

Document No: A396608

Report To: Council



Meeting Date: 26 June 2018

Subject: **Financial Report for the Period ended 31 May 2018**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the financial results for the period ended 31 May 2018.

Background

- 2.1 The period covered by this report is 1 July 2017 to 31 May 2018.
- 2.2 The order of the report is as follows:
- **Summary Income Statement** with comments detailing significant variances to budget on Council's operating performance for the period ended 31 May 2018.
 - **Summary Balance Sheet** with comments detailing significant balance sheet movements from 1 July 2017 to 31 May 2018.
 - **Capital Expenditure** summary with commentary on material variances of expenditure for the year compared with the EAP 2017/18.
 - **Summary Treasury Management** which reports on the Public Debt position, cash reserves and significant treasury transactions.
 - **Cost of Service Statement** Summary and Cost of Service Statements for Council's ten significant activities are presented in **Appendix 1**.
 - **Balance Sheet** as at 31 May 2018 is presented in **Appendix 2**.
- 2.3 All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s).

Risk Considerations

- 3.1 This financial report is prepared based on information available at the time of preparation. The information contained within the report is subject to change as a result of finalising the financials for year end as part of the audit process. Any changes will be incorporated in the interim report for June 2018.

- 3.2 There is potential risk that some revenue included in the financial statements is subsequently not converted to cash or cash equivalents due to dispute by the customer or ratepayer. The raising of invoices and recognition of income is carried out with management review and approval to minimise this risk and trade debtors and other receivables are actively monitored and reviewed. This risk is also mitigated by the recognition of a provision for doubtful debt at 30 June 2018.
- 3.3 Depreciation could be materially different in this report compared with the year end result due to asset additions and disposals in the process of being completed. The depreciation on for Stormwater, Sewerage and Water Supply is **estimated** for the purposes of this report.
- 3.4 There is a risk that some financial assets may become impaired, but that the impairment amount is unknown. This will cause an over statement of carrying value of the asset in this report, that would be subsequently corrected in a later report.
- 3.5 There is a risk that the financial results and position stated within this report is materially different for those assets were not revalued at 30 June 2018. These assets include roads and solid waste assets. To minimise this risk, an assessment of the fair value of significant assets in between revaluation years will be undertaken by external valuers.
- 3.6 Included in financial assets is the carrying value for Council's investment in Inframax Construction Limited. Valuers have been engaged to carry out a valuation of Council's investment in ICL as required under Council's accounting standards and accounting standards. This valuation will be included in the final annual report.

Financial Report to 31 May 2018

3.1 INCOME STATEMENT HIGHLIGHTS

- 3.2 Set out below is the summary of financial information for the period to 31 May 2018. Detailed Cost of Service Statements are attached as Appendix 1.

FINANCIAL HIGHLIGHTS (Amounts in \$000's)	Actual 2016/17	EAP 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Total Expenditure						
- Direct Operating	13,409	16,090	14,155	13,019	(1,136)	
- Indirect Operating	11,980	13,290	12,173	10,575	(1,598)	
Total Expenditure	25,389	29,380	26,328	23,594	(2,734)	-10%
Total Revenue						
- Operating Revenue	(10,580)	(10,767)	(9,578)	(10,232)	(654)	
- Rates Revenue	(19,197)	(20,031)	(19,853)	(19,857)	(4)	
Total Revenue	(29,777)	(30,798)	(29,431)	(30,089)	(658)	2%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	(3,103)	(6,495)	(3,392)	109%
Other Comprehensive Revenue and Expense						
- Revaluation of Property, plant and equipment	493	(4,620)	0	0	0	
-(Gains)/Losses from Cash Flow Hedges	(1,121)	0	0	0	0	
Total Other Comprehensive Revenue and Expense	(628)	(4,620)	0	0	0	
Total Comprehensive Revenue and Expense	(5,016)	(6,038)	(3,103)	(6,495)	(3,392)	109%

3.3 **Net Operating Surplus:** The net operating surplus of \$6,495,000 was \$3,392,000 more than budget for the period ended 31 May 2018. The Cost of Service Statements for each activity are included as Appendix 1.

3.4 **Total Expenditure** was 10% (\$2,734,000) less than budget forecast for the period ended 31 May 2018.

- **Direct operating expenditure** was \$1,136,000 less than budget. The main contributors to this variance in order of magnitude are:
 - Sewerage: \$476,000 less mainly due to expenditures for internal WSBU charges, power and chemicals tracking less than budget.
 - Community Service: \$454,000 less as repair and maintenance expenditure were tracking less than budget.
 - Water Supply: \$158,000 less as chemicals, electricity, reticulation and pump station maintenance and operational costs were less than budget.
- **Indirect expenditure** was \$1,598,000 less than budget:
 - Interest: \$914,000 less than budget. The budgeted interest cost was based on 1 July 2017 projected public debt of \$50 million while the actual public debt at that date was \$43.4 million. The main reason for lower debt position than forecast in the EAP was due to reduced capital expenditure in prior years and the cost of funds were lower than forecast.
 - Depreciation: \$362,000 less than forecast mainly due to reduced depreciation for Te Kuiti Water, Road assets, Community Service and Leadership.
 - Allocated Costs: \$322,000 less as staff costs, human resources costs, motor vehicles and information services costs were less than budget.

3.5 **Total Revenue** was 2% (\$658,000) more than budget for the period ended 31 May 2018.

- **Operating revenue** \$654,000 more than budget. The main contributors to this variance are:
 - Solid Waste Management: \$364,000 more than budget due to increased revenue received for landfill charges including a significant one-off revenue transaction from a commercial customer.
 - Sewerage: \$253,000 more than budget due to increased volume of discharge from the major commercial users.

This increased revenue is offset by;

- Roads and Footpaths: \$235,000 less than budget. Less NZTA subsidy being received due to capital expenditure being less than year to date forecast. In addition to that the subsidy rate being received for the LED street light upgrade is at 85%, more than the 64% being received for most work categories.

- **Rates revenue** was \$4,000 less than budget overall, with Metered Water Rates and Rates Penalties being less than budget but General Rates, UAGC and Targeted Rates being more.

3.6 **BALANCE SHEET HIGHLIGHTS**

- 3.7 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2017 to 31 May 2018. The full Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Actual Position 30 Jun 2017	Actual Position 31 May 2018	Movement from 30 Jun 2017
Assets			
- Cash and cash equivalents	112	1,792	1,680
- Receivables	6,361	4,827	(1,534)
- Other current assets	1,099	49	(1,050)
- Other financial assets	5,686	5,687	1
- Non-current assets	332,439	335,116	2,677
TOTAL ASSETS	345,697	347,471	1,774
Liabilities			
- Other Liabilities	6,452	3,320	(3,132)
- Total Borrowings	43,419	41,830	(1,589)
- Derivative financial instruments	1,636	1,636	0
Total Liabilities	51,507	46,786	(4,721)
Equity			
- Equity	294,190	300,685	6,495
TOTAL LIABILITIES AND EQUITY	345,697	347,471	1,774

- 3.8 Total Assets have increased from \$345.7 million to \$347.5 million.

- Cash and cash equivalents have increased by \$1,680,000 from \$112,000 to \$1,792,000.
- Receivables decreased by \$1,534,000 since 30 June 2017 from \$6.36 million to \$4.83 million due to a decrease in NZTA subsidy receivable, Ministry of Health subsidy receivable, GST receivable and other debtors. This is partly offset by an increase in rates receivables due to penalties and current year rates being charged.
- Other current assets decreased by \$1,050,000. The decrease is due to the complete disposal of the Parkside Sections which were classed as Current Assets held for sale.
- Non-current assets have increased by \$2,677,000. The increase is due to the net effect of asset additions of \$8,007,000 less depreciation of \$5,139,000, asset disposals of \$141,000 and Emissions Trading Scheme ETS surrender of units worth \$50,000.

- 3.9 Total Liabilities have decreased from \$51.5 million to \$46.8 million.

- Other Liabilities decreased by \$3,132,000 due to a general decrease in Payables at 31 May 2018.
- Total Borrowings decreased by \$1,589,000 from \$43.4 million to \$41.8 million.

3.10 Equity increased by \$6.50 million to \$300.69 million which equals the total comprehensive revenue and expense for the period.

- Within Total Equity two transactions have been processed. The effect of these transactions have no effect on total comprehensive revenue and expense for the period;
- \$255,000 has been transferred from Revaluation Reserve to Accumulated Funds, for assets that were revalued but have now been disposed.
- An adjustment has been made to Council Created Reserves, where the write down of valuation of Inframax Construction Ltd at 30 June 2009 of \$3,313,000 was held in the Investments Operational Reserve has been cleared to Accumulated Funds.

3.11 CAPITAL EXPENDITURE

3.12 Set out below is the Capital Expenditure budget for the year compared to actual expenditure for the period ended 31 May 2018.

CAPITAL EXPENDITURE SUMMARY (Amounts in \$000's)	EAP 2017/18	YTD Actual May 2018	Variance 2017/18
Governance: Leadership and Investments			
- Investments	105	0	(105)
- Corporate Support	531	441	(90)
Community Service			
- Parks and Reserves	261	138	(123)
- Housing and Other Property	89	130	41
- Recreation and Culture	380	193	(187)
- Public Amenities	96	258	162
- Safety	5	0	(5)
Community Development			
- District Development	65	0	(65)
Solid Waste Management			
- Landfill Management	316	186	(130)
Stormwater			
- Urban	299	61	(238)
- Rural	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	536	531	(5)
- Te Waitere Sewerage	0	13	13
- Benneydale Sewerage	52	8	(44)
- Piopio Sewerage	31	14	(17)
Water Supply			
- Te Kuiti Water	1,098	1,599	501
- Mokau Water	145	44	(101)
- Piopio Water	114	21	(93)
- Benneydale Water	7	2	(5)
Roads and Footpaths			
- Subsidised Roads	5,680	4,226	(1,454)
- Unsubsidised Roads	335	142	(193)
TOTAL CAPITAL EXPENDITURE	10,150	8,007	(2,143)

3.13 Capital Expenditure was \$8.01 million for the period ended 31 May 2018, of which \$4.37 million (55%) related to Roads, \$1.67 million (21%) related to Water Supply and \$0.72 million (9%) related to Community Service.

3.14 Capital expenditure budgets are listed in the table above and major projects detailed in the commentary that follows. It should be noted that "Unspecified" renewal/ upgrade budgets are forecast for expenditure to be incurred on an 'as needed' basis only.

3.15 **Governance: Leadership and Investments**

Investments:

- Safety improvement capital works budgeted for at a number of Council owned quarries (Budget \$105,000 and carryover budget \$115,000): No expenditure to date.

Corporate Support:

- Corporate Support (Budget \$531,000): Expenditure of \$441,000 has been for computer hardware renewals, replacement of motor vehicles, category 3 building assessment and renewals of administration building.

3.16 **Community Service**

Parks and Reserves:

- Maintenance for Centennial Park, ex-Albion Soccer (Carryover budget of \$65,000): No expenditures to date.
- Expenditure of \$23,000 has been incurred for Esplanade Reserves (Budget \$65,000).
- Brook Park Entrance (Budget \$123,000): Work is nearing completion for this project with to date costs of \$115,000.
- No expenditures to date for park renewals in Passive Reserves (Budget \$33,000).
- Playground renewals (Budget \$40,000): No expenditure to date.

Housing and Other Property:

- Expenditures of \$69,000 incurred in relation to the Marokopa Camp Ground upgrade, installation of new audio system in Piopio Hall, installation of dog pound fence, modification work for wheel chair access to Mokauiti Hall and toilets (Budget \$89,000).
- Expenditures of \$61,000 incurred for the remedial work of 47 Te Kumi Road. This expenditure was not budgeted for, but was deemed necessary to bring the property up to a rentable standard.

Recreation and Culture:

- Expenditure for the period on Library collection renewals is \$47,000 and is ongoing (Budget \$50,000).
- Library technology and library renewal (Budget \$43,000): No expenditures to date.
- Expenditures incurred for replacement of variable speed drive for pump for the Aquatic Centre renewals (Budget \$68,000).
- The renewal of the bathroom facilities at the Les Munro Centre was completed in August with a total cost of \$141,000 (Budget \$180,000).

Public Amenities:

- The Public Amenities capital expenditure budget shows total expenditure for the eleven months to May of \$253,000, whereas the total budget is \$96,000. The reason for the variation is the timing of the budget compared with the completion timings of the two toilet renewal projects. The toilet replacement for Benneydale was budgeted in 2015/16 and for Marokopa in 2016/17.
- Toilet renewal project at Benneydale was completed in July 2017 with a total project cost of \$219,000 of which \$117,000 is included in 2017/18 year.
- The renewal work of Marokopa toilet has been completed with expenditure to date of \$117,000 of which \$2,000 was included in the prior year (Carryover budget \$223,000).
- Expenditures incurred for berms and grave stones numbering tags. Installation of new signage work to follow in the next financial year. (Budget \$15,000).
- Te Kuiti railway pedestrian over-bridge renewal is under review (Carryover budget \$140,000).

Safety:

- No expenditure incurred for the period on signage for Civil Defence initiatives (Budget \$5,000).

3.17 Community Development

- No expenditure incurred for the period on Motor Home Friendly District Initiative (Budget \$40,000).
- No expenditure incurred for the period for Information Centre technology (Budget \$10,000).

3.18 Solid Waste Management

- Work has commenced on the Resource Consent for volume expansion at Landfill with costs still to come in for this work (Budget \$50,000).

- Repair work has been undertaken for landfill swing gate for better access management with expenditures to date of \$28,000 (Budget \$44,000).
- Landfill main entrance and tip head improvements (Budget \$126,000): Landfill entrance way and safety improvements at all transfer station tip heads have been completed with a total expenditures of \$135,000.
- No expenditure incurred for the period for purchase of carbon credits required under the Emissions Trading Scheme (Budget \$75,000).
- Expenditures incurred for the installation of fencing at Piopio transfer station (Budget \$21,000).

3.19 **Stormwater**

- The investigation and construction of View Rd pipework is substantially completed. The Waitete Road pipe work has been planned for 2018 year. This project is currently under design phase and an investigation has also been undertaken (Unspecified minor storm water renewals budget \$100,000).
- The Taupiri Street storm water pipe rehabilitation has been tendered and work will be carried out in the next financial year (Budget \$46,000).
- Storm water rehabilitation (Budget \$110,000): Expenditures of \$15,000 incurred for repairing storm water outlet at Te Kuiti Landfill.
- Storm water asset risk minimisation (Budget \$43,000): Minor expenditures to date.
- Unspecified stormwater renewals for rural communities (Budget \$5,000): Minor expenditures incurred for the period. A section of new storm water extending an existing outfall in Oha Street is planned to allow the Tainui Street water main to be properly installed.

3.20 **Sewerage**

- Expenditure to date of \$191,000 at the waste water treatment plant has been for sand filter removal and recommissioning, UV reactor and SCADA repairs, valve and pipe improvements for the sludge removal process. Construction is currently in progress for chemical tank banded fill area and a storage shed (Budget \$146,000).
- Te Kuiti Reticulation and Pump Station renewals (Budget \$252,000 and carryover budget \$230,000): Expenditure for the period was \$289,000 for minor reticulation renewals. Carroll Street sewer replacement under the railway is nearing completion and the sewer replacement under the river has been installed. Tender process has commenced for Taupiri Street augmentation, work is likely to start this financial year and continue into next financial year.
- Te Kuiti Ingress and Infiltration investigation and rehabilitation (Budget \$138,000): Expenditure for the period was \$51,000 for rehabilitation work and CCTV maintenance.

- Te Waitere unspecified renewals, pump station renewals and resource consent renewal (Carry over Budget \$29,000): Expenditures incurred for the approval of resource consent. A new electrical cabinet has been installed due to old fiber glass unit became unsafe. A new sewer pump has been installed as part of this pump station upgrade.
- Benneydale treatment plant and reticulation renewals (Budget \$52,000): Expenditures incurred for the installation of new sewer pump.
- Piopio unspecified minor treatment plant, reticulation and separator tank renewals (Budget \$31,000): Expenditure of \$14,000 was incurred at Piopio Sewer Treatment Plant. The UV disinfection unit is being rebuilt and electrical components were replaced. The lamp and sleeve replacement work is due.

3.21 **Water Supply**

- Te Kuiti Water Treatment Plant Upgrade including clarifier refurbish and upgrade, and investigation of raw storage dam (Budget \$816,000): Expenditure for the period was \$1,159,000 for raw water intake design work (Phase II) and electrical upgrade (Phase II & III). Phase II (raw water intake structure) work is in progress and will be finalised towards the end of calendar year 2018. Phase III work which is clarifier rehabilitation (work completed in mid-December 2017), driveway and site improvements work are well underway with all concrete work completed. The demolition work for old building has been completed.
- Te Kuiti reticulation and pump station renewals (Budget \$260,000): Expenditure for the period was \$440,000. Water main replacement projects for Awakino Road and Hetet and Henderson Streets have been completed but at additional cost to that budgeted. The reasons for additional expenditure was unforeseen challenging ground conditions, existing pipes were found to be in worse condition than expected, there were a number of properties that were found to be interconnected and required additional mains to be installed to provide separate connections and the level of service of supply was increased in some instances.
- Reservoir Seismic Strengthening (Budget \$22,000): Mangarino reservoir work in planning stage.
- Mokau Water reticulation renewals including the reservoir seismic strengthening (Budget \$145,000): Tender process has commenced for the Tainui Street reticulation upgrade and Aria Terrace renewal. These two projects are interdependent. The work will be carried out in the next financial year. Any unspent budget will be carried over to the next financial year.
- Piopio Water reticulation renewals and treatment plant renewals including the installation of backflow preventers (Budget \$114,000): Planning to install the Tui Street – State Highway 3 link and the water bridge at Kuritahi Street has commenced. The unseasonal rain during the previous summer construction period delayed all earthworks related work. Contract documents are being prepared and work will

commence in the next financial year, any unspent budget will be carried over to the next financial year.

3.22 **Roads and Footpaths**

3.23 **Subsidised Roads**

- Minor improvements expenditure of \$60,000 for the period incurred in relation to the design work of Te Waitere Road slips and other areas within this work category (Budget \$650,000).
- Drainage renewals (Budget \$400,000): Expenditure for the period was \$223,000. This activity is weather dependent.
- Pavement rehabilitation (Budget \$1,452,000 and carryover budget \$289,000): Expenditure for the period \$936,000. The pavement rehabilitation work for Totoro Road is completed, chip sealing portion of this work was delayed due to adverse weather and completed in May.
- Sealed road surfacing (Budget \$1,400,000): Carrying out this activity requires fair weather due to the high cost and volatility around sealing of road surfaces. The annual sealing program was completed in May with to date expenditures of \$1,473,000.
- Structures component replacements and bridge maintenance (Budget \$300,000 and carryover budget \$80,000): Expenditures of \$133,000 relates to bridge maintenance work to date. The annual bridge structural repair work has been tendered and it is anticipated that this work will be completed in this financial year.
- Traffic services renewals (Budget \$200,000): Expenditure for the period was \$100,000 and is subject to completion of other work categories.
- Unsealed road metaling (Budget \$622,000): Expenditure for the period was \$424,000. This activity is best done in the wet (winter) season.
- Emergency reinstatement (Budget \$650,000 and carryover budget \$246,000): Expenditure of \$571,000 incurred to date removing slips and replacing washed out culverts from the April 2017 storm event. The program is nearing completion.
- LED street light upgrade work has commenced with to date costs of \$300,000.

3.24 **Unsubsidised Roads**

- Footpath renewals (Budget \$122,000): Expenditure for the period was \$142,000.
- Unspecified retaining wall renewals and road improvements not eligible for subsidy (Budget \$213,000): Minor expenditures incurred to date.

4.0 TREASURY REPORT

4.1 Set out in the following sections is the Treasury Report which provides details on Council's public debt position and debt financing costs.

4.2 CASH POSITION

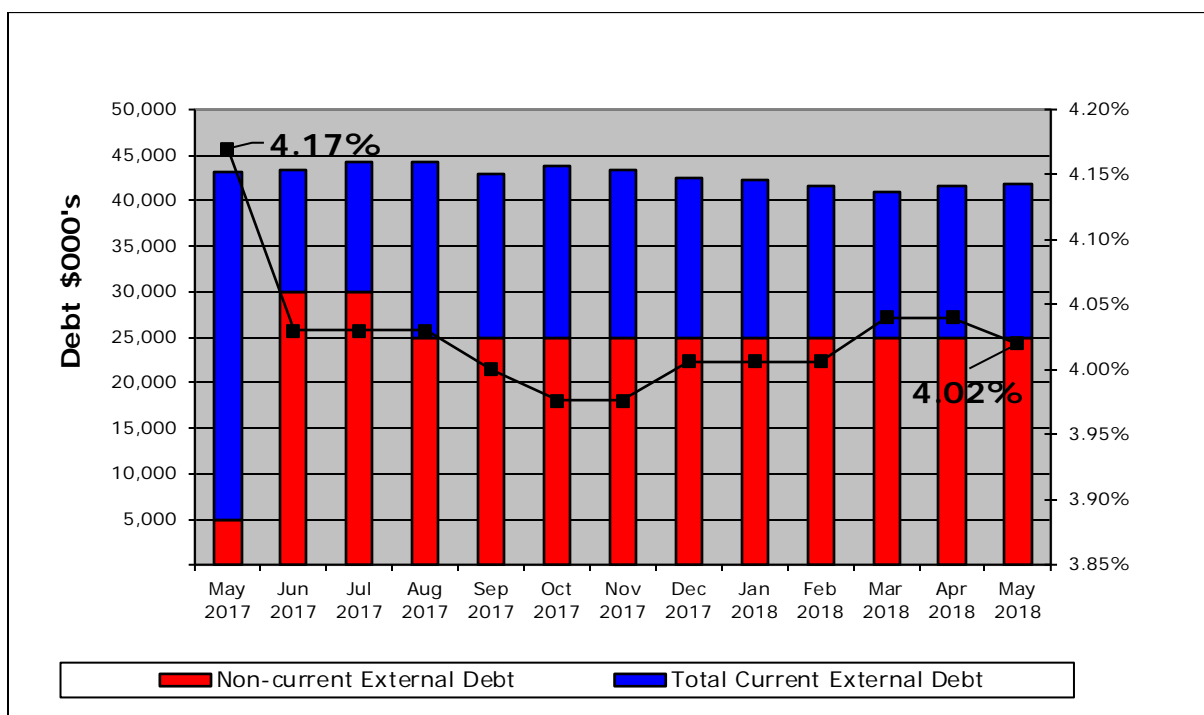
4.3 Council's cash position at 31 May 2018 was \$1,792,000 in funds, at 30 June 2017 it was \$112,000.

4.4 Included in the cash balance was \$190,000 which is held on trust to contractors for retention obligations for new contracts started on or after the 31 March 2017.

4.5 The large cash balance was due to receipt of rates revenue, which was due 31 May. This cash was subsequently applied to repayment of the Call Advance drawn and the balance transferred to Call Deposit, which earns an interest rate of 1.65%.

4.6 SUMMARY OF PUBLIC DEBT POSITION

4.7 Set out below is a graph recording trends in Council's current and non-current debt for the period ended May 2018. The trend line overlaid is the effective weighted average interest rate currently being paid on all loans.



4.8 At 31 May 2018 the effective weighted average interest rate for all loans excluding finance leases, accrued interest and Call Advance facility costs was 4.02%. At 31 May 2017 it was 4.17% and a number of factors have contributed to the interest rate decrease, notably the transfer of bank debt and FRN's held in Council's name to the Local Government Funding Agency (LGFA), with most of the transfer occurring on the 19 June 2017.

4.9 The slight decrease in interest rates from March to May 2018 is due the proportionality of floating rate debt increasing over this period. The Call Advance was not drawn at 31 March but drawn by \$900,000 at 31 May, attracting an interest

rate of 2.85%, which was less than the weighted average interest of all loans. This results in a small decrease in weighted average interest rate.

4.10 PUBLIC DEBT POSITION COMPARISON TO BUDGETS

4.11 Forecasted public debt at 30 June 2018 as per the EAP 2017/18 is \$51,136,000. Actual public debt at 31 May 2018 was \$41,830,000. Reduced capital expenditure in prior years and savings in operational expenditure has resulted in a lower debt position than forecast in the EAP. It should be noted that the capital expenditure program is still to be completed for the year and comparison can only be made at 30 June 2018.

4.12 WHOLESALE ADVANCE FACILITY (Call Advance Facility)

4.13 Council has a Call Advance facility with Westpac with a facility limit of \$10 million, with an expiry date of 1 July 2018.

4.14 The facility has a Line of Credit fee of 0.35% at an annual cost of \$35,000.

4.15 Interest is charged on daily basis at a rate of 0.90% credit margin plus the Westpac Prime rate (which is similar to the BKBM rate). At 31 May the rate charged was 2.85%.

4.16 The facility is used to finance capital expenditure prior to a loan draw down, (such as a Floating Rate Note or Fixed Rate Bond) or to meet Council's working capital requirements between each of the quarterly rates instalments.

4.17 DETAILS OF LOAN PORTFOLIO

4.18 The following table records the public debt position and the key dates for each loan as at 31 May 2018. The classification of current and non-current loans is based on when repayment is due. Current loans being those that are due for refinancing or repayment within 12 months of the balance sheet date (of this report).

AT 31 May 2018	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Current Loans						
Accrued Interest					179,708	0.000%
Call Advance	Floating		1/07/2018		900,000	2.850%
LGFA Commercial Paper	Floating	2/02/2018	2/08/2018	2/08/2018	5,000,000	2.105%
LGFA Commercial Paper	Hedged	18/07/2017	18/07/2018	20/04/2020	5,000,000	4.515%
Floating Rate Note	Floating	24/08/2015	24/08/2018	24/08/2018	5,000,000	2.500%
Westpac Term Loan (ICL)	Floating	24/11/2011	24/11/2018	13/08/2018	750,000	5.100%
Total Current Loans					16,829,708	
Non-current Loans						
LGFA: Floating Rate Note	Hedged	19/06/2017	15/11/2021	17/05/2021	6,000,000	5.455%
LGFA: Floating Rate Note	Hedged	19/06/2017	18/04/2024	18/04/2023	3,000,000	4.605%
LGFA: Floating Rate Note	Hedged	19/06/2017	10/09/2020	11/09/2020	5,000,000	4.260%
LGFA: Floating Rate Note	Hedged	19/06/2017	24/04/2023	24/01/2024	5,000,000	4.480%
LGFA: Floating Rate Note (ICL)	Hedged	19/06/2017	30/06/2019	30/08/2019	5,000,000	4.330%
LGFA: Fixed Rate Bond (ICL)	Fixed	19/06/2017	19/04/2025	19/04/2025	1,000,000	3.680%
Total Non-current Loans					25,000,000	

AT 31 May 2018	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Total Public Debt					41,829,708	4.02%
Cash & Liquid Investments						
Cash Held on Trust for Retention Obligations					190,000	
Cash					1,601,621	
Total Cash & Liquid Investments					1,791,621	
Public Debt Net of Investments					40,038,087	

4.19 Total public debt was \$41,829,708 and cash assets were \$1,791,621 at 31 May 2018 giving a net debt position of **\$40,038,087**.

4.20 The Effective Interest Rate details given in the table above is the total interest applicable to each tranche of debt; it is either the fixed rate on a Bond, or the credit margin and BKBM rate on unhedged Floating Rate Notes or the credit margin on the FRN plus the fixed rate in the associated interest rate swap contract.

4.21 Most of Council's debt is held by the LGFA. The debt not held by the LGFA includes one FRN for \$5 million issued in Council's name and the Westpac Term Loan and Call advance facility. It is anticipated that on maturity of the FRN issued in Council's name it will be refinanced through the LGFA.

4.22 **TREASURY EVENTS SINCE 31 May 2018**

4.23 This treasury report portrays the debt position of Council at 31 May 2018.

4.24 Since that date to the date of this report there has been no significant treasury management events or transactions to report.

4.25 **INTEREST COSTS**

4.26 The total actual interest paid for the period was \$1,551,000 against the year to date budget of \$2,465,000; \$914,000 (or 37%) less due to a lower debt position and securing better interest rates than forecast in the EAP. **Interest paid as a portion of total revenue is 5%**; Council's Treasury Policy requires that this amount not exceed 15%.

4.27 **FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING**

4.28 Included in the balance sheet are valuation amounts for Derivative Financial Instruments (interest rate swaps). The valuation amount is componentised into current and non-current liabilities held at balance date. At 30 June 2017 the value of the swaps was a total net liability of \$1,636,000 whereas at 31 May 2018 their net value was a liability of \$1,623,000.

4.29 The notional value of swap contracts in place at 31 May was \$29 million providing current interest rate risk cover plus \$5 million notional value with a future start date.

5.0 DEBTORS AND OTHER RECEIVABLES

- 5.1 Set out below is summary of Debtors and Other Receivables (i.e. unpaid rates and other debtor amounts owing) as at 31 May 2018 with comparatives from June 2017. Rates receivables exclude rates paid in advance (to give a more accurate picture of the receivables owing).

Receivables (Amounts in \$000's)	As at 30.06.17	As at 31.05.18	(Inc)/Dec \$	(Inc)/Dec %
Rates Receivable	2,376	3,050	(674)	-28%
Rates Penalties	1,465	1,632	(167)	-11%
Rates and Penalties Receivable	3,842	4,681	(839)	-22%
Extraordinary Water Charges	245	62	184	75%
Total Rates receivable	4,087	4,743	-656	-16%
NZ Transport Agency Subsidy	2,151	1,528	623	29%
Ministry of Health Subsidy	1,096	0	1,096	0%
Other Receivables	884	716	168	19%
Other Receivables	4,131	2,244	1,887	46%
Gross Receivables	8,218	6,987	1,231	15%
Less Provision for Doubtful Debts	(1,857)	(2,160)	303	-16%
Total Receivables	6,361	4,827	1,534	24%

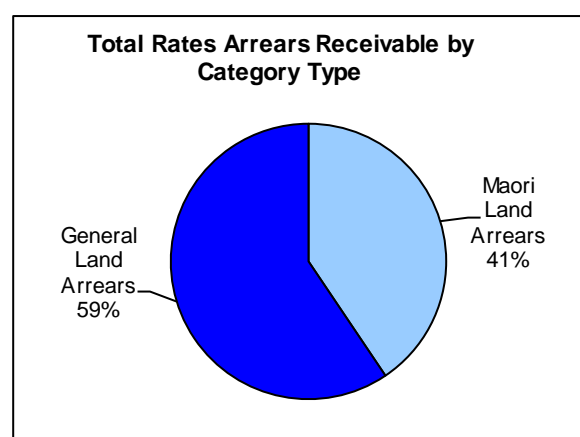
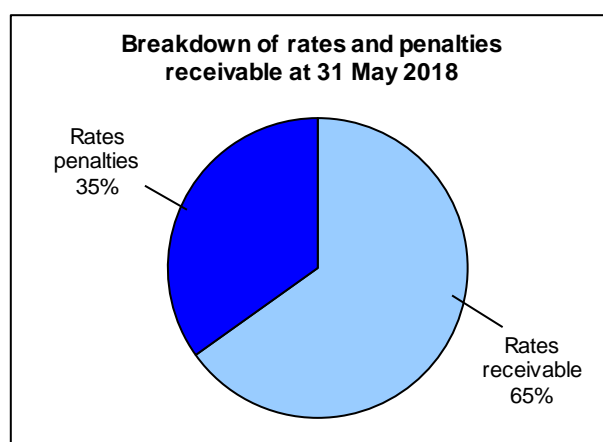
5.2 RATES AND PENALTIES RECEIVABLE

5.3 Current year rates

- 5.4 At 31 May, all instalments had been issued for the 17/18 year. The collection percentage on the fourth instalment to date was 94% (2017: 94%).

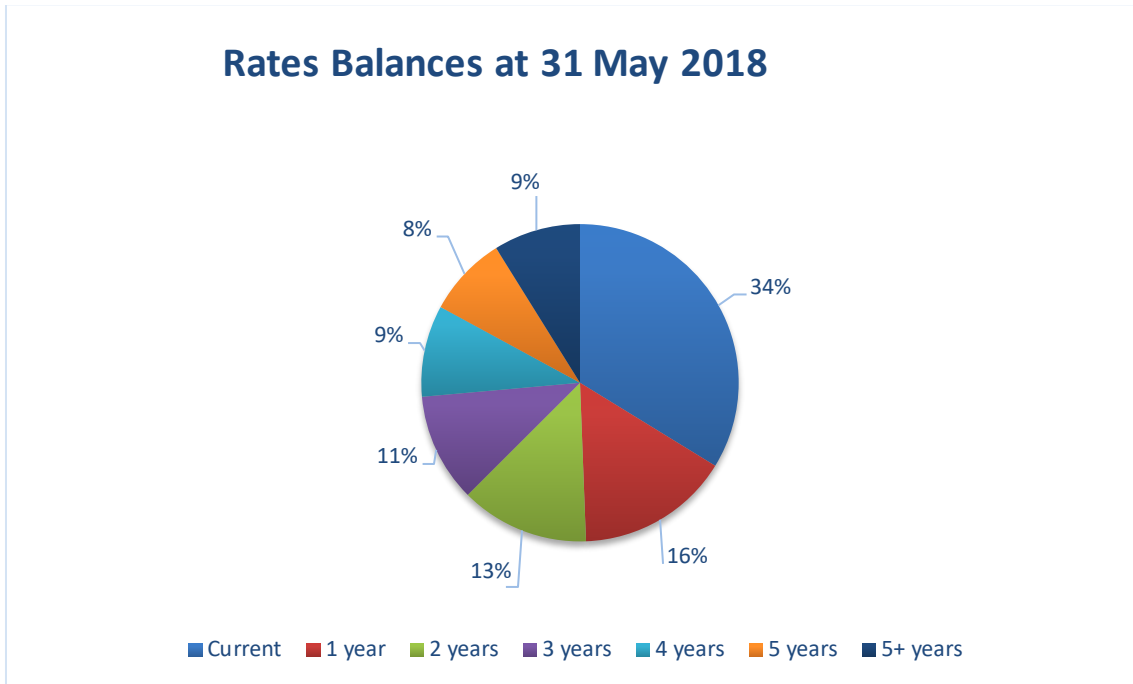
5.5 Rates Receivables (excluding metered water rates)

- 5.6 There was \$4.68 million of rates and penalties outstanding at 31 May 2018. This amount excludes rates paid in advance on future instalments. This total is made up of rates of \$3.05 million and penalties of \$1.63 million.



- 5.7 Rates and penalties receivable increased by \$839,000 since June 2017. Of this total, rates owing increased by \$674,000 and rates penalties owing increased by \$167,000.

- 5.8 For the eleven months to 31 May 2018, arrears have been **reduced by \$740,922** (19%) of the \$3,841,630 that was outstanding at 30 June 2017.
- 5.9 A total of \$285K of rates and penalties remissions have been entered against a full year's budget (\$290K).
- 5.10 The following graph illustrates the ageing of the rates receivable balance. Of the outstanding balance of \$4.68 million, \$1.58 million (34%) relates to current year, \$732K (16%) for the 2016/2017 year rates and the balance spread across the remaining years in a diminishing fashion.



- 5.11 The outstanding balance of rates is being actively managed through a variety of collection methods including lump sum payments, approved payment arrangements, demands on mortgage holders, placement of arrears with external debt collection agency and initiating properties for abandoned land and rating sale processes.
- 5.12 Recovery of arrears with the bank or financial institution that hold the mortgage over a property is available for general land properties, where there is a mortgage registered on the title. Where a property is identified as having a mortgage, a notice is sent to the owner and mortgage holder. If the arrears are not paid within 3 months a demand is made on the mortgage holder to pay the arrears.
- 5.13 The action being taken on outstanding balances is shown in the following graph:



5.14 Of the arrears owing at 31 May,

- 26.7% (\$1.248m) relates to Maori freehold land
- \$239,589 are under some form of payment arrangement
- 32 Properties totaling \$720,134 have been identified for rating sale. Two properties have been approved by the courts to commence sale of the properties, which is expected to be carried out in July 2018.
- In addition to this, there are \$590,707 of arrears relating to 42 properties that meet the criteria for abandoned land and are being progressed through the abandoned land process. The courts have granted approval for the sale or lease of 9 of these properties.
- A further \$122,757 of arrears requires further action. Some of these properties have been identified to be placed with an external debt collection in the next quarter. These are properties where there is no mortgage registered against the property and communications with the ratepayers have not resulted in payment arrangements being entered into or payments being received to clear the arrears.

5.15 Other Debtors Receivable

At 31 May 2018 'Other Receivables' totalled \$ 2,244,000 of which \$65,705 was due and owing for more than three months. The three month and over receivables include resource consent charges, dog registrations and infringements and other sundry debtors.

Suggested Resolution

1. The business paper on Financial Report for the period ended 31 May 2018 be received.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

18 June 2018

Appendix 1: Combined Cost of Service Statements

Summary Cost of Service (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Operating Expenditure						
- Leadership	721	1,341	827	756	(71)	
- Community Service	1,827	2,380	2,190	1,736	(454)	
- Community Development	714	913	865	811	(54)	
- Regulation	142	200	184	145	(39)	
- Solid Waste Management	1,072	1,223	1,070	1,138	68	
- Stormwater Drainage	81	174	165	90	(75)	
- Resource Management	53	61	37	61	24	
- Sewerage	1,531	1,867	1,720	1,244	(476)	
- Water Supply	1,614	1,655	1,527	1,369	(158)	
- Roads and Footpaths	5,654	6,276	5,570	5,669	99	
Total Direct Operating Expenditure	13,409	16,090	14,155	13,019	(1,136)	-8%
Indirect Expenditure						
- Allocated Costs	4,160	4,595	4,207	3,885	(322)	
- Interest	1,981	2,690	2,465	1,551	(914)	
- Depreciation	5,839	6,005	5,501	5,139	(362)	
Total Indirect Expenditure	11,980	13,290	12,173	10,575	(1,598)	-13%
TOTAL EXPENDITURE	25,389	29,380	26,328	23,594	(2,734)	-10%
Operating Revenue						
- Leadership	(327)	(132)	(125)	(55)	70	
- Community Service	(959)	(523)	(484)	(522)	(38)	
- Community Development	(98)	(59)	(54)	(147)	(93)	
- Regulation	(433)	(481)	(455)	(480)	(25)	
- Stormwater Drainage	(7)	0	0	(12)	(12)	
- Resource Management	(91)	(59)	(55)	(140)	(85)	
- Solid Waste Management	(1,067)	(998)	(915)	(1,279)	(364)	
- Sewerage	(997)	(863)	(792)	(1,045)	(253)	
- Water Supply	(12)	0	0	(18)	(18)	
- Roads and Footpaths	(6,589)	(7,652)	(6,698)	(6,534)	164	
Total Operating Revenue	(10,580)	(10,767)	(9,578)	(10,232)	(654)	7%
Rates Revenue						
- General Rate	(3,503)	(3,646)	(3,646)	(3,666)	(20)	
- UAGC	(3,113)	(3,268)	(3,268)	(3,283)	(15)	
- Targeted Rate	(11,447)	(11,945)	(11,862)	(11,998)	(136)	
- Rates Penalties	(444)	(460)	(425)	(405)	20	
- Metered Water Rates	(690)	(712)	(652)	(505)	147	
Total Rates Revenue	(19,197)	(20,031)	(19,853)	(19,857)	(4)	0%
TOTAL REVENUE	(29,777)	(30,798)	(29,431)	(30,089)	(658)	2%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	(3,103)	(6,495)	(3,392)	109%

The reasons for variance have been set out in sections 3.4 and 3.5 in the main body of the report and further details are also contained in the COSS for each activity that follows.

The actuals for 2016/17 excludes rates on Council properties from both revenue and expenditure.

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Representation	297	300	281	286	5	
- Planning & Policy & Monitoring	282	386	185	242	57	
- District and Urban Development	8	505	284	139	(145)	
- Investments	118	140	77	89	12	
- Treasury Management and Overhead Accounts	16	10	0	0	0	
Total Direct Expenditure	721	1,341	827	756	(71)	-9%
- Allocated Costs	893	1,250	1,143	1,138	(5)	
- Interest	241	386	353	243	(110)	
- Depreciation	484	495	449	395	(54)	
Total Operating Expenditure	2,339	3,472	2,772	2,532	(240)	-9%
Operating Revenue						
- Representation	(18)	(19)	(18)	(11)	7	
- Investments	(234)	(103)	(98)	(38)	60	
- Treasury Management and Overhead Accounts	(75)	(10)	(9)	(6)	3	
Total Operating Revenue	(327)	(132)	(125)	(55)	70	-56%
Net Operating Cost/(Surplus)	2,012	3,340	2,647	2,477	(170)	-6%

The budget for Representation operating revenue excludes rates penalties revenue which is disclosed as part of rates revenue in the Combined Cost of Service Statement on the previous page.

Net Operating Cost for the Governance Activity was 6% (\$170,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 9% (\$71,000) less than budget for the period.

- Policy development and advocacy cost was more than budget.
- Expenditures to date incurred includes the initial work for the structure planning and town concept planning for Mokau and Te Kuiti as part of the District Plan Review. The structure/town concept planning project is well underway, along with a range of other key consultant work-streams related to the District Plan Review (i.e. coastal hazards, landscapes, flood modelling, and significant natural areas and ecology). Additional expenditure will be incurred on an on-going basis in relation to the District Plan project.

Operating Revenue was 56% (\$70,000) less than budget for the period.

- Revenue from the investment activity was less than budget due to reduced revenue for quarry royalties. In addition to this, whilst there was an overall cash profit from the sale of the remaining Parkside sections of \$60,000, an accounting loss on sale has been recognised. This is the result of the value of the sections being revalued upwards at 30 June 2017 to \$1,050,000 (due to sections required to be transferred to Investment Properties and then transferred back to Assets held for sale in the holding period, which was greater than the sale proceeds. The initial purchase of the sections was \$1,269,000 in November 2011 and all sections were sold for \$1,359,000 by March 2018 giving a cash gain of \$90,000.

Community Service

COMMUNITY SERVICE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Parks and Reserves	392	553	506	324	(182)	
- Housing and Other Property	249	479	448	341	(107)	
- Recreation and Culture	469	524	474	423	(51)	
- Public Amenities	633	700	646	576	(70)	
- Safety	84	124	116	72	(44)	
Total Direct Expenditure	1,827	2,380	2,190	1,736	(454)	-21%
- Allocated Costs	747	832	763	605	(158)	
- Interest	130	207	190	104	(86)	
- Depreciation	814	897	823	753	(70)	
Total Operating Expenditure	3,518	4,316	3,966	3,198	(768)	-19%
Operating Revenue						
- Parks and Reserves	(9)	(18)	(14)	(19)	(5)	
- Housing and Other Property	(305)	(290)	(266)	(323)	(57)	
- Recreation and Culture	(132)	(159)	(152)	(126)	26	
- Public Amenities	(513)	(56)	(52)	(54)	(2)	
- Safety	0	0	0	0	0	
Total Operating Revenue	(959)	(523)	(484)	(522)	(38)	8%
Net Operating Cost/(Surplus)	2,559	3,793	3,482	2,676	(806)	-23%

Net Operating Cost was 23% (\$806,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 21% (\$454,000) less than budget for the period.

- Expenditure for Parks and Reserves, Housing and Other Property, Public Amenities and, Recreation and Culture activities are tracking less than budget as repairs and maintenance expenditure is only spent when required. No expenditure has been incurred for the Passive Reserves management plan.
- Safety: There has been no direct expenditure for rural fires as the New Zealand Fire Service Commission (NZFSC) has undertaken this work stream from this financial year. There is a 12 month transitional agreement in place with NZFSC which involves WDC issuing Fire Permits.

Operating Revenue was 8% (\$38,000) more than budget for the period.

- Contribution received from Piopio Hall Committee for Piopio Hall, Waipa Network for granting easement on State Highway 3 Hangatiki and gain on disposal of operational land. This was partly offset by less revenue received from Aerodrome, Aquatic Centre, and Les Munro Centre Hire, which are within the Recreation and Culture activity.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Community Support	503	515	510	498	(12)	
- District Development	211	398	355	313	(42)	
- Agencies	0	0	0	0	0	
Total Direct Expenditure	714	913	865	811	(54)	-6%
- Allocated Costs	520	683	624	510	(114)	
- Interest	1	2	2	0	(2)	
- Depreciation	9	7	6	9	3	
Total Expenditure	1,244	1,605	1,497	1,330	(167)	-11%
Operating Revenue						
- Community Support	(23)	(2)	(2)	(2)	0	
- District Development	(62)	(57)	(52)	(145)	(93)	
- Agencies	(13)	0	0	0	0	
Total Operating Revenue	(98)	(59)	(54)	(147)	(93)	172%
Net Operating Cost/(Surplus)	1,146	1,546	1,443	1,183	(260)	-18%

Net Operating Cost for the Community Development Activity was 18% (\$260,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 6% (\$54,000) less than budget for the period.

- Included in the District Development activity was the Sir Colin Meads Public Memorial Service cost which was not budgeted for. This was offset by funding provided from the Office of the Prime Minister.
- Expenditure for district promotions, telecommunication initiative and district development are less than budget.

Operating Revenue was 172% (\$93,000) more than budget for the period.

- Funding contribution has been received from the Office of the Prime Minister for Sir Colin Meads Public Memorial Service.
- A donation of \$2,800 was received from Destination Waitomo as part of the organisation winding up process.

Regulation

REGULATION (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Regulation	142	200	184	145	(39)	
Total Direct Expenditure	142	200	184	145	(39)	-21%
- Allocated Costs	814	733	671	630	(41)	
- Interest	1	1	1	1	0	
- Depreciation	5	4	4	4	0	
Total Expenditure	962	938	860	780	(80)	-9%
Operating Revenue						
- Regulation	(433)	(481)	(455)	(480)	(25)	
Total Operating Revenue	(433)	(481)	(455)	(480)	(25)	5%
Net Operating Cost/(Surplus)	529	457	405	300	(105)	-26%

Net Operating Cost for the Regulation Activity was 26% (\$105,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 21% (\$39,000) less than budget for the period.

- Minimal costs have been incurred for the compliance schedule project to date. This has partly been offset by increased costs of items outlined below.
- WLASS Building Consent Group costs are more than budget due to WDC's contribution to a number of WLASS strategic building projects.
- Some costs have been incurred in relation to the Carter Holt Harvey litigation proceedings (that 48 other councils are also party to). These litigation costs are being shared as appropriate between all Councils' that are party to the proceedings.

Operating Revenue was 5% (\$25,000) more than budget for the period.

- Animal and Dog Control and Building Control revenue were more than budget. Building consent revenue received for the period to 31 May 2018 was \$200,000 from 157 processed consents, higher than that received from 132 processed for the last financial period. This was partly offset by reduced compliance schedule revenue.
- The grant contribution from the Central Government has been carried over to current year. These funds are specific for the neutering of the menacing of dogs campaign. Unspent fund will be carried over to the next financial year.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- District Plan Administration	53	61	37	61	24	
Total Direct Expenditure	53	61	37	61	24	65%
- Allocated Costs	160	184	169	159	(10)	
Total Expenditure	213	245	206	220	14	7%
Operating Revenue						
- District Plan Administration	(91)	(59)	(55)	(140)	(85)	
Total Operating Revenue	(91)	(59)	(55)	(140)	(85)	155%
Net Operating Cost/(Surplus)	122	186	151	80	(71)	-47%

Net Operating Cost for the Resource Management Activity was 47% (\$71,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 65% (\$24,000) more than budget for the period.

- This is mainly due to planning consultant costs to process complex consents, which will be recovered from resource consent applicants.

Operating Revenue was 155% (\$85,000) more than budget for the period.

- District Plan Administration revenue is more than full year budget due to an increase in resource consent and LIM revenue. The reason for increase in resource consent revenue is due to the complexity of applications being processed and cost recovery of actual processing costs from applicants. There have been 34 resource consents and 150 LIMs processed for the eleven months to May.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Collection	277	297	272	274	2	
- Landfill Management	795	926	798	864	66	
Total Direct Expenditure	1,072	1,223	1,070	1,138	68	6%
- Allocated Costs	353	371	340	340	0	
- Interest	224	244	223	144	(79)	
- Depreciation	91	64	58	55	(3)	
Total Expenditure	1,740	1,902	1,691	1,677	(14)	-1%
Operating Revenue						
- Collection	(134)	(134)	(123)	(120)	3	
- Landfill Management	(933)	(864)	(792)	(1,159)	(367)	
Total Operating Revenue	(1,067)	(998)	(915)	(1,279)	(364)	40%
Net Operating Cost/(Surplus)	673	904	776	398	(378)	-49%

Net Operating Cost for the Solid Waste Management Activity was 49% (\$378,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 6% (\$68,000) more than budget for the period.

- Expenditures for landfill operational costs, emission trading scheme and asset management plans were more than budget. This was partly offset by reduced capping materials costs.

Operating Revenue was 40% (\$364,000) more than budget for the period.

- Revenue received at the landfill was more than budget mainly due to a significant one-off increase in building material charges from a commercial user. There has also been an increase in general refuse charges, green waste and recovered materials.

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Te Kuiti Stormwater	65	146	140	86	(54)	
- Rural Stormwater	16	28	25	4	(21)	
Total Direct Expenditure	81	174	165	90	(75)	-45%
- Allocated Costs	94	57	52	53	1	
- Interest	4	5	4	3	(1)	
- Depreciation	170	172	158	156	(2)	
Total Expenditure	349	408	379	302	(77)	-20%
Operating Revenue						
- Te Kuiti Stormwater	(7)	0	0	(12)	(12)	
Total Operating Revenue	(7)	0	0	(12)	(12)	0%
Net Operating Cost/(Surplus)	342	408	379	290	(89)	-23%

Net Operating Cost for the Stormwater Drainage Activity was 23% (\$89,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 45% (\$75,000) less than budget for the period.

- Expenditure for resource consent compliance, Te Kuiti storm water drainage maintenance, insurance costs and internal WSBU charges were less than budget. The reason for reduction in insurance cost is due to change in insurance provider from LAPP to AON.

Operating Revenue was \$12,000 more than budget for the period for connection fees.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Waitomo Village	9	0	0	6	6	
- Te Kuiti	1,326	1,549	1,429	1,103	(326)	
- Te Waitere	31	40	35	11	(24)	
- Benneydale	72	118	109	42	(67)	
- Piopio	93	160	147	82	(65)	
Total Direct Expenditure	1,531	1,867	1,720	1,244	(476)	-28%
- Allocated Costs	272	237	218	220	2	
- Interest	417	525	482	303	(179)	
- Depreciation	753	781	715	691	(24)	
Total Expenditure	2,973	3,410	3,135	2,458	(677)	-22%
Operating Revenue						
- Te Kuiti	(954)	(860)	(789)	(1,033)	(244)	
- Benneydale	(2)	(1)	(1)	(3)	(2)	
- Piopio	(41)	(2)	(2)	(9)	(7)	
Total Operating Revenue	(997)	(863)	(792)	(1,045)	(253)	32%
Net Operating Cost/(Surplus)	1,976	2,547	2,343	1,413	(930)	-40%

Net Operating Cost for the Sewerage Activity was 40% (\$930,000) below budget for the period ended 31 May 2018.

Direct Expenditure was 28% (\$476,000) less than budget for the period.

- Expenditure for internal WSBU charges, power and chemicals for Te Kuiti were less than budget. This was partly offset by increased reticulation operational costs. Some major faults were picked up during routine maintenance of the reticulation network that have resulted in some major work being carried out.
- Operations and maintenance costs are also less than budget for Benneydale, Piopio and Te Waitere schemes.
- Investigation and planning expenditure was incurred for the possible supply of sewerage services for Waitomo Village.

Operating Revenue was 32% (\$253,000) more than budget for the period.

- Trade waste revenue for Te Kuiti is more than forecast due to an increase in the quantity of discharge from the major commercial users. The likely reason for increase in quantity of discharge may be due to seasonal factor notwithstanding existing process in place for better pre-treatment of trade waste to reduce nutrient loads in their discharge.
- Trade waste revenue in Piopio was more than full year budget.
- Connection fees revenue has also been received for Te Kuiti, Te Waitere and Benneydale.

Water Supply

WATER SUPPLY (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Te Kuiti	1,032	1,064	981	1,005	24	
- Mokau	247	212	197	127	(70)	
- Piopio	217	280	258	162	(96)	
- Benneydale	109	99	91	63	(28)	
- Waitomo Village	9	0	0	12	12	
Total Direct Expenditure	1,614	1,655	1,527	1,369	(158)	-10%
- Allocated Costs	290	248	227	230	3	
- Interest	264	458	420	244	(176)	
- Depreciation	552	627	576	506	(70)	
Total Expenditure	2,720	2,988	2,750	2,349	(401)	-15%
Operating Revenue						
- Te Kuiti	(2)	0	0	(6)	(6)	
- Mokau	0	0	0	(4)	(4)	
- Piopio	(2)	0	0	0	0	
- Benneydale	0	0	0	(2)	(2)	
Total Operating Revenue	(4)	0	0	(12)	(12)	
Subsidy Revenue						
- Te Kuiti	0	0	0	0	0	
- Mokau	(8)	0	0	(6)	(6)	
Total Subsidy Revenue	(8)	0	0	(6)	(6)	
Total Revenue	(12)	0	0	(18)	(18)	
Net Operating Cost/(Surplus)	2,708	2,988	2,750	2,331	(419)	-15%

Net Operating Cost for the Water Supply Activity was 15% (\$419,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 10% (\$158,000) less than budget for the period.

- Expenditure for chemicals, electricity and pump station maintenance and operational costs were less than budget for Te Kuiti. These were partly offset by increased internal WSBU charges and reticulation maintenance.
- Expenditure for internal WSBU and overall operational expenditure was less for Piopio, Mokau and Benneydale.
- Investigation and planning expenditure was incurred for the possible supply of water services for Waitomo Village.
- The disposal of old building at Te Kuiti water treatment plant is still to be processed as part of end of year disposals.

Operational Revenue was \$18,000 more than budget for the period.

- Revenue received is for new water connections in Te Kuiti, Mokau and Benneydale.
- The Ministry of Health allowed claiming the full subsidy for Mokau water which resulted in an increase in the subsidy revenue.

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget May 2018	YTD Actual May 2018	Variance May 2018	% Variance
Direct Expenditure						
- Subsidised Roads	5,496	6,019	5,355	5,597	242	
- Unsubsidised Roads	158	257	215	72	(143)	
Total Direct Expenditure	5,654	6,276	5,570	5,669	99	2%
- Allocated Costs	17	0	0	0	0	
- Interest	699	862	790	509	(281)	
- Depreciation	2,961	2,958	2,712	2,570	(142)	
Total Expenditure	9,331	10,096	9,072	8,748	(324)	-4%
Operating Revenue						
- Subsidised Roads	(6,465)	(7,562)	(6,642)	(6,474)	168	
- Unsubsidised Roads	(124)	(90)	(56)	(60)	(4)	
Total Operating Revenue	(6,589)	(7,652)	(6,698)	(6,534)	164	-2%
Net Operating Cost/(Surplus)	2,742	2,444	2,374	2,214	(160)	-7%
Subsidised Roads Maintenance (Excluding losses on asset disposals)	5,496	5,918	5,314	5,555	241	
Subsidised Roads Capital	4,561	5,680	4,832	4,226	(606)	
Combined Maintenance and Capital	10,057	11,598	10,146	9,781	(365)	-4%
Subsidy Revenue for Subsidised Roads	(6,317)	(7,422)	(6,520)	(6,321)	199	-3%

Net Operating Cost for the Roads and Footpaths Activity was 7% (\$160,000) less than budget for the period ended 31 May 2018.

Direct Expenditure was 2% (\$99,000) more than budget for the period.

- The Emergency Re-instatement (first response) expenditures were more than full year budget due to weather related damages on the network.
- Sealed pavement maintenance and traffic services maintenance expenditures were more than full year budget.
- Network and Asset Management expenditures were more than full year budget. Additional costs have also been incurred for asset management plan.
- The overspent items detailed above are partly offset by reduced expenditures in unsealed pavement maintenance, environmental maintenance and community coordination charges.
- Unsubsidised roads expenditure was less than budget for street cleaning and footpath maintenance.

Operating Revenue was 2% (\$164,000) less than budget for the period.

- Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 64%. As capital expenditure was less than forecast the subsidy associated with this is also less than budget. In addition to that the subsidy rate for LED street lights upgrade is 85%, which was not budgeted for.

Appendix 2: Balance Sheet as at 31 May 2018

STATEMENT OF FINANCIAL POSITION (Amounts in \$000's)	Actual 30 Jun 2017	Actual Position 31 May 2018	Movement from 30 Jun 2017	Exceptions Annual Plan 30 Jun 2018	Variance from EAP
Equity					
- Accumulated Funds	210,367	213,804	3,437	214,879	1,075
- Other Reserves	13,287	16,600	3,313	6,741	(9,859)
- Revaluation Reserve	70,536	70,281	(255)	77,413	7,132
TOTAL EQUITY	294,190	300,685	6,495	299,033	(1,652)
Current Assets					
- Cash and Cash Equivalents	112	1,792	1,680	100	(1,692)
- Inventory	49	49	0	38	(11)
- Other Financial Assets	378	378	0	3	(375)
- Receivables (Non-exchange)	5,966	4,432	(1,534)	5,690	1,258
- Receivables (Exchange)	395	395	0	357	(38)
- Assets Held for Sale	1,050	0	(1,050)	9	9
Total Current Assets	7,950	7,046	(904)	6,197	(849)
Current Liabilities					
- Payables and Deferred Revenue (Exchange)	4,111	1,156	(2,955)	2,811	1,655
- Payables and Deferred Revenue (Non-exchange)	685	685	0	719	34
- Current Portion of Borrowings	13,419	16,830	3,411	5,200	(11,630)
- Provisions	26	26	0	20	(6)
- Employee Entitlements	549	491	(58)	514	23
- Derivative Financial Instruments	608	608	0	561	(47)
Total Current Liabilities	19,398	19,796	398	9,825	(9,971)
NET WORKING CAPITAL	(11,448)	(12,750)	(1,302)	(3,628)	9,122
Non Current Assets					
- Property Plant and Equipment	331,301	333,978	2,677	345,685	11,707
- Intangible Assets	388	388	0	733	345
- Investment Property	750	750	0	742	(8)
- Other Financial Assets	788	789	1	5	(784)
- Investment in CCO & Civic Financial Services Ltd	4,520	4,520	0	4,520	0
- Derivative Financial Instruments	0	0	0	0	0
Total Non Current Assets	337,747	340,425	2,678	351,685	11,260
Non Current Liabilities					
- Payables and Deferred Revenue (Non-exchange)	141	22	(119)	0	(22)
- Borrowings	30,000	25,000	(5,000)	45,936	20,936
- Employee Entitlements	0	0	0	0	0
- Provisions	940	940	0	933	(7)
- Derivative Financial Instruments	1,028	1,028	0	2,155	1,127
Total Non Current Liabilities	32,109	26,990	(5,119)	49,024	22,034
NET ASSETS	294,190	300,685	6,495	299,033	(1,652)

Document No: A396607

Report To: Council



Meeting Date: 26 June 2018

Subject: Adoption of reviewed Policies 2018

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present for adoption, the final draft of policies reviewed as part of the 2018-28 Long Term Plan (2018 LTP) development.

Background

- 2.1 WDC considers it to be good practice to review all policies as part of the Long Term Plan development process to ensure aligned forward planning and integrated decision making. This practice also enables efficient and effective consultation with the district community.
- 2.2 The policies reviewed as part of the 2018 LTP development process are:
- Revenue and Financing Policy (RFP)
 - Policy on Remission of Rates (Including Remissions and Postponements of Rates on Maori Freehold Land) - RRP
 - Treasury Policy (TP)
 - Significance and Engagement Policy (SEP) and
 - Appointment of Directors to Council Controlled Organisations (CCO Directors)
- 2.3 There are two policies which are legislatively required to be included in the LTP document under Schedule 10 of the Local Government Act 2002 (LGA), which are, the Revenue and Financing Policy and a summary of the Significance and Engagement Policy.
- 2.4 Council reviewed all its policies as part of the 2018 LTP development workshops carried out from June 2017 through to March 2018. Policies were then adopted for consultation as part of the Supporting Information for the Consultation Document (CD) on 27 March 2018.

Commentary

- 3.1 Council proposed one key change to the RFP being the change to the funding mechanism for Water Supply and Sewerage activities.
- 3.2 Council also proposed changes to the RRP being the introduction of two new remission categories.
- 3.3 These changes were consulted on with the district community through the Consultation Document from 5 April 2018 to 4 May 2018.

- 3.4 The other changes made to the policies as part of the review workshops were not considered significant as they were related to provision of clarity during implementation and to align with any changes in the operating environment.
- 3.5 As part of deliberations on the submissions to the CD for the 2018 LTP, Council agreed to confirm its RFP proposals and the RRP proposals. These changes are reflected in the final draft RFP and final draft RRP enclosed as **Attachment 1** and **Attachment 2** respectively, with this business paper.
- 3.6 Since the public consultation process, New Zealand Transport Agency has informed Councils that maintenance and upgrades of Footpaths would be considered a subsidised activity starting from 1 July 2018. This change has also been reflected in the RFP (and in all other relevant documents).
- 3.7 The change in the final draft RRP as a result of the consultation process has been to require triennial applications for rates remissions instead of annual applications with the onus being on the ratepayer to inform Council of any change in circumstance in the interim period. Any changes since consultation are highlighted yellow within the enclosed Policy documents.
- 3.8 The final drafts of the Treasury Policy, the Significance and Engagement Policy and the CCO Directors Policy are enclosed as **Attachments 3, 4 and 5** with this business paper.

Considerations

Risks

- 4.1 If Council does not adopt the Policies described and enclosed with this paper there is a risk that the 2018 LTP adoption process will not be met and Council will be in breach of its legislative requirements.
- 4.2 No risks are assessed as a consequence of the adoption of the enclosed policies.

Consistency with Existing Plans and Policies

- 4.2 There is nothing within this paper or within the enclosed final draft policies which is inconsistent with any other Council policies and or plans.

Significance and Community Views

- 4.3 Community views on policy change proposals that are considered significant have been sought and obtained and are reflected in the decisions sought within this business paper.

Suggested Resolutions

1. The business paper on Adoption of reviewed Policies be received.
2. Council adopt/ not adopt the Revenue and Financing Policy.
3. Council adopt/ not adopt the Policy on Remission of Rates (including Remissions and Postponements of Rates on Maori Freehold Land).
4. Council adopt/ not adopt the Treasury Policy.

5. Council adopt/ not adopt the Significance and Engagement Policy.
6. Council adopt/ not adopt the Policy on Appointment of Directors to Council Controlled Organisations.

Vibhuti

VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

Attachment: (A378914) Final Draft Revenue and Financing Policy
(A378068) Final Draft Policy on Remission of Rates (including Remissions and Postponements of Rates on Maori Freehold Land)
(A397627) Final Draft Treasury Policy
(A357852) Final Draft Significance and Engagement Policy
(A357850) Final Draft Policy on Appointment of Directors to Council Controlled Organisations

Document No: A396629

File No:

Report To: Council

Meeting Date: 26 June 2018

Subject: **Adoption of the Solid Waste Management and Minimisation Plan 2018-2028**

Purpose of Report

- 1.1 The purpose of this business paper is to provide Council with the amended Solid Waste Management and Minimisation Plan 2018-2028 (SWaMMP).
- 1.2 The draft SWaMMP document was circulated as part of the Council Agenda for the 27 March 2018 Council Meeting. The draft SWaMMP incorporates the Waste Assessment 2017.

Background

- 2.1 Council considered the preliminary draft SWaMMP and adopted the document as a Statement of Proposal (SoP) for consultation purposes on 27 March 2018.
- 2.2 Public consultation was carried out in the period Thursday 5 April 2018 to Friday 4 May 2018.
- 2.3 There were three proposals Council sought feedback on via the consultation process. Fifty (50) submissions were received to the SWaMMP SoP during the Consultation period.
- 2.4 The SWaMMP SOP proposal which generated the most submitter interest related to the relocation of the Awakino / Mokau Transfer Station.

Commentary

- 3.1 Council considered the Deliberations on Submissions report (A390454) on 29 May 2018 and resolved that the Transfer Station relocation proposal does not proceed.
- 3.2 The draft SWaMMP does not need to be amended as a consequence of this resolution. The direction in the draft SWaMMP was to complete the investigation into the feasibility of moving the Awakino /Mokau Transfer Station (page 21, A364481).
- 3.3 The feedback received via the draft SWaMMP SOP consultation process has provided useful information and, for the range of issues outlined in the Deliberation on Submission report, the investigation into the relocation of the Transfer Station is now complete.

3.4 Whilst the draft SWaMMP does not need amending there is an opportunity to update the Waste Assessment 2017 to better reflect the issues and correct a minor error. The proposed tracked changes are outlined in the following table.

Waste Assessment Topic	Comments
<p>Page 76 – Section 2.2.12:</p> <p>The location of the Mokau/Awakino Transfer Station is the exception; addressing the issues relating to this site will require a multi-pronged approach including increased signage, reassessment of the opening hours and improved communication and education. Process to relocate this transfer station to a more accessible site is under way.</p>	<p>The wording has been amended to better reflect the issues and the range of options available to address these.</p>
<p>Page 94 – Section 3.2.8: delete final bullet point</p> <ul style="list-style-type: none"> • Awakino/Mokau transfer station location has been identified as a potential issue due to the locality of the transfer station – relocation of the transfer station into the Mokau township is being investigated. 	<p>The relocation proposal is incorrectly referenced in this section which relates to targeting waste streams to further reduce waste entering the landfill. All the waste from the Mokau village enters the landfill regardless of whether it is collected at the transfer station, kerbside collection or street side litter bins. The remaining priority waste streams listed under 3.2.8 will have a positive impact on reducing the waste generated from Mokau and surrounding district.</p>
<p>Page 98 – Section 4.2.2: delete final bullet point</p> <ul style="list-style-type: none"> • Awakino/Mokau transfer station location has been identified as a potential issue due to the locality of the transfer station – relocation of the transfer station into the Mokau township is being investigated. 	<p>The relocation proposal is incorrectly referenced in this section which relates to targeting waste streams to further reduce waste entering the landfill. All the waste from the Mokau village enters the landfill regardless of whether it is collected at the transfer station, kerbside collection or street side litter bins. The remaining priority waste streams listed under 3.2.8 will have a positive impact on reducing the waste generated from Mokau and surrounding district.</p>

Suggested Resolutions

- 1 The business paper on adoption of the final Solid Waste (asset) Management and Minimisation Plan (SWaMMP) 2018-28 be received.
- 2 The Solid Waste (Activity) Management and Minimisation Plan 2018-2028, incorporating the 2017 Waitomo District Waste Assessment, be adopted.



KOBUS DU TOIT
GENERAL MANAGER INFRASTRUCTURE SERVICES

Attachment: final Solid Waste (Activity) Management and Minimisation Plan 2018-2018, incorporating the 2017 Waste Assessment (A364481)

Document No: A397609

Report To: Council



Meeting Date: 26 June 2018

Subject: Adoption of Final Draft 2018-28 Long Term Plan

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to:
- a. Present the final draft 2018-28 Long Term Plan (LTP) for Council consideration and adoption as per Section 93 of the Local Government Act 2002; and
 - b. Set the rates for the 2018/19 financial year pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002 (LGRA 2002).

Background

- 2.1 The development of the 2018-28 LTP document started in June 2017, with a series of Council workshops and meetings held between June 2017 and March 2018 on LTP development work streams.
- 2.2 Amendments in August 2014 to the LGA brought about significant changes to the LTP development process as well as the audit process for the LTP.
- 2.3 Councils are now required to produce a Consultation Document (CD) to be used as the basis of engagement with the community on the LTP. All the Supporting Information (SI) that the CD relies on is to be adopted by Council and made available on request during the consultation process.
- 2.4 A full LTP document is required to be prepared and adopted by Council incorporating the feedback received from the community on the CD and what the LTP should include. Very little has changed in terms of requirements for the final LTP (Schedule 10 of the LGA).
- 2.5 The audit is conducted in two stages. The first stage is the audit of the CD where the auditor provides an opinion on whether Council's CD will prompt the "right debate" within the community, i.e. has Council got across the right messages and, in a manner that can be easily understood.
- 2.6 The second part of the audit process is to assess the completed LTP prior to its adoption. This audit round involves an assessment by the auditor as to whether the LTP gives effect to its purpose set out in section 93(6) of the LGA and does it comply with all the prescribed requirements. The auditor provides an opinion on the quality of the information and assumptions underlying the forecast information provided in the LTP.

- 2.7 Council adopted the CD and SI for public consultation on 27 March 2018 and the consultation period extended from 5 April 2018 to 4 May 2018.
- 2.8 At its meeting on 27 March 2018, Council adopted the supporting information for the 2018-28 Long Term Plan "CD". The supporting information provided consisted of:
- Vision, Strategic Direction and Community Outcomes
 - Service Levels and Performance Management Framework
 - Planning/ Forecast Assumptions
 - Significance and Engagement Policy
 - Asset/ Activity Management Plans
 - Infrastructure Strategy
 - Financial Strategy
 - Revenue and Financing Policy
 - Rates Remission Policy
 - Treasury Policy
 - Financial Information
 - Policy on Appointment of Directors to CCO's
 - Solid Waste (asset) Management and Minimisation Plan
- 2.9 Hearing of submissions was held on Tuesday, 15 May 2018 where 16 submitters spoke to their submissions.

Commentary

- 3.1 117 Submissions were made on the CD covering a variety of topics. 94 submissions presented their views on the six proposals that Council was particularly seeking feedback on and were, in the main, supportive of the proposals.
- 3.2 52 other unrelated matters were raised in the submissions. Council deliberated on the submissions on Tuesday 29 May 2018 and agreed to proceed with all six of its proposals.
- 3.3 The final draft 2018-28 LTP document, enclosed with this report as **Attachment 1**, reflects the decisions made by Council subsequent to the hearings and deliberations and also includes decisions on matters that arose since the consultation, resolved by Council at the meeting held on 29 May 2018.

Audit of the draft 2018-28 LTP - outcome

- 3.4 The audit of the draft 2018-28 LTP mainly comprised of the auditor understanding changes that had resulted from and since the consultation.
- 3.5 No material changes resulted to the 2018-28 LTP as a result of the audit process. The agreed changes were primarily editorial and minor in nature.
- 3.6 The tables below summarise the key changes between the financial information contained in the CD and the final draft 2018-28 LTP, reflecting Council decisions from deliberations and its meeting of 29 May 2018.

3.7 Operating Expenditure

3.8 The table below shows the change in the total planned operating expenditure.

Operating Expenditure	EAP 2017	LTP 2018	LTP 2019	LTP 2020	LTP 2021	LTP 2022	LTP 2023	LTP 2024	LTP 2025	LTP 2026	LTP 2027
CD	29,380	29,860	30,021	30,667	30,597	31,516	32,260	32,710	33,232	34,077	34,475
Final LTP	29,380	29,920	30,041	30,647	30,544	31,414	32,148	32,597	33,103	33,919	34,284
Increase/ (Decrease)	0	60	20	(20)	(53)	(102)	(112)	(113)	(129)	(158)	(191)

3.9 The change in forecast operating expenditure was due to the net effect of:

- Additional \$60k forecast expenditure per annum for community support included in the Community Development activity,
- Decrease in forecast interest expense from 2020 onwards as a result of external debt reduction,
- Minor increase in depreciation due to additional forecast footpath renewal expenditure.

3.10 Operating revenue

3.11 The table below summarises the change in the total planned operating revenue.

Operating Revenue	EAP 2017	LTP 2018	LTP 2019	LTP 2020	LTP 2021	LTP 2022	LTP 2023	LTP 2024	LTP 2025	LTP 2026	LTP 2027
CD	11,227	11,798	12,681	13,146	13,727	14,153	14,522	15,207	15,754	16,171	16,789
Final LTP	11,227	13,104	13,995	14,381	14,842	15,149	15,499	15,960	16,502	16,946	17,539
Increase/ (Decrease)	0	1,306	1,314	1,235	1,115	996	977	753	748	775	750

3.12 The increase in forecast operating revenue was due to the addition of the NZTA subsidy revenue for footpath renewals and maintenance as well as the increase in the NZTA subsidy FAR rate to 73% starting from year 1 and over the life of the LTP.

3.13 Capital expenditure

3.14 The table below summarises the change in the total planned capital expenditure.

Capital Expenditure	EAP 2017	LTP 2018	LTP 2019	LTP 2020	LTP 2021	LTP 2022	LTP 2023	LTP 2024	LTP 2025	LTP 2026	LTP 2027
CD	10,150	9,896	10,991	10,821	9,985	10,320	10,147	10,148	10,559	10,779	11,456
Final LTP	10,150	10,254	11,369	11,204	10,342	10,682	10,515	10,522	10,940	11,167	11,845
Increase/ (Decrease)	0	358	378	383	357	362	368	374	381	388	389

3.15 The increase in planned capital expenditure is due to the additional footpath renewal programme that has been incorporated into the Roads and Footpath activity. This expenditure is partly funded by NZTA subsidy at 73%. Previously footpath renewals were not eligible for NZTA subsidy.

3.16 Rates Requirement

3.17 The table below summarises the change in the total rates requirement.

Rates requirement	EAP 2017	LTP 2018	LTP 2019	LTP 2020	LTP 2021	LTP 2022	LTP 2023	LTP 2024	LTP 2025	LTP 2026	LTP 2027
CD	19,571	20,151	20,791	21,268	21,872	22,448	23,264	23,885	24,529	25,244	25,675
Percentage Change		2.97%	3.18%	2.29%	2.84%	2.64%	3.64%	2.67%	2.69%	2.91%	1.71%
Final LTP	19,571	20,056	20,674	21,128	21,759	22,282	23,087	23,705	24,333	25,013	25,413
Percentage Change		2.48%	3.08%	2.20%	2.99%	2.40%	3.61%	2.68%	2.65%	2.79%	1.60%
Decrease	0	(95)	(117)	(140)	(113)	(166)	(177)	(180)	(196)	(231)	(262)

3.18 The change in forecast rates requirement (from CD to final draft 2018-28 LTP) is due to:

- A forecast decrease in interest expense
- Additional Community Development funding of \$60k per annum
- Subsidy revenue being received for footpaths maintenance and upgrades as well as the increased subsidy revenue from the increased FAR rate reducing the interest costs and thereby reducing rates requirement in the first three years.

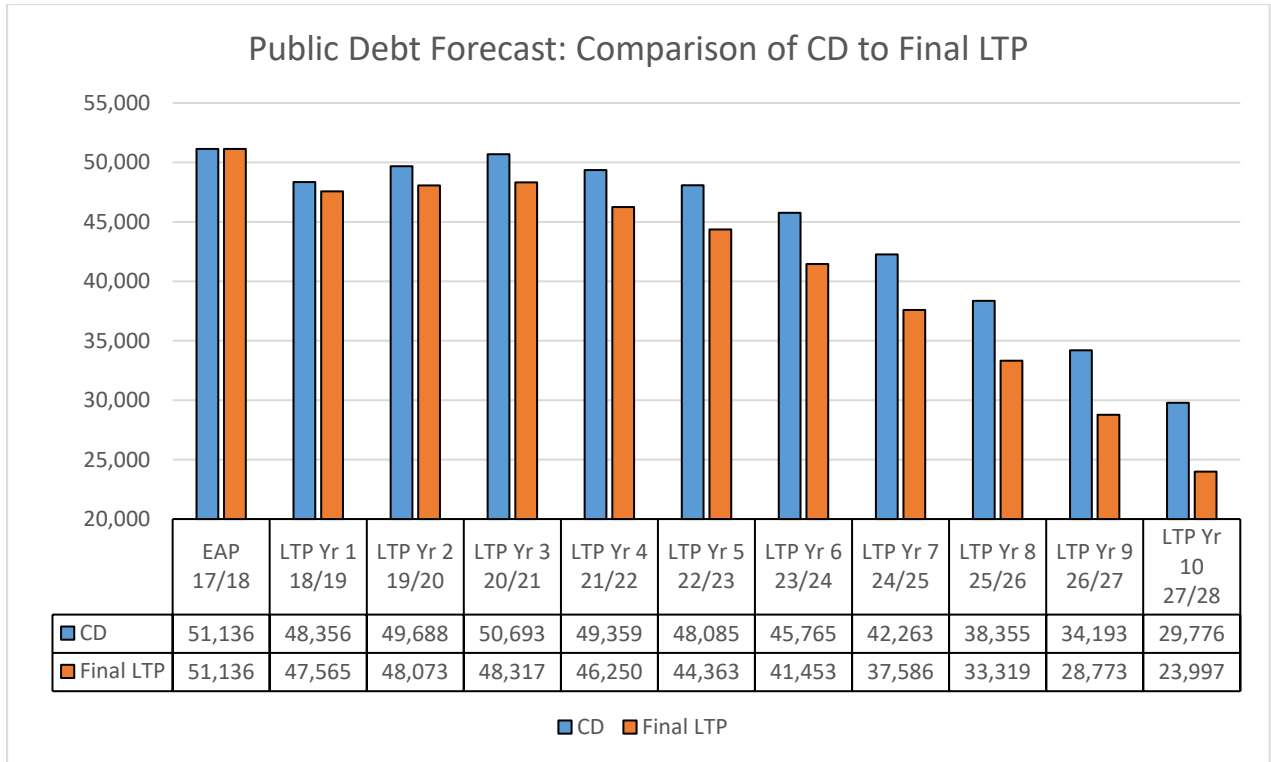
3.19 The harmonisation of the **metered water rate** was transitioned over 4 years and a change in the method of calculation of metered water revenue to apply a more consistent application across the ten years.

3.20 This resulted in a movement between the Water Supply Targeted Rate and the Metered Water Rate. The impact of the change is shown in the following table:

Water Rates	EAP 2017	LTP 2018	LTP 2019	LTP 2020	LTP 2021	LTP 2022	LTP 2023	LTP 2024	LTP 2025	LTP 2026	LTP 2027
Water Supply TFR											
CD	1,838	1,873	1,945	2,124	2,182	2,354	2,506	2,628	2,711	2,775	2,661
Final	1,838	1,948	1,988	2,124	2,181	2,353	2,533	2,667	2,771	2,852	2,739
Increase/(Decrease)	0	75	43	0	(1)	(1)	27	39	60	77	78
Metered Water Rate											
CD	712	828	849	868	888	910	933	956	982	1,009	1,037
Final	712	750	799	858	878	893	893	909	909	909	924
Increase/(Decrease)	0	(78)	(50)	(10)	(10)	(17)	(40)	(47)	(73)	(100)	(113)

3.21 Debt

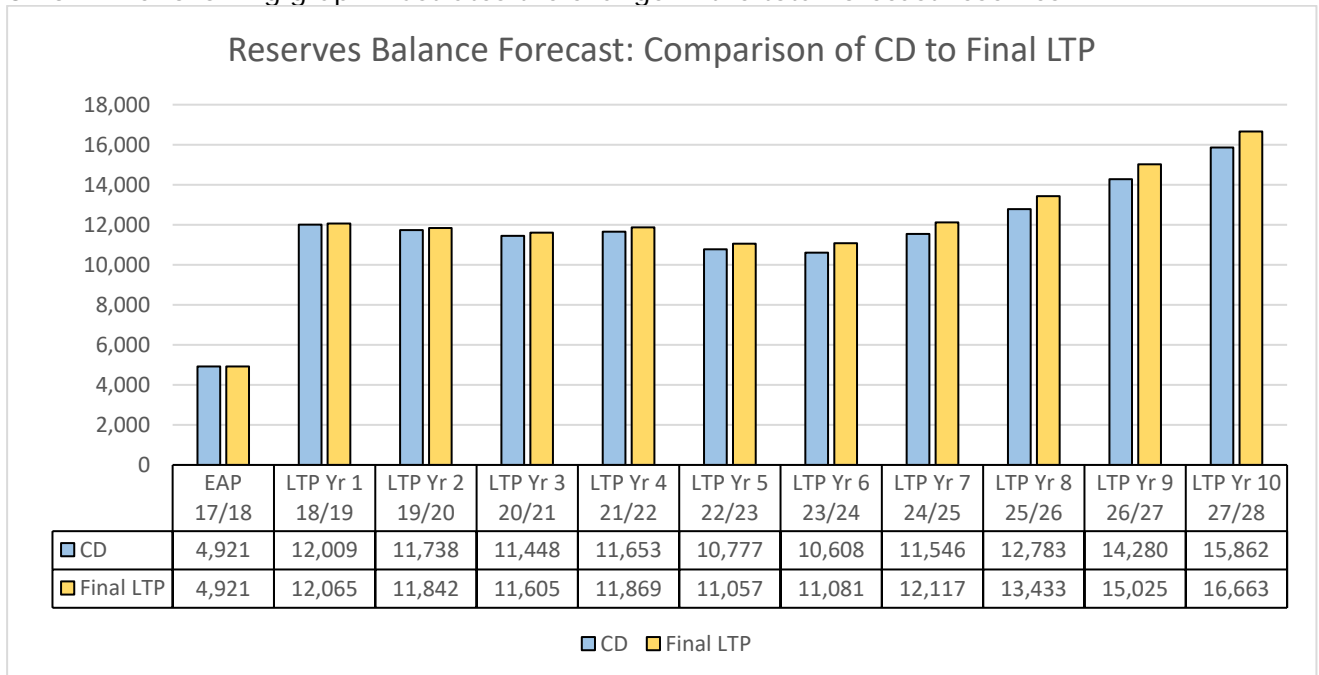
3.22 The following graph illustrates the change in the total forecast public debt.



3.23 The decrease in forecast public debt is due to the increased roads subsidy revenue from the increase in the FAR rates which has been partly applied to debt repayment as well as additional subsidy being received for footpath renewals.

3.24 Reserves

3.25 The following graph illustrates the change in the total forecast reserves.



- 3.26 The increase in reserves is due the reduced reserve funding required for footpath renewals.

Analysis of Options

- 4.1 Council is required under the Local Government Act 2002 to adopt a Long Term Plan prior to 1 July of the first year that the LTP pertains to.
- 4.2 Council completed its Hearings and Deliberations on submissions made during the public consultation process for the 2018-28 LTP and agreed on the direction to take regarding the 2018-28 LTP. Agreed changes have been made to the final draft 2018-28 LTP and have been audited.
- 4.3 Council has the option of agreeing to adopt the final draft 2018-28 LTP as enclosed or Option 2 to require further changes to the final draft 2018 LTP.

Considerations

5.1 Risk

- 5.2 There is potential risk of not meeting legislative compliance if Council decides to make further changes (material) to the final draft 2018-28 LTP as part of the adoption process. This might require a re-assessment by the auditors which might delay the adoption of the 2018-28 LTP (this has to be completed by 30 June 2018).
- 5.3 There is potential risk that if the information in the rates resolution contained in this business paper is not accurate, the rates (or the inaccurate parts) could be invalid. The wording and calculations in the rates resolutions have been cross checked against the Revenue and Financing Policy and the Funding Impact Statement to ensure accuracy and mitigate the risk.

6.1 Consistency with Existing Plans and Policies

- 6.2 The Financial Forecasts for the 2018-28 LTP are consistent with the forecasts provided during the LTP Workshops and in standalone documents.
- 6.3 There are no changes to the levels of service agreed with the community through the 2018-28 LTP other than what has previously been approved.

7.1 Significance and Community Views

- 7.2 Section 78 of the LGA requires Council to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.
- 7.3 Community views have been sought as part of the Consultation Document for the 2018-28 Long Term Plan and taken into account in the preparation of this final draft 2018-28 LTP.

Recommendation

- 8.1 It is recommended that Council adopt the final draft 2018-28 Long Term Plan and rates resolution.
- 8.2 The setting and assessment of the rates for the 2018/19 financial year, as recommended for resolution by Council in this business paper, reflect the intent of the final draft 2018-28 Long Term Plan as presented.

Suggested Resolutions

- 1 The business paper on Adoption of final draft 2018-28 Long Term Plan be received.
- 2 Council adopt the final draft 2018-28 Long Term Plan.
- 3 That the Chief Executive be delegated authority to make any final editorial amendments to the final draft 2018-28 Long Term Plan and any changes requested by the Council at the meeting.
- 4 Pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002, Council set the rates, charges and instalment due dates for the 2018/19 financial year commencing 1 July 2018 and ending on 30 June 2019 as follows:

1. GENERAL RATE

A General Rate set under section 13 of the Local Government (Rating) Act 2002 (LGRA) made on every rating unit across the District, assessed as a rate per \$100 of capital value. The General Rate is not set differentially. The General Rate will contribute to the funding of:

Governance: Leadership and Investments
 Leased Reserves
 Other Land and Buildings
 District Libraries
 Aquatic Centre
 Arts, Culture and Heritage
 Aerodrome
 Public Amenities
 Parks and Reserves
 Elderly Persons Housing
 Community Halls
 Cemeteries
 Community Support
 District Development
 Emergency Management
 Waste Minimisation
 Resource Management
 Compliance

Requirement in 2018/19 (incl. GST)

General Rate	Rate per \$100 capital value	Total Revenue Requirement (\$000)
All rating units in the District	0.15862	4,653

2. UNIFORM ANNUAL GENERAL CHARGE

A Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District, set under Section 15(1) (b) of the LGRA. The UAGC will contribute to the funding of:

Governance: Leadership and Investments
 Parks and Reserves
 District Libraries
 Aquatic Centre
 Arts, Culture and Heritage
 Other Land and Buildings
 Public Amenities

Leased Reserves
 Elderly Persons Housing
 Community Halls
 Cemeteries
 Aerodrome
 Community Support
 Emergency Management
 Compliance
 Resource Management
 Waste Minimisation
 Subsidised Roothing

Requirement in 2018/19 (incl. GST)

Uniform Annual General Charge	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the district	\$687	3,858

Definition of SUIP

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer to more than one single use. This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one separately used or inhabited part.

3 TARGETED RATES

Description and Use

Targeted Rates are set on categories of land defined by some factor, such as geographic location or provision of service. The titles of 'Targeted Rate' (TR) and 'Targeted Fixed Rate' (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

Targeted Rates Differentiated on Location

Council will use location (Schedule 2(6) LGRA) to define the land liable for the Targeted Services TFR, Piopio Sewerage TFR - Piopio Wider Benefit Rating Area, Piopio Retirement Village Contribution TFR, Rural Stormwater TFR, Te Kuiti Urban Stormwater TFR and targeted rate, and the Marokopa Community Centre TFR.

The following location definitions for the respective rating areas will apply:

Te Kuiti Urban Rating Area	<i>All rating units situated within the Te Kuiti Urban Ward. (Refer to Revenue and Financing Policy for further details)</i>
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Te Kuiti Urban and Periphery Rating Area	<i>All rating units situated within a 5km radius, all around, from the Information Centre (deemed to be the centre of town), in Te Kuiti. (Refer to Revenue and Financing Policy for further details)</i>
Rural Rating Area	<i>All rating units situated within the Rural Ward. (Refer to Revenue and Financing Policy for further details)</i>
Piopio Township	<i>All rating units connected or with the ability to connect to the Piopio Sewerage System (Refer to Revenue and Financing Policy for further details).</i>
Piopio Wider Benefit Rating Area	<i>All rating units situated in the rural areas around Piopio Township (excluding Rating units/SUIP's connected or with the ability to connect to the Piopio Sewerage System) that are deemed to indirectly benefit from the Piopio Sewerage reticulation network. (Refer to Revenue and Financing Policy for further details)</i>
Marokopa Community Centre Rating Area	<i>Any separately used or inhabited part of a rating unit within the defined Marokopa Community Centre area (as contained in the Revenue & Financing Policy)</i>

3.1 Targeted Services TFR

A Targeted Services TFR set under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit in the District, differentiated by rating areas, to part fund the Unsubsidised Roothing Activity and part fund the Aquatic Centre Activity. The rating areas for the purpose of assessing the Targeted Services TFR will be the Te Kuiti Urban and Periphery Rating Area and Rating Units in the District not in the Te Kuiti Urban and Periphery Rating area.

Requirement in 2018/19 (incl. GST)

Targeted Services (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery Rating Area	\$124	293
Rating Units in the District not in the Te Kuiti Urban and Periphery Rating Area	\$32	103

3.2 Piopio Retirement Village Contribution TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit situated within the Piopio Township and the Piopio Wider Benefit Rating Area to fund the support of the continued delivery of elderly housing accommodation services provided by the Piopio Retirement Trust Inc. through the remission of service charges.

Requirement in 2018/19 (incl. GST)

Piopio Retirement Village Contribution (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area and Piopio Township	\$23	18

3.3 Rural Stormwater TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2018/19 (incl. GST)

Rural Stormwater (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Rural Rating Area	\$12	44

3.4 Te Kuiti Urban Stormwater TFR and Targeted Rate.

- (i) Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit in the Te Kuiti Urban Rating Area to partly fund the Urban Stormwater Activity.
- (ii) Council set a Targeted Rate under section 16 of the Local Government (Rating) Act 2002 to partly fund the Urban Stormwater Activity, to be assessed as a rate per \$100 of Capital value on every rating unit in the Te Kuiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2018/19 (incl. GST)

Urban Stormwater (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area	\$159	285

Urban Stormwater Targeted Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area (excluding rating units not using network)	0.04569	138

3.5 Marokopa Community Centre TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 assessed per separately used or inhabited part of a rating unit within the defined Marokopa Community Centre Rating Area.

Requirement in 2018/19 (incl. GST)

Marokopa Community Centre (TFR)	Charge Per SUIP	Total Revenue Requirement (\$000)
Marokopa	\$22	5

Marokopa Community Centre (TFR)	Charge Per SUIP	Total Revenue Requirement (\$000)
Community Centre Rating Area		

3.6 Water Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 for Water Supply differentiated on the basis of supply area. The TFR is set per separately used or inhabited part of a rating unit within the relevant community, with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Council).

Requirement in 2018/19 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Te Kuiti	\$586	\$293	1,231
Piopio	\$1,340	\$670	334
Benneydale	\$1,340	\$670	160
Mokau	\$1,340	\$670	293

3.7 Extraordinary Water Supply Rate

Council set a TR under section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area, for any rating unit situated in Te Kuiti, Piopio, Benneydale or Mokau that has been fitted with a water meter and/or is defined as having an extraordinary supply (in accordance with Council's Water Service's Bylaw). The rates are:

Requirement in 2018/19 (incl. GST)

Water Supply Rate (TR)	2018/19 Charge per cubic metre (including GST) above 292m ³
Te Kuiti	\$2.31
Piopio	\$4.43
Benneydale	\$6.90
Mokau	\$9.30

Water Supply Rate (TR)	2018/19 Charge per cubic metre (including GST) above 292m³
Total Revenue Requirement (\$000)	\$862

Metered Water Supply Due Dates

	Reading Period	Due Date
Te Kuiti Meat Companies	Monthly	15 th of the month following invoice
Te Kuiti, Piopio, Mokau, Benneydale	Jul – Dec 2018 Jan – Jun 2019	15 th of the month following invoice

3.8 District Wide Benefit rate for Water Supply

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 on every rating unit within the District to part fund the Water Supply activities. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2018/19 (incl. GST)

District Wide Benefit Rate Water Supply (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$48	224

3.9 Sewerage Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 to provide for the collection and disposal of sewage. The TFR is set per separately used or inhabited part of a rating unit within the community, with liability calculated based on whether the SUIP is connected to the sewerage network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council).

Requirement in 2018/19 (incl. GST)

Sewerage (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Benneydale	\$1,039	\$519	115
Te Waitere	\$1,039	\$519	17
Te Kuiti	\$1,039	\$519	1,763
Piopio	\$1,039	\$519	227

3.10 Sewerage rates for non-residential properties in Te Kuiti

For all non-residential properties in Te Kuiti, Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per SUIP set on a differential basis based on the following Categories

- **Category 1** - All Businesses
- **Category 2** - Education & Community Childcare, Places of Worship, Marae, Clubs and Societies and Emergency Services. This category consists of organisations that are generally deemed 'not for profit'. For avoidance of doubt, Category 2 only covers properties with uses listed within this category and no others.
- **Category 3** - Government Department use, Rest Homes and Hospitals.

All non-residential SUIPs will be charged one base charge for up to four pans and per pan (Pan Charge) for every pan over and above this threshold on the following basis:

Base Charge:

Requirement in 2018/19 (incl. GST)

Non- Residential Targeted Rate (TFR)	Base Charge per SUIP (up to 4 pans)	Per Serviceable SUIP	Total Revenue Requirement (\$000)
Category 1	\$519	\$519	106
Category 2	\$519	\$519	23
Category 3	\$1,039	\$519	19

Pan Charge:

Requirement in 2018/19 (incl. GST)

Non- Residential Targeted Rate (TFR)	Number of pans	Charge per pan (Pan Charge)	Total Revenue Requirement (\$000)
Category 1	5th pan and over	\$727	80
Category 2	5-10 Pans	\$312	3
	Over 10 Pans	\$208	25
Category 3	5th pan and over	\$727	43

3.11 Trade Waste Contribution - TFR

Council set a Trade Waste Contribution TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit in the District in recognition of the contribution made to the social and economic well-being of the District by the large industrial users of the Te Kuiti Wastewater Network.

Requirement in 2018/19 (incl. GST)

Trade Waste Contribution (TFR)	Charge Per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$40	187

3.12 District Wide Benefit Rate for Sewerage

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 on every rating unit within the District to part fund the Sewerage activities. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2018/19 (incl. GST)

District Wide Benefit Rate Sewerage (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$57	269

3.13 District Rooding Rate

Council set a District Rooding targeted rate under section 16 of the Local Government (Rating) Act 2002 as a rate per \$100 of capital value on every rating unit across the District to part fund Subsidised Rooding (part of Roads and Footpaths Activity).

Requirement in 2018/19 (incl. GST)

District Rooding Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
All rating units in the District	0.21091	6,187

3.14 Solid Waste Collection Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services - Te Kuiti, Piopio, Mokau (including Awakino) communities and Waitomo Village and some surrounding parts.

Requirement in 2018/19 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti	\$59	120

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Waitomo	\$68	43
Piopio	\$132	31
Mokau	\$139	43

3.15 Solid Waste Management Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit District wide to part fund the activity of Solid Waste Management.

Requirement in 2018/19 (incl. GST)

Solid Waste Management (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the District	\$158	882

3.16 District Development Rate

Council set a District Development Targeted Rate under section 16 of the Local Government (Rating) Act 2002 as a rate per \$100 of capital value differentiated between Commercial and Industrial Businesses, and Rural Businesses, to part fund Economic Development, Visitor Information Centre, District and Regional Promotion and Event Co-ordination activities.

Requirement in 2018/19 (incl. GST)

District Development Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.05691	190
Rural Businesses	0.00967	190

5 RATES PAYMENTS

Rates will be payable in four equal instalments with the due dates for payments being:

1st Instalment	31 August 2018 (Friday)
2nd Instalment	30 November 2018 (Friday)
3rd Instalment	28 February 2019 (Thursday)
4th instalment	31 May 2019 (Friday)

Note

The due date for payment of each instalment is the last working day in each of the months specified above. Rates payments will be allocated to the oldest debt first.

6 RATES REMISSIONS AND POSTPONEMENTS

Council has developed a Rates Remissions Policy as per LGA (section 102 (3)(a), 108 and 109) and LGRA (Section 85). Remissions categories include Properties Used Jointly as a Single Unit, Community Organisations, Penalties, Financial Hardship, Organisations Providing Care for the Elderly, Clubs and Societies, New Subdivisions, Council Properties, Maori Freehold Land, cases of Land Effected by Natural Calamity, New Businesses and Rates and/ or penalties following a rating sale or abandoned land sale. The value of these remissions is \$295,500 for the 2018/19 year.

Under the Policy on Remission of Rates, Council will not offer any permanent postponements of rates.

7 Penalties

Pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, Council may apply penalties as follows:

- (a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2018 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:

Instalment 1	4 September 2018
Instalment 2	4 December 2018
Instalment 3	4 March 2019
Instalment 4	4 June 2019
- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2018 that remains unpaid on 3 July 2018, to be added on 5 July 2018.
- (c) No penalties will be charged where a ratepayer is paying rates by direct debit or where there is an approved payment arrangement in place.

VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

Document No: A396525

Report To: Council



Meeting Date: 26 June 2018

Subject: Motion to Exclude the Public for the Consideration of Council Business

Purpose of Report

- 1.1 The purpose of this business paper is to enable the Council to consider whether or not the public should be excluded from the consideration of Council business.

Commentary

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

Suggested Resolutions

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making: ...
- 3 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	Grounds for this resolution
1. 2018 LGNZ Annual General Meeting Remits	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Local Government Excellence Programme – CouncilMARK™	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.

MICHELLE HIGGIE
EXECUTIVE ASSISTANT