteria, Crown Infrastructure Partners, has not developed the reporting template. • This reporting template is a crucial document for the Council as it forms the

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
			<p>reporting obligations that Council will have to transfer onto our community applicants, which will form part of the funding agreement to ensure Council, and other applicants, are not jeopardized from receiving the funding. We are due to receive a variation to the funding agreement by 2 June 2023 from DIA</p> <ul style="list-style-type: none"> Better Off Funding Tranche 1 remains (\$7.88m) but there will not be a Tranche 2 as this was contingent on waters reform progressing as initially planned in 2020.
<p>4. Strategic Management & Delivery (key projects and priorities includes regional and national matters)</p>	<p>4.1</p>	<p>Futureproof and related initiatives - At each performance review, demonstrate the role that the Chief Executive and staff have played to inform, advise, and advocate on behalf of Council in relation to Futureproof and associated initiatives e.g., reports, workshops, submissions and briefings.</p>	<ul style="list-style-type: none"> Work is progressing on the development of the Future Development Strategy (FDS), to give effect to the NPS Urban Development. The FDS must be adopted by the partnership by 30 June 2024 though progress towards a draft has been delayed due to the industrial land study and the Housing and Business Capacity Assessment. Additionally, the investigation into greenfield sites is taking longer than anticipated but the Future Proof Chief Executives noted that it is important that these key pieces of work are done correctly. The Future Proof Chief Executives Advisory Group met on 26 May to consider an operating model and future work programme wherein it was agreed that the operating model needed to ensure a strong link to housing and economic development in the sub-region aligned to the Future Proof settlement pattern and to transport and three waters infrastructure. Preliminary input has been provided on a project brief to inform a conceptual model for a regional partnership between Future Proof Councils and central government. The brief is currently out to market. On the authorisation of the Chief Executive, both the Community Growth General Manager (Clive Morgan) and the Strategic Initiatives and Partnerships Manager (Vishal Ramduny) met with the Future Proof Independent Chair (Bill Wasley) on 19 May during which some good insights were provided on how the Future Proof elected members could advocate more effectively with central government ministers. This is to be considered through the proposed Future Proof structure.

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
	4.2	Solid Waste: a) Bollard Road (Tuakau) development: <ul style="list-style-type: none"> • Procurement Plan & RFP by 31st July 2022 - Consultant appointed by 30 September 2022 • Stage 1 detailed design with cost estimate ready for Council workshop by 28 February 2023. 	<ul style="list-style-type: none"> • Councillor workshop held on 19 April 2023 to present initial concept options. Further stakeholder and Mana Whenua Consultation undertaken in May 2023. Councillors showed a high level of interest and indicated a desire to be included in a steering group to assist the project development.
		b) Huntly recycling sorting facility & Community resource centre (McVie Road) <ul style="list-style-type: none"> • Rotowaro Road sorting facility operational by end July 2022 (Waiting on a new trommel & conveyor belt) • McVie Road site reconfigured and cleaned up for public drop-off by 30 September 2022 • Community resource recovery centre facility in place by March 2023. 	<ul style="list-style-type: none"> • The Rotowaro Road sorting facility is operational. • The McVie Road site now needs to be rehabilitated to an acceptable state. A variation to the Alliance contract has been developed to do these works and are currently being programmed. The aim is to have these works completed this construction season / financial year. • Consultation on a community resource recovery centre on this site is due to commence shortly. Having community buy in and being community run will take some time to achieve. A draft agreement has been developed with the Waikato Enterprise Trust for them to engage with mana whenua and the wider community to clarify community aspirations and determine what type of facility is required. Before on-site arrangements can be made, the site needs to be brought up to an acceptable standard. These 'make good' works, as required by the Metro contract have been delayed by the Kalista novation process.

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
5. Partnerships and Relationships (includes relationships with central government, Waka Kotahi, Iwi and the Waikato District Alliance)	5.1	a) Provide evidence of outcomes achieved through initiatives, collaboration, and engagement with Iwi.	<ul style="list-style-type: none"> • Discussions underway with mana whenua and Waikato-Tainui about upgrades to Te Kauwhata and Huntly Wastewater Treatment Plants. • Council has resolved to look to advance the return of the Raglan Airfield to the rightful owners. Discussions have started with the appropriate crown agencies. • The Future of Local Government submission was informed through engagement with our iwi partners, mana whenua, community boards and community committees. • Election process and better off funding completed. Work on Mana Whenua forums to be workshopped with councillors and social procurement also progressing. • Initial workshop occurred between WDC and Ngaati Maahanga to discuss co-governance of Papahua. Aiming to implement a co-governance model by October which aligns with the 100 year anniversary of the Tuku. • Continue to work with Waka Kotahi to progress a solution for 1B Telephone Road problem. Discussions also occurring regarding subsidy, operational concerns and peer groups.
		b) Demonstrate significant progress on delivering at least 3 of the initiatives of the Waikato-Tainui JMA workplan.	<ul style="list-style-type: none"> • The following components of the Waikato-Tainui Waikato District Council JMAC Strategic Work Programme for 2022-2023 have been completed and were noted at the JMAC hui of 14 April 2023: <ul style="list-style-type: none"> a) Local Body Elections 2022 b) Local Government Reform (submissions) c) RMA reform (submissions) d) Better Off Funding Application and the development (On 5 December 2022 Council was notified that all the shortlisted projects were accepted DIA for funding. Crown Infrastructure Partners is due to provide the reporting template by the end of March 2023) which will be risk-assessed before the co-funding agreements with each successful applicant is framed and the project handed to the EMPO for delivery. e) Small, Medium Enterprise (SME) Business Panel established to include iwi, mana whenua and Pacifica representatives. • The JMAC hui of 14 April 2023 requested that staff commence work on a Strategic Work Programme for 2023-2024. It was also noted that some of the initiatives in the 2022-2023 Strategic Work Programme will need to be carried over to the 2023-2024 programme.

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments				
		c) Prepare a report for each Ngaati Maniapoto JMA meeting which reflects matters of interest for our treaty partner.	<ul style="list-style-type: none"> • A strategic report was prepared for the Ngaati Maniapoto JMA meeting. The report shared insights on Future Proof, the Proposed District Plan, and other issues. • Cr Tilly Turner, Karlene Rhind and Ngahina Armstrong-Nield attended the JMA hui in Te Kuiti on the 8 March. A working party was formed, a representative from WDC was sought, one who could make decisions. Cr Turner to speak with Mayor Jacqui about this role and decision-making delegation. 				
	5.2	Central Government – Provide evidence at each performance review of the outcomes achieved by the Chief Executive through building relationships with central government that are related to Council’s future strategies and delivery aspirations. Particular focus should be on:	<table border="1"> <tbody> <tr> <td data-bbox="575 859 999 1211">a) Waka Kotahi</td> <td data-bbox="1005 859 1944 1211"> <ul style="list-style-type: none"> • The Huntly relocation agreement has been approved from the Council perspective. This is capitalising on the solid working relationship with the Regional Director of Waka Kotahi who also sits on the Future Proof Chief Executives Advisory Group. • Continue to work with Waka Kotahi to progress a solution for 1B Telephone Road problem. Community meeting planned for 6 June 2023. • Discussions also occurring regarding subsidy, operational concerns, storm damage and peer groups. </td> </tr> <tr> <td data-bbox="575 1216 999 1498">b) Kainga Ora</td> <td data-bbox="1005 1216 1944 1498"> <ul style="list-style-type: none"> • Engaging with representatives from Kainga Ora regarding houses to be built in the district as well as Infrastructure Acceleration Fund applications. Engagement is taking place at both a governance and managerial level. It is too early to determine the outcomes of these discussions. • Advocacy through the Waikato Housing Initiative for better alignment with its work and that of Kainga Ora. Good working relationship with the Regional Director of Kaainga Ora and the Deputy Chairperson. </td> </tr> </tbody> </table>	a) Waka Kotahi	<ul style="list-style-type: none"> • The Huntly relocation agreement has been approved from the Council perspective. This is capitalising on the solid working relationship with the Regional Director of Waka Kotahi who also sits on the Future Proof Chief Executives Advisory Group. • Continue to work with Waka Kotahi to progress a solution for 1B Telephone Road problem. Community meeting planned for 6 June 2023. • Discussions also occurring regarding subsidy, operational concerns, storm damage and peer groups. 	b) Kainga Ora	<ul style="list-style-type: none"> • Engaging with representatives from Kainga Ora regarding houses to be built in the district as well as Infrastructure Acceleration Fund applications. Engagement is taking place at both a governance and managerial level. It is too early to determine the outcomes of these discussions. • Advocacy through the Waikato Housing Initiative for better alignment with its work and that of Kainga Ora. Good working relationship with the Regional Director of Kaainga Ora and the Deputy Chairperson.
a) Waka Kotahi	<ul style="list-style-type: none"> • The Huntly relocation agreement has been approved from the Council perspective. This is capitalising on the solid working relationship with the Regional Director of Waka Kotahi who also sits on the Future Proof Chief Executives Advisory Group. • Continue to work with Waka Kotahi to progress a solution for 1B Telephone Road problem. Community meeting planned for 6 June 2023. • Discussions also occurring regarding subsidy, operational concerns, storm damage and peer groups. 						
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Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
		c) Ministry for Social Development	<ul style="list-style-type: none"> Our Economic and Social Development team work closely with Ministry for Social Development. The Chief Executive also engages with the Regional Commissioner in relation to the Regional Leadership Group.
		d) MBIE	<ul style="list-style-type: none"> MBIE – Engagement with MBIE has been around reform to the Building Consent processes. We continue to work with MBIE on this initiative. Raglan Town 2 Surf Shared Path funding application for \$965,000 was successful and reported to Council on 13 March 2023.
6. Staff and Culture (including leadership, engagement and retention)	6.1	a) Outline what initiatives have been undertaken to strengthen the internal culture and leadership of the organisation and provide staff survey results to indicate whether these have been successful or not.	<ul style="list-style-type: none"> The staff survey run in 2022 provided strong evidence of a positive culture with a 4% upward movement in the engagement score. Whilst we are dealing with a tough employment market, word of mouth is proving a way of attracting good people. This can only happen if there is a positive culture in place. The 2023 survey is being run for two weeks from mid June. We will strongly encourage all staff to participate to enable valuable insights. We continue to run regular team, group and org wide staff events to ensure broader interpersonal connection and assist with alignment with Council values and strategy.
		b) Provide evidence on recruitment strategies being used to attract new talent and retention strategies in place including an assessment of effectiveness.	<ul style="list-style-type: none"> As noted, word of mouth is proving effective (confirmed by the high number of referral payments being made as per our policy), being flexible and interviewing good candidates as early as possible has identified some good recruits. Staff retention particularly for staff recruited within the past year (93%) is high and we had 4 internal promotions in the last month. We have however lost some staff to other opportunities. Current staff turnover is 16.83% which is returning to pre-covid levels and is lower than our Local Government peer group. Our Takitaki bespoke leadership programme is building the capability and confidence of our people. This year we had more than twice the number of applications for a place on the programme than the number of spots available. The 2023 cohort commenced their programme in February. We will start advertising for the 2024 cohort and building excitement around the gateway recruitment and selection process in the next few months.

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
		c) Provide an update on flexible and hybrid working arrangements and the effect (positive or negative) on culture as evidenced through staff survey results.	<ul style="list-style-type: none"> The flexible working arrangements have been embraced by staff and is one of the key expectations by candidates. Flexible working is trending as the second most important employee benefit in 2022. One of the highest comments in the staff survey on why WDC is a great place to work is the flexible working offered. We do however also have a good number of staff back in the office as that works for them. ELT are reviewing the principles to ensure it is working for all stakeholders.
	6.2	Demonstrate progress in relation to how diversity and inclusion is being embraced by the organisation. This includes how the opportunity is developing, is being kept alive by behaviours and practices and broadening the perspective of staff.	<ul style="list-style-type: none"> We have commenced our third Te Reo and Te Tiriti courses. Our teams are opening and closing meetings with Karakia. Our Team Planning session with People Leaders required each Team to identify how they were embracing Te Tiriti o Waitangi principles in their plans. Diversity, Equity & Inclusion are a key course topic for our Takitaki programme. These principles have already been embedded with 60 staff through the programme and another 30 commenced in March. A programme is being developed to roll out to staff more broadly.
7. Zero Harm (Work Safe, Home Safe)	7.1	Lead initiatives that clearly demonstrate progress towards safety leadership in the way the organisation operates.	<ul style="list-style-type: none"> Independent review of Zero Harm Framework is planned for 12th to 16th June and is being undertaken by Impac Services Ltd to ISO 45001 standard. 100% of current staff completed annual Zero Harm Refresher Induction as part of Work Safe Home Safe 2023
	7.2	Complete the Strategic Plan work for 2022/2023 by 30 June 2023.	<ul style="list-style-type: none"> Working with Animals Standard has been finalised and published. Significant progress being made on Working On or Near Roadways and Mental Wellbeing Risk Control plans. Emergency Response Plans and flipcharts have been implemented at all sites but the training delivery plan timing needs to be reviewed due to Zero Harm team resourcing.
8. Climate Action	8.1	Give effect to Climate Action Plan goals this financial year and provide updates on progress.	<ul style="list-style-type: none"> The Climate Response and Resilience Strategy (CRRS) has been drafted, and alignment progressed on projects that will deliver on reduction emission targets. An internal focus group has been established to feed into the CRRS, and three Maaori Ward councillors have also inputted on
		a) Agree a Climate Action work plan with the Strategy & Finance Committee by September.	

Key project/priority	Key deliverables/KPIs		Update & Delivery Comments
			<p>the Te Ao Maaori aspects. In addition, and the first external focus group fed back into the strategy in late May.</p> <ul style="list-style-type: none"> The Strategy is a high-level district roadmap that includes key projects that deliver on Co2 emission reduction targets. The proposed timeline for the Strategy to go to ELT is 30 June 2023. This will require a review of the Climate Action Plan in the second half of 2023.
		b) Complete the work plan as agreed with the Strategy & Finance Committee by 30 June.	<ul style="list-style-type: none"> Key projects that will deliver on annual emission reduction targets include replacement of the Huntly Pool boiler (later this year, 14% reduction in emissions), updated Council Vehicles Policy (transition from ICE to EV), and ten cattle reduced on Wainui Reserve.
		c) Achieve an emission reduction target of 8% for the year ended 30 June 2023.	<ul style="list-style-type: none"> In 2022/23 we have to date achieved reductions, but we need to establish more robust systems for capturing accurate data. In 2023/24 we expect the reduction to be in the order of 16-18% based on initiatives underway now. In 2021 our emissions were 1,441 TCO2e. In 2022 emissions decreased to 1,065 TCO2e which represents a 3.8% reduction. The key areas of improvement in the last financial year were: <ul style="list-style-type: none"> Diesel -41 TCO2e Petrol -31 TCO2e Cattle -12 TCO2e LPG -7 TCO2e This was countered by increased emissions from electricity and natural gas. Less electricity was used in FY22, but the emissions factor for electricity had increased due to a higher share of non-renewable generation. Emissions from electricity rose by 46 TCO2e and natural gas by 17 TCO2e. The increase in gas use at the Huntly Aquatic Centre is related to opening hours and seasonal temperature variations.
9. 2022 Elections	9.1	Meet legislative compliance by completing the workplan undertaken to facilitate and foster representative and substantial elector participation in elections.	<ul style="list-style-type: none"> Election completed successfully (no legal challenges). Despite trying several initiatives, the overall return rate did not increase. A by-election was also run for the Tuakau Community board and more recently for the Te Kauwhata Licensing Trust.

Footnote:

1. The Chief Executive has agreed to deliver KPIs, subject to any changes due to Council's change of direction on any of the KPIs, in which case such changes would be taken into account. Delivery will also be subject to factors within the control of the Chief Executive e.g. a delay in receiving materials for capital works due to Covid-19 would be outside the control of the Chief Executive.
2. Each deliverable including subcategories (e.g. (a), (b) etc.) will be assessed in their own right.

To	Performance & Strategy Committee
Report title	Civic Financial Services Limited Annual Report 2022 and Annual General Meeting matters
Date:	20 June 2023
Report Author:	Alison Diaz, Chief Financial Officer
Authorised by:	Gavin Ion, Chief Executive

1. Purpose of the report

Te Take moo te puurongo

To provide the Committee with Civic Financial Services Limited’s Annual Report for 2022 and acknowledge the Annual General Meeting matters to be discussed on the 16 June 2023.

2. Executive summary

Whakaraapopotanga matua

Civic Financial Services Limited is owned by Local Government and supplies a range of financial services. Council’s investment in Civic Financial Services Limited was \$42,000 as at 30 June 2022.

The company’s before tax profit for 2022 was \$142,232, comparing unfavourably against the \$243,512 contained in the Statement of Intent. This is due to receiving lower than anticipated administration fees from the superannuation schemes. The Annual Report with detailed commentary is attached to this report.

At this year’s Annual General Meeting, shareholders will:

- Receive the Annual Report for 2022 and confirm Deloitte as the auditor for 2023.
 - Two existing Director’s will be retiring with appointments of two new Director’s nominated by Waipa District Council and Tauranga City Council. There are two vacancies and two nominees so no election will be held on this occasion.
 - As was the case for the prior year’s Annual General Meeting, the board intend to confirm that Director’s remuneration increases for the upcoming year be based on the Labour Cost Index rather than the Consumer Price Index (as resolved in 2017)
-

3. Staff recommendations **Tuutohu-aa-kaimahi**

THAT the Performance & Strategy Committee receives the Civic Financial Services Ltd Annual 2022 report.

4. Attachments **Ngaa taapirihanga**

Attachment 1 – Civic Financial Services Annual Report 2022



ANNUAL REPORT 2022

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SHAREHOLDERS' DETAILS	BACK COVER



ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

Your Directors have pleasure in submitting the 62nd Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2022, which is to be presented at the Annual General Meeting of Members in June 2023.

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

1. PERFORMANCE

Civic's before-tax profit in 2022 was \$142,232.

This compares unfavourably to the forecasted before-tax surplus of \$243,512 as set out in the 2022 Statement of Intent.

This decreased profit is primarily due to receiving lower than anticipated administration fees from the superannuation schemes as a result of investment market losses over the year.

2. OPERATIONS

Administration Services

Fees in 2022 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,904,682 (2021: \$3,100,598).

Investment Revenue

Income from investments was \$266,148 (2021: \$116,935).

Sponsorship and Support for the Sector

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

3. ASSOCIATED ENTITIES

Local Government Superannuation Trustee Limited

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

Both Schemes are administered by Civic and are registered with the Financial Markets Authority. Director appointments to LGST are made by Local Government New Zealand (two), Civic (one), Council of Trade Unions (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

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

The Schemes have a combined membership of over 11,000, with funds under management as at December 2022 of \$496 million (December 2021 \$530 million). Of the councils that have a preferred provider for KiwiSaver, 69 out of 73 (94%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. LAPP's website is: www.lappfund.co.nz. Civic is the administration and fund manager for LAPP.

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

DIRECTORS' REPORT

Riskpool / Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls. With reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode. Riskpool members have been advised that a final call will be made when Riskpool is wound up.

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

Civic has entered into arm's length, secured loan facility agreements on commercial terms with LGMFT to enable Riskpool to manage its cashflows.

4. DIRECTORS

As at 31 December 2022 there were five directors: John Melville, Jo Miller, Nicola Mills, Basil Morrison, and Craig Stevenson.

Director attendances at Board meetings held in 2022:

John Melville	6 / 6
Jo Miller	5 / 6
Nicola Mills	5 / 6
Basil Morrison	5 / 6
Craig Stevenson	6 / 6

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT.

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

For the year ended 31 December 2022, Directors' remuneration was:

John Melville	\$32,319
Jo Miller	\$16,159
Nicola Mills	\$19,968
Basil Morrison	\$16,159
Craig Stevenson	\$16,159
	\$100,764

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

John Melville	(Riskpool)	\$16,620
Jo Miller	(Riskpool & LGST)	\$11,260
Nicola Mills	(Riskpool)	\$8,010
Basil Morrison	(LGST)	\$13,713
Craig Stevenson	(Riskpool)	\$8,310
		\$57,913

DIRECTORS' REPORT**Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2022 were:

John Melville	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT.
Jo Miller	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Vice President of Taituarā Executive Council; Board Member Hutt Valley Chamber of Commerce.
Nicola Mills	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd, a party to agreement for finance with LGMFT, Board Member of Sport Waitakere; General Manager Financial & Business Performance at Auckland Council.
Basil Morrison	Chair of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA.
Craig Stevenson	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Trustee of Ratanui Trust.

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

Use of Information

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

Loans to Directors

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

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration of \$100,000 or more in their capacity as employees during the year ended 31 December 2022.

Remuneration	Number of Employees
\$100,000 – \$110,000	1
\$110,000 – \$120,000	1
\$150,000 – \$160,000	1
\$230,000 – \$240,000	1

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

DIRECTORS' REPORT

6. AUDIT AND RISK MANAGEMENT

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

The Risk and Audit Committee comprises the full Board. Nicola Mills was appointed Chair of this committee on 17 June 2022. The Committee met five times in 2022: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2021: \$0).

8. STAFF

The Directors sincerely thank the staff - Charlie Howe, Glenn Watkin, Ian Brown, Sylvia Jackson, Ivy Liang, Lisa Lummis, Jen McGahan, Chathuri Mendis, Tim Sole and Sue Tong - for their work and support during the year.



John Melville **Chair**
March 2023

DIRECTORS

John Melville (Chair)
Johanna Miller
Nicola Mills
Basil Morrison CNZM JP
Craig Stevenson

EXECUTIVE OFFICERS

Chief Executive : Charlie Howe
Chief Financial Officer : Glenn Watkin

COMPANY REGISTRATION NO: 13271

AUDITORS

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

BANKERS

ANZ Banking Group (New Zealand) Limited

LEGAL ADVISERS

Dentons Kensington Swan

REGISTERED OFFICE

Level 7, Civic Chambers, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone: (04) 978 1250

Email: admin@civicfs.co.nz

Website: www.civicfs.co.nz

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



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

OPINION

We have audited the consolidated financial statements of the Group on pages 10 to 32, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

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

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Our audit was completed on 17 March 2023. This is the date at which our opinion is expressed.

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

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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



INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.



INDEPENDENT AUDITOR'S REPORT

INDEPENDENCE

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

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

A handwritten signature in blue ink, appearing to read "Hamish Anton".

Hamish Anton

Deloitte Limited

On behalf of the Auditor-General

Wellington, New Zealand

Statement of Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
REVENUE			
Administration Fees	17	2,904,682	3,100,598
Interest Income	4	266,148	116,935
Other Income		487	775
Total Revenue		3,171,317	3,218,308
EXPENDITURE			
Audit Fee	14		
Statutory Audit of the Financial Statements		52,367	41,580
Other Fees Paid to Auditors for Assurance Services		28,750	30,368
Other Fees Paid to Auditors for Entities Administered by Civic		72,049	62,116
Depreciation	7	20,101	18,169
Amortisation	7	68,859	12,047
Directors' Remuneration	3	100,764	100,901
Interest Expense		-	12,264
Other Expenses	6	1,702,942	1,617,381
Employee Remuneration	3	954,251	797,637
Superannuation Subsidies		29,001	23,677
Total Expenditure		3,029,085	2,716,141
Surplus Before Taxation		142,232	502,167
Taxation Expense	10	1,165,613	141,639
TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY	15	(1,023,381)	360,528

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
SHAREHOLDERS' EQUITY			
Issued and Paid-Up Ordinary Shares			
Ordinary Shares fully paid up	15	10,763,506	10,763,506
Retained Earnings	15	(604,487)	418,894
TOTAL EQUITY		10,159,019	11,182,400
Represented By:			
CURRENT ASSETS			
Cash & Cash Equivalents		522,056	335,363
Term Deposits		4,556,993	5,914,564
Accrued Interest Receivable		61,354	21,349
Sundry Debtors and Prepayments	12	494,001	649,448
Loan Receivable	13	3,799,963	2,408,002
Total Current Assets		9,434,367	9,328,726
NON CURRENT ASSETS			
Property, Plant and Equipment	7	42,730	46,297
Intangible Assets (Software)	7	91,826	158,838
Deferred Tax Asset	10	1,043,193	2,208,806
Total Non Current Assets		1,177,749	2,413,941
TOTAL ASSETS		10,612,116	11,742,667
CURRENT LIABILITIES			
Sundry Creditors and Accrued Charges	12	325,568	412,593
Accrued Holiday Pay		87,863	88,752
CLP / Riskpool Admin Fee Reserve		39,666	52,530
Total Current Liabilities		453,097	553,875
NON-CURRENT LIABILITIES			
CLP / Riskpool Admin Fee Reserve		-	6,392
Total Non Current Liabilities		-	6,392
TOTAL LIABILITIES		453,097	560,267
EXCESS OF ASSETS OVER LIABILITIES		10,159,019	11,182,400

For and on behalf of the Directors



JOHN MELVILLE Chair 17 March 2023



BASIL MORRISON Director 17 March 2023

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
OPENING EQUITY		11,182,400	10,821,872
Total Comprehensive Surplus Net of Tax		(1,023,381)	360,528
Dividend Payment		-	-
Ordinary Shares issued during the year	15	-	-
CLOSING EQUITY		10,159,019	11,182,400

This statement is to be read in conjunction with the notes on pages 14 to 32.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Administration Fees Received		3,006,916	3,028,083
Other Income		487	775
		3,007,403	3,028,858
Cash was applied to:			
Payments to Suppliers and Employees		2,919,194	2,639,025
		2,919,194	2,639,025
Net Cash Flow from Operating Activities	11	88,209	389,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Investment Income		74,063	45,648
Term Deposits		1,864,564	85,000
Loans Repaid from Related Parties		501,500	2,271,655
		2,440,127	2,402,303
Cash was applied to:			
Term Deposits		506,993	1,264,564
Purchase of Property, Plant and Equipment		18,637	35,738
Loans Issued to Related Parties		1,816,013	2,026,299
		2,341,643	3,326,601
Net Cash Flow from / (used in) Investing Activities		98,484	(924, 298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loan Interest Received		-	330
		-	330
Cash was applied to:			
Interest Paid		-	12,264
		-	12,264
Net Cash Flow (used in) / from Financing Activities		-	(11,934)
Net Increase / (Decrease) in Cash Held		186,693	(546,398)
Opening Cash Balance as at 1 January		335,363	881,761
Closing Cash Balance as at 31 December		522,056	335,363
Being:			
Cash & Cash Equivalents		522,056	335,363

This statement is to be read in conjunction with the notes on pages 14 to 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 REPORTING ENTITY

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

Statement of Compliance

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

NOTE 2 STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

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

Critical Judgements and Estimates in Applying the Accounting Policies

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

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

Particular Accounting Policies

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

(a) Consolidation of Subsidiaries

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

(b) Investment in Subsidiaries

At 31 December 2022 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2021 and 31 December 2022.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(d) Employee Benefits

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

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

(e) Basis of Measuring Other Income and Expenses

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

(f) Changes in Accounting Policies

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

NOTE 3 KEY MANAGEMENT PERSONNEL

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

	2022	2021	2022	2021
	Number		\$	\$
Short term employee benefits				
Executive Management Personnel	4	4	569,107	506,726
Directors	5	5	100,764	100,901
			669,871	607,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS*Accounting Policies:***i) Classification and Measurement**

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

Loans and Receivables

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

Bank and Cash Equivalents

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

Financial Liabilities

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

ii) Offsetting Financial Instruments

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

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

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

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

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

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

v) Derivatives

The Group do not use any derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(1) Income Relating to Financial Assets**

	2022 \$	2021 \$
Loans		
Interest Received – Loans	152,081	65,334
Cash & Cash Equivalents		
Interest Received – Short Term Deposits	114,067	51,601
Total Interest Income	266,148	116,935

(2) Financial Assets and Liabilities

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(2) Financial Assets and Liabilities** continued*Carrying value of Financial Assets and Financial Liabilities*

	2022 \$	2021 \$
Financial Asset: Loans and Receivables		
Sundry Debtors	416,660	537,894
Loans	3,799,963	2,408,002
Total Loans and Receivables	4,216,623	2,945,896
Financial Asset: Amortised Cost		
Cash & Cash Equivalents	522,056	335,363
Term Deposits	4,556,993	5,914,564
Total Financial Assets: Amortised Cost	5,079,049	6,249,927
Financial Liability: Amortised Cost		
Sundry Creditors & Accrued Charges	325,568	412,593
Total Financial Liabilities: Amortised Cost	325,568	412,593

(3) Financial Risk – Structure and Management

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

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

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

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

(a) Market Risk

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

(b) Carrying Amount and Fair Value

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk – Structure and Management continued

(c) Liquidity Risk

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

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

Maturity Analysis as at 31 December 2022						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
Assets						
Cash & Cash Equivalents	0% to 2.85%	522,056	-	-	-	522,056
Term Deposits & Accrued Interest	2.5% to 5.05%	4,618,347	-	-	-	4,618,347
Other Receivables	n/a	416,660	-	-	-	416,660
Loans	3.47% to 6.53%	3,799,963	-	-	-	3,799,963
Total Financial Assets		9,357,026	-	-	-	9,357,026
Liabilities						
Sundry Creditors & Accrued Expenses	n/a	325,568	-	-	-	325,568
Total Financial Liabilities		325,568	-	-	-	325,568
Maturity Analysis as at 31 December 2021						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
Assets						
Cash & Cash Equivalents	0% to 0.15%	335,363	-	-	-	335,363
Term Deposits & Accrued Interest	0.8% to 1.7%	3,732,341	2,203,572	-	-	5,935,913
Other Receivables	n/a	537,894	-	-	-	537,894
Loans	2.93% to 3.28%	2,408,002	-	-	-	2,408,002
Total Financial Assets		7,013,600	2,203,572	-	-	9,217,172
Liabilities						
Sundry Creditors & Accrued Expenses	n/a	412,593	-	-	-	412,593
Total Financial Liabilities		412,593	-	-	-	412,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(i) Exposure to Credit Risk

	2022 \$	2021 \$
Cash & Cash Equivalents	522,056	335,363
Term Deposits & Accrued Interest	4,618,347	5,935,913
Other Receivables	416,660	537,894
Loans	3,799,963	2,408,002
Total	9,357,026	9,217,172

(ii) Concentration of Credit Exposure

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

NOTE 5 OPERATING LEASE COMMITMENTS

	2022 \$	2021 \$
Operating Lease Expense Commitments:		
not later than one year	71,733	70,763
later than one year but not later than five years	115,482	184,629
later than five years	-	-
	187,215	255,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 6 OTHER EXPENSES

	2022 \$	2021 \$
Compliance Costs	176,876	77,324
Consultants	134,789	115,200
Legal Fees	58,142	109,289
Other Expenses	1,333,136	1,315,568
Total	1,702,942	1,617,381

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

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

Depreciation Rates	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	2.5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

	2022 \$	2021 \$
(a) Property, Plant and Equipment		
Office Furniture and Equipment – cost	175,510	139,772
Plus Additions	16,789	35,738
Less Disposals	(7,779)	-
Closing Value – cost	184,520	175,510
Office Furniture and Equipment – Accumulated Depreciation	(129,213)	(111,044)
Less Depreciation Charge	(20,101)	(18,169)
Less Disposals	7,524	-
Closing Accumulated Depreciation	(141,790)	(129,213)
Net Book Value	42,730	46,297

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes losses on disposal of fixed assets of \$255 (2021: \$nil).

	2022 \$	2021 \$
(b) Intangible Assets		
Software – cost	435,064	601,403
Plus Additions	1,847	-
Less Disposals	-	(166,339)
Closing Value – cost	436,911	435,064
Software – Accumulated Amortisation	(276,226)	(430,518)
Less Amortisation Charge	(68,859)	(12,047)
Less Disposals	-	166,339
Closing Accumulated Amortisation	(345,085)	(276,226)
Net Book Value	91,826	158,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2021: \$nil).

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities (2021: \$nil).

NOTE 10 TAXATION

Accounting Policies:

i) Current Tax

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

ii) Deferred Tax

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

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

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

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

iii) Goods and Services Tax (GST)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(a) Income tax recognised in the Statement of Comprehensive Income**

	2022	2021
	\$	\$
Tax expense comprises:		
Current tax expense	40,265	-
Adjustments recognised in the current year in relation to the current tax of prior years	86	-
Deferred tax relating to temporary differences	1,125,262	141,639
Total tax expense	1,165,613	141,639
Attributable to:		
Continuing operations	1,165,613	141,639
	1,165,613	141,639

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

	2022	2021
	\$	\$
Surplus before tax	142,232	502,167
Income tax calculated at 28%	39,825	140,607
Tax effect of permanent differences	440	1,032
Derecognition of tax losses	1,125,262	-
Prior Period Adjustment	86	-
Income Tax Expense	1,165,613	141,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	\$	\$
Tax refund receivable	-	-
	-	-

(c) Deferred tax balances

	2022	2021
	\$	\$
Deferred tax assets comprise:		
Temporary differences and tax losses	1,042,939	2,208,172
	1,042,939	2,208,172
Deferred tax liabilities comprise:		
Temporary differences	255	634
	255	634
Net Deferred Tax balance	1,043,193	2,208,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10 TAXATION CONTINUED**(c) Deferred tax balances continued**

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

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Prior Period Adjustment \$	Closing Balance \$
2022	Property and equipment	2,269	(1,051)	-	914
		2,269	(1,051)	-	914
2021	Employee entitlements	84,452	(4,216)	-	80,236
	Losses carried forward	7,801,875	(4,157,331)	-	3,644,544
2022		7,886,328	(4,161,547)	-	3,724,781
	Attributable to:				
	Continuing operations	7,888,597	(4,162,598)	-	3,725,995
	Total	7,888,597	(4,162,598)	-	3,725,995
	Tax effect at 28%	2,208,806	(1,165,527)	-	1,043,193
2021	Property and equipment	2,987	(718)	-	2,269
		2,987	(718)	-	2,269
2020	Employee entitlements	62,036	22,416	-	84,452
	Losses carried forward	8,329,428	(527,552)	-	7,801,875
2021		8,391,464	(505,136)	-	7,886,328
	Attributable to:				
	Continuing operations	8,394,451	(505,854)	-	7,888,597
	Total	8,394,451	(505,854)	-	7,888,597
	Tax effect at 28%	2,350,445	(141,639)	-	2,208,806

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

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses (refer Note 20). The deferred tax asset does not include unrecognised tax losses of \$4,091,540 (unrecognised deferred tax asset effect at 28% of \$1,145,631).

(d) Imputation Credit Account

	2022 \$	2021 \$
Closing Balance	1,593,490	1,593,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022 \$	2021 \$
Total Comprehensive Surplus	(1,023,381)	360,528
Add/(less) non cash items		
Loan Interest	(152,079)	(65,003)
Depreciation	20,101	18,169
Amortisation	68,859	12,047
Movement in CLP/ Riskpool Admin Fee Reserve	(19,256)	(19,257)
Movement in Deferred Tax Asset	1,165,613	141,639
Net change in fair value of investment property	-	-
	1,083,238	87,596
Add/(less) movements in other working capital items		
Sundry Debtors, Prepayments and Accrued Interest	115,442	(129,232)
Sundry Creditors and Accrued Charges	(87,913)	104,657
Tax Refund Due	-	-
	27,529	(24,576)
Add/(Less) Items Classified as Investing Activity	(73,809)	(45,979)
Add/(Less) Items Classified as Financing Activity	74,632	12,264
Net Cash Flow from Operating Activities	88,209	389,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12 SUNDRY DEBTORS AND CREDITORS

(a) Sundry Debtors and Prepayments

	2022 \$	2021 \$
Sundry Debtors	416,658	537,894
Prepayments	77,343	109,000
GST Receivable	-	2,554
Sundry Debtors and Prepayments	494,001	649,448

(b) Sundry Creditors and Accrued Charges

	2022 \$	2021 \$
Sundry Creditors and Accrued Charges	322,630	337,961
Related Party Loan Payable to CLP	-	74,632
GST Payable	2,938	-
Sundry Creditors and Accrued Charges	325,568	412,593

NOTE 13 LOANS

Loan Receivable

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and Civic Liability Pool (CLP). The Company provides administrative services to Riskpool and CLP.

Related Party Loans Receivable

	2022 \$	2021 \$
Riskpool	3,799,963	2,408,002
Civic Liability Pool	-	-
Total Related Party Loans Receivable	3,799,963	2,408,002

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provided a loan facility of \$4,000,000, which was repaid in full in August 2019 (and is no longer available). Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2022 is \$3,779,963 (2021: \$2,408,002). Interest received by the Company relating to the loans for the year to 31 December 2022 was \$152,081 (2021: \$65,334).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2022 is \$nil (2021: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14 AUDIT FEES

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

	2022 \$	2021 \$
Statutory Audit of the Financial Statements		
Civic Financial Services	52,367	41,580
Civic Liability Pool	18,085	17,640
Local Government Superannuation Trustee	53,964	44,476
Total Statutory Audit of the Financial Statements	124,416	103,697
Other Fees Paid to Auditors for Assurance Services	28,750	30,368
Other Fees Paid to Auditors for Tax Compliance	-	-
Total Fees Paid to the Auditors	153,166	134,065

NOTE 15 SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2021 there were no shares issued. There were no shares issued during 2022.

	2022 \$	2021 \$
Retained Earnings		
Opening Balance	418,894	58,366
Net Surplus After Taxation	(1,023,381)	360,528
Dividend Payment	-	-
Closing balance	(604,487)	418,894
Shareholders Capital		
Opening Balance	10,763,506	10,763,506
Ordinary Shares issued during the year	-	-
Closing balance	10,763,506	10,763,506
Number of Ordinary Shares Fully Paid	11,249,364	11,249,364
Par Value per Share	\$0.90	\$0.99
Dividend Payment per Share	\$0.00	\$0.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS

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

NOTE 17 RELATED PARTIES

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

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

Administration Fees

	2022 \$	2021 \$
LGSS & SKSS	2,425,046	2,606,612
LAPP	305,000	304,000
Riskpool	155,380	170,730
Civic Liability Pool	19,256	19,256
Administration Fees from Related Parties	2,904,682	3,100,598

Accounts Receivable

	2022 \$	2021 \$
LGSS & SKSS	416,355	537,516
LAPP	-	378
Accounts Receivable from Related Parties	416,355	537,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 18 SUBSEQUENT EVENTS

On 17 March 2023 the Company entered into a further loan agreement to Riskpool, on the same terms as the previous agreements, providing a facility up to a maximum of \$2,500,000. This is considered a non-adjusting event.

There have been no other material events subsequent to 31 December 2022 that require adjustment to or disclosure in the financial statements.

NOTE 19 CAPITAL COMMITMENTS

The Company has no capital commitments at balance date (2021: \$nil).

NOTE 20 GOING CONCERN

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

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

CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2022

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

To	Performance & Strategy Committee
Report title	Exclusion of the Public
Date:	Monday, 12 April 2023
Report Author:	Elizabeth Saunders, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Staff recommendations Tuutohu-aa-kaimahi

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 PEX 1.1 Statute Barred Rates and Water Debts	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item PEX 1.2 Review of Waikato Regional Airport Limited		

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 PEX 2.1 Statute Barred Rates and Water Debts	7(2)(a)	To protect a persons privacy
Item PEX 1.2 Review of Waikato Regional Airport Limited	7(2)(h)	To enable commercial activities to be carried out without prejudice or disadvantage.

2. Attachments

Ngaa taapirihanga

There are no attachments for this report.
