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**Report To: Council**



**Meeting Date:** 30 November 2021

**Subject:** **Financial and Performance Delivery Report - period ended 30 September 2021**

**Type:** Information Only

## Purpose of Report

- 1.1 The purpose of this business paper is to provide an overall progress report on WDC's financial and non-financial activities for the period ending 30 September 2021.
- 1.2 A copy of the Progress Report for the period ending 30 September 2021 is enclosed separately and forms part of this business paper.

## Background

- 2.1 Each quarter, progress reports are prepared to provide a high level update of Council's activities for the Audit, Risk and Finance Committee. The Progress Reports include:
  - Providing progress on Council's activities (quarterly progress reports); and
  - Council's budget (quarterly financial reporting); and
  - How Council is delivering against the service performance measures (quarterly non-financial reporting).
- 2.2 This business paper outlines a high-level summary of progress on the key aspects of both the financial and non-financial activities as detailed fully in the Progress Report.

## Commentary

- 3.1 This quarterly report is the first report relating to the 2021-31 10YP. There have been some changes to the service performance measures between the 2018 – 2021 Long Term Plan and the 2021-31 10YP, with the removal of some measures, inclusion of new measures and some targets adjusted. There are now a total of 61 performance measures.
- 3.2 **COVID-19 PANDEMIC AND THREE WATERS REFORM IMPACTS**
- 3.3 **COVID-19 PANDEMIC**
- 3.4 For the majority of the July to September 2021 quarter the Waitomo District has had restrictions in place, which have impacted on the delivery of some work programmes and projects.
- 3.5 There continues to be high demand for contractors and delays in delivery of supplies, which is causing delays to completion dates and project delivery. Accessing services and contractors outside of the district is also proving challenging especially for those specialist contractors based in Auckland.

### 3.6 **THREE WATERS REFORM (TWR)**

3.7 Due to the recent lockdown restrictions Crown Infrastructure Partners (CIP) agreed to the Department of Internal Affairs (DIA) request to extend the expenditure deadline for Three Waters Reform funding. A three-month extension was given with the new completion date being 30 June 2022.

3.8 In response to this TWR projects were reassessed and where necessary expenditure moved into quarter 4. Also, budget adjustments were requested to reduce spend in areas where supply of goods or contractor availability issues remained.

3.9 These projects continue to be a resource heavy area. External contractors have been engaged to assist with the delivery of some of these projects.

### 3.10 **INCOME STATEMENT HIGHLIGHTS**

#### 3.11 **NET OPERATING SURPLUS**

3.12 The net operating surplus of \$2.2 million was \$0.5 million more than budget for the period ended 30 September 2021.

#### 3.13 **Expenditure**

3.14 Total Expenditure was \$0.7 million less than budget for the period ended 30 September 2021. This is less than forecast due to:

- **Resource Management:** \$0.2 million below budget, as legal and consultants fees for the District Plan Review were not fully spent due to timing of this project.
- **Wastewater:** \$0.1 million less than budget for electricity, operations and maintenance, consultants fees, sludge disposal and chemicals for Te Kuiti.
- **Leadership:** \$0.1 million less than budget for elected members' remuneration for RMA commissioners for Proposed District Plan hearings and planning and consultant fees were below budget.
- **Regulatory Services:** \$0.1 million less than budget for animal control costs, environmental officer fees, noise control costs and building accreditation expenses.

#### 3.15 **Revenue**

3.16 Total Revenue was \$0.3 million less than budget for the period ended 30 September 2021.

- Rates revenue was below budget for metered water revenue for Te Kuiti
- Subsidy revenue from Waka Kotahi NZTA was less than budget. As capital expenditure was less for the period, the associated subsidy was also below budget.

#### 3.17 **CAPITAL EXPENDITURE**

3.18 Capital Expenditure was **\$2.093 million** for the period ended 30 September 2021, of which \$985,000 (47%) relates to Roads, \$649,000 (31%) relates to Water Supply, and \$300,000 (14%) relates to Recreation and Property.

3.19 The capital expenditure budget was revised to incorporate unspent carryovers from the 2020/21 year as well as the Three Waters Reform stimulus funding to give a total budget of \$14.84 million. In addition to the Three Waters Reform Stimulus projects, the significant projects carried over from the prior year are Te Ara Tika and the adjacent amenity area, seismic strengthening of the Administration Building, Marokopa Road-end protection and Mokau public toilets.

3.20 Outlined below are explanations for the key variances noting the impact of COVID-19 and the Three Waters Reform project. Project progress across all activities are outlined in the attached quarterly report.

### 3.21 **Recreation and Property**

3.22 The largest underspend is in the following projects:

- The scope of the Mokau Public toilet renewal and replacement programme was reviewed and subsequently affected by new land tenure considerations that needed to be resolved with the Ministry of Education. Project planning is now underway, and implementation is expected in Quarter 4.
- Planning for the esplanade development project (2 accessways in Mokau) is currently underway and the project was expected to commence this quarter. However there has been a delay in the commencement of the project due to material supply issues and the contractor's other work commitments. The expected delivery is now in Quarter 4.
- Development of the amenity areas to compliment the entry and exit points of Te Ara Tika is delayed due to the delay in the delivery of the Te Ara Tika Project.

### 3.23 **Roads and Footpaths**

- The Te Ara Tika Overbridge Project has a spend of \$470,000 for this period Quarter 1. The unspent budget is now \$127,000. Stage 1 construction commenced on site in January 2021. Construction of the new precast concrete bridge beams was coordinated with the construction of the new basketball half-court alongside the existing skatepark, landscaping, picnic areas and a small carpark. The former commenced on 17 July 2021, with the two large beams across the main span and the ramps on the Rora Street side installed by 19 July 2021. The remaining ramps forming the spiral section were installed by 10 August 2021.
- Landscaping work has since been completed with the bridge open for public use on 20 November 2021. The cultural elements are still to be added to the structure, delayed due to the extended Auckland lockdown, and preventing access to the site by the specialist subcontractor. Basketball court painting and remaining architecture will be completed early in 2022.
- Overall project completion is tracking for completion by February 2022.
- The footpath rehabilitation programme for 2020/21 did not completed the final sites at Waitomo Village and Mokau village. This programme has now been completed and design and planning works are underway for the new 2021/22 programme including Te Kuiti and Piopio sites.
- Marokopa road-end repairs commenced in early April 2021. Tides and daylight hours impacted the rate of progress on this project however it is now complete.

### 3.24 **Water Supply**

3.25 The largest underspends are in the Three Waters project, Mokau renewals and the Te Kuiti alternative water supply investigation.

- The Three Waters Project capital work programme commenced in March 2021; completion date is now June 2022.
- The back-up generator project was initially delayed as a proposed programme change was considered by DIA and CIP. Once approved the generators could be ordered however manufacturing and shipping timeframes will push expenditure out to quarter 3. Mokau upgrade has been further impacted by COVID-19 related Alert Level Boundary restrictions affecting Auckland based contractors, completion of the project is expected late November 2021.
- Resources have been focused on TWR projects; other renewals are in planning stages so spend has been limited. External project management services have been engaged to assist with delivery of the capital programme, most of which will commence in quarter 3.
- The Te Kuiti alternative water supply investigation project – drilling operations have been delayed due to the unavailability of the contractor, and this is now expected to commence and be completed in November 2021.

3.26 **Three Waters Reform Programme**

3.27 A project update is provided on this programme of work in a separate report to Council.

3.28 **Leadership**

3.29 Seismic Strengthening Improvements is expected to commence in Quarter 3.

3.30 **BORROWINGS**

3.31 At 30 September 2021 public debt was \$34.2 million and net debt was \$29.7 million. At 30 June 2021 it was \$34.2 million and net debt was \$29.1 million.

3.32 **STATEMENT OF SERVICE PERFORMANCE**

3.33 The Statements of Service Performance provide detailed information on the performance measures and targets for each of the significant activities. The performance summary is given on page 5 of the quarterly report with more detailed information disclosed within each activity.

3.34 Of the 61 key performance indicators measured, 31(51%) are on track, 8(13%) achieved, 7(11%) off track, 1(2%) not achieved and 14 (23%) no data available.

## Suggested Resolution

The business paper on Quarterly Report for period ended 30 September 2021 be received.



ALISTER DUNCAN  
**GENERAL MANAGER – BUSINESS SUPPORT**



ALEX BELL  
**GENERAL MANAGER – STRATEGY AND ENVIRONMENT**

24 November 2021

Attachments:

- 1 Progress Report for the period ending 30 September 2021 (A583854)
- 2 Bancorp Treasury Management Report 30 September 2021 (A581785)

# PROGRESS REPORT

FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2021



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## INTRODUCTION

The 2021-31 10 Year Plan (10YP) was adopted in June 2021. It sets out outcomes we aim to deliver for our community, through the activities we undertake. Within each group of activities outlined in the 10YP, we have outlined the levels of service we intend to deliver.

Council also uses Activity/Asset Management Plans to outline the detailed work programme and further communicate an annual programme of work at a high level through the Exception Annual Plans 2022/23 and 2023/24.

Progress on Year 1 of the 10YP and Exceptions Annual Plans are reported back to the community at the year-end through Council's Annual Reports.

The purpose of this report is to provide high-level updates of these Council activities for the months of July 2021 to September 2021. The report covers progress on groups of activities (i.e., as outlined in the 10YP and reported annually through the Annual Report). The progress update includes:

- High level summary of progress against major programmes of work and projects.
- Updates on Business as Usual (BAU) programmes, where the activity is linked to the delivery of a core service and/or linked to a 10YP Key performance measure.
- Non-financial KPI reporting.
- Financial reporting.

### Keys

<b>Project /Programme stage</b>	
Scoping	Decision on whether to pursue a project or not, and if pursuing the project, what the scope will be.
Planning	Phase where the project is being planned alongside resourcing, timeframes, and risk identification.
Delivering	Executing all deliverables.
Completed	Completion of the project.
BAU – Business as usual	Ongoing programme of work with no start or end date. Noting that some programmes of work may have projects or programmes that have annual targets which will be treated as a project.

<b>Project/ Programme status</b>	
	Suggests that risks are present that require the intervention of the project team to resolve in order to deliver the project successfully.
	Usually indicates that there are issues and potential risks that may get the project schedule off track and need early intervention to ensure that the project remains on track.
	The project is going well and is progressing as planned, and according to the designated time, budget, and scope.
	Ongoing programme of work with no start or end date. Noting that some programmes of work may have projects or programmes that have annual targets which will be treated as a project.
	Project has been completed.

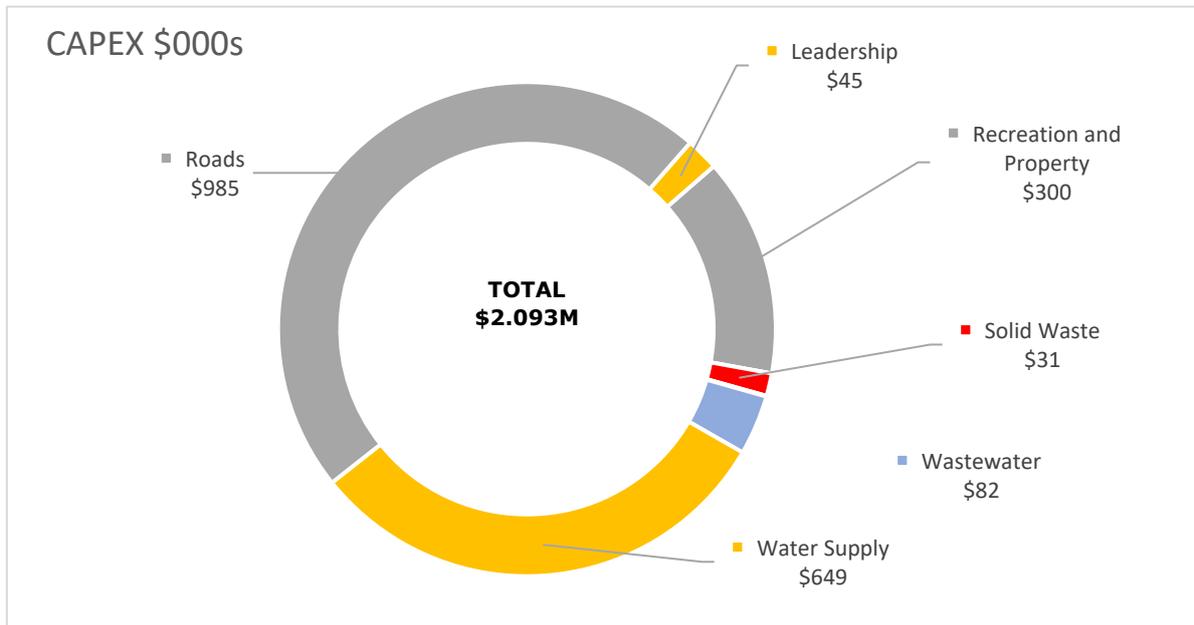
### **Performance Measure Status**

 Not Achieved	 Off track	 Achieved	 On track	 Data not available
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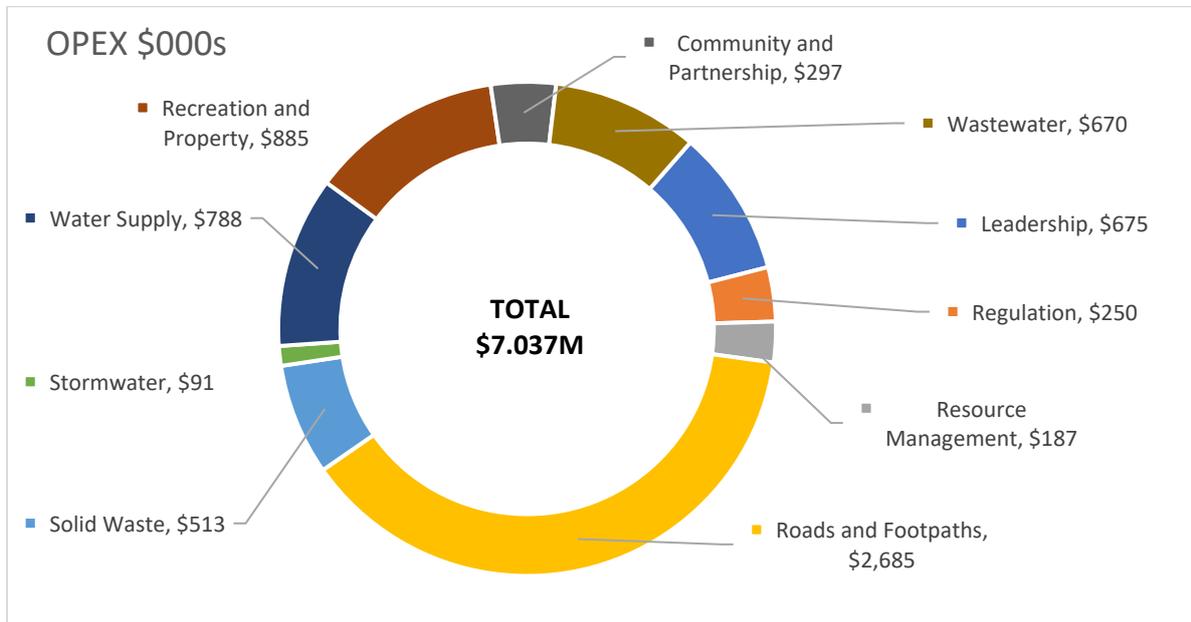
<b>Financials</b>	
Revised Budget	Includes 21/22 10YP Budget plus Three Water Reform Stimulus Programme, carryovers and any additional budgets approved.

**SUMMARY**

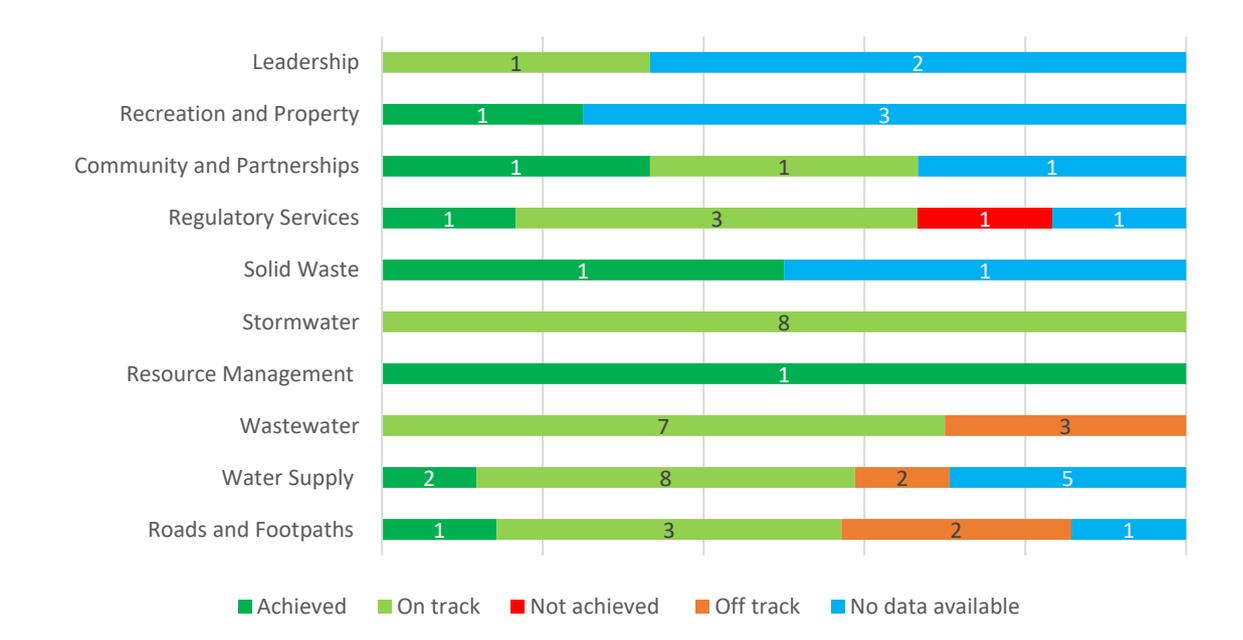
**CAPITAL EXPENDITURE SUMMARY AS AT 30 SEPTEMBER 2021**



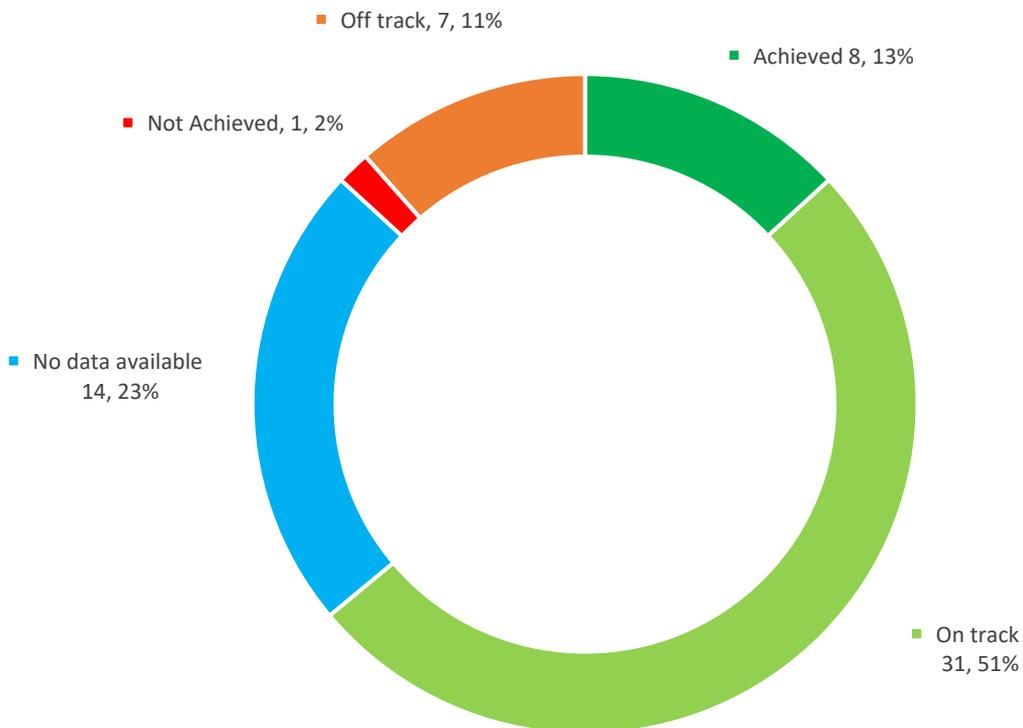
**OPERATIONAL EXPENDITURE SUMMARY AS AT 30 SEPTEMBER 2021**



## SERVICE PERFORMANCE SUMMARY AS AT 30 SEPTEMBER 2021



Of the 61 key performance indicators measured, 8 (13%) have been achieved, 31(51%) on track, 7 (11%) off track, 1(2%) not achieved, and 14(20%) with no data available. Data for these measures are largely derived from the Resident Satisfaction Survey. Results will be reported through the Annual Report.



## PROGRAMME/PROJECT PERFORMANCE SUMMARY 30 SEPTEMBER 2021

LEADERSHIP		
Programme / Project	Status	
Annual Report 2020/21	Delivering	
Exceptions Annual Plan	Delivering	
Digitization Project	Delivering	
Review of Council's Risk Management Framework and Strategic Risks	Delivering	
Civil Defence	Ongoing	
RECREATION AND PROPERTY		
Programme / Project	Status	
Lease Agreements	Ongoing	
Esplanade Reserves: Mokau   beach access	Delivering	
Piopio Hall	Delivering	
COMMUNITY AND PARTNERSHIPS		
Programme / Project	Status	
Vibrant Safe Waitomo (VSW)	Ongoing	
Youth Liaison/ Waitomo District Youth Council	Ongoing	
Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme	Delivering	
Novice Driving Training Programme	Delivering	
Community Development Fund Policy Implementation	Ongoing	
Community / Civic Events	Ongoing	
REGULATORY SERVICES		
Programme / Project	Status	
All programmes of work - <i>specific reporting on exceptions basis</i>	Ongoing	
SOLID WASTE		
Programme / Project	Status	
Landfill	Ongoing	
Waste minimisation promotion and educational programmes	Ongoing	
Infrastructure maintenance and transfer station safety improvements	Delivering	
STORMWATER		
Programme / Project	Status	
Completion of Stormwater Catchment Plans	Delivering	
Completion of the annual renewals programmes based on conditions assessment	Scoping/planning	
Monitoring and maintenance of stormwater exit and entry points	Ongoing	
RESOURCE MANAGEMENT		
Programme / Project	Status	
All Programmes of work – <i>reporting on exceptions basis</i>	Ongoing	
District Plan Review	Delivering	
WASTEWATER		
Programme / Project	Status	
Wastewater Treatment Plant Bulk Lime Silo	Completed	
Renew and Extend Soakage Field (Te Waitere)	Project being rescoped	
Riparian Planting at Te Kuiti	Delivering	

WATER SUPPLY		
Programme / Project	Status	
Te Kuiti Alternative water supply investigation	Delivering	
Installation of backflow preventers – Te Kuiti, Mokau, and Piopio	Delivering	
Te Kuiti Supervisory control and data acquisition (SCADA)	Ongoing	
Mokau water-main renewals	Delivering	
Additional monitoring and control Maniaiti/Benneydale	Planning	
Mechanical renewals – Te Kuiti	Planning	
Treatment Plant Upgrade – Mokau	Delivering	
Reticulation Renewals – Piopio and Te Kuiti	Planning	
Improvements of WDC reservoirs	Scoping	

ROADS AND FOOTPATHS		
Programme / Project	Status	
Road and Footpath Maintenance	Ongoing	
Sealed Road Pavement Rehabilitation	Planning	
Sealed Road Resurfacing	Planning	
Bridge and Structural Renewals	Delivering	
Footpath Renewals	Delivering	
Minor Improvements Local Roads	Planning	
Unsealed Road Metaling	Ongoing	
Te Ara Tika	Delivering	
Marokopa Road-End Protection	Completed	

Several build projects have had delays primarily due to issues with contractor availability and supply of materials. This has resulted in pushing out expected completion dates, in some cases by several months. With the current economic stimulus from central government, tight labour market and global supply chain issues all projects currently face a higher risk of delays. A few projects have had to be re-scoped, or fixes applied during the project, as problems were encountered after the commencement of the project. This has also led to budget overspends or putting the project on hold until additional budget is approved.

## FINANCIALS

All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s).

### INCOME STATEMENT HIGHLIGHTS

Set out below is the summary of financial information for the period ended 30 September 2021 (A cost of service statement and commentary on significant variances can found within each Group of Activities).

\$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(20,906)	(20,601)	(20,601)	(5,245)	(5,330)	85	A
Subsidies and Grants	(11,151)	(11,154)	(13,353)	(2,873)	(3,047)	174	B
Interest Revenue	(12)	(9)	(9)	(3)	(2)	(1)	
Fees and Charges	(4,065)	(3,826)	(3,827)	(1,027)	(1,038)	11	
Other Revenue incl Gains/Losses	(1,714)	(153)	(153)	(46)	(39)	(7)	
<b>Total Revenue</b>	<b>(37,848)</b>	<b>(35,743)</b>	<b>(37,943)</b>	<b>(9,194)</b>	<b>(9,456)</b>	<b>262</b>	<b>-3%</b>
<b>Operating Expenditure</b>							
Other Expenditure	22,008	24,816	25,382	5,029	5,784	(755)	C
Depreciation	6,513	6,878	6,878	1,747	1,721	26	D
Finance Costs	1,198	1,118	1,118	261	280	(19)	E
<b>Total Operating Expenditure</b>	<b>29,719</b>	<b>32,812</b>	<b>33,378</b>	<b>7,037</b>	<b>7,785</b>	<b>(748)</b>	<b>-10%</b>
<b>Net (Surplus)/Deficit</b>	<b>(8,129)</b>	<b>(2,931)</b>	<b>(4,565)</b>	<b>(2,157)</b>	<b>(1,671)</b>	<b>(486)</b>	<b>29%</b>

**Net Operating Surplus:** The net operating surplus of \$2.2 million was \$0.5 million more than budget for the period ended 30 September 2021.

**Total Revenue** was \$0.3 million less than budget for the period ended 30 September 2021.

A Rates revenue was below budget for metered water revenue for Te Kuiti.

B Subsidy revenue from Waka Kotahi NZTA was less than budget. As capital expenditure was less for the period, the associated subsidy was also below budget.

**Total Operating Expenditure** was \$0.7 million less than budget for the period ended 30 September 2021.

C Other expenditure was \$0.7 million less than budget due to the following:

- Resource Management: \$0.2 million below budget, as legal and consultancy fees for the District Plan Review were not fully spent due to timing of this project.
- Wastewater: \$0.1 million less than budget for electricity, operations and maintenance, consultancy fees, sludge disposal and chemicals for Te Kuiti.
- Leadership: \$0.1 million less than budget for elected members' remuneration for RMA commissioners for Proposed District Plan hearings and planning and consultant fees were below budget.
- Regulatory Services: \$0.1 million less than budget for animal control costs, environmental officer fees, noise control costs and building accreditation expenses.

D Depreciation expense was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets at 30 June 2021 which increased the value of these assets and the corresponding depreciation expense.

E Finance costs were less than budget due to a lower level of borrowings than forecast in the 10YP.

## BALANCE SHEET HIGHLIGHTS

Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2021 to 30 September 2021.

(Amounts in \$000's)	Actual Position 30 Jun 2021	Actual Position 30 Sep 2021	Movement from 30 Jun 2021
<b>Assets</b>			
- Cash and cash equivalents	6,379	5,786	(593)
- Receivables	4,748	4,938	190
- Other current assets	111	111	0
- Other financial assets	9,396	9,396	0
- Non-current assets	381,747	382,092	345
<b>TOTAL ASSETS</b>	<b>402,381</b>	<b>402,323</b>	<b>(58)</b>
<b>Liabilities</b>			
- Other Liabilities	7,095	4,847	(2,248)
- Total Borrowings	34,191	34,224	33
- Derivative financial instruments	1,539	1,539	0
<b>Total Liabilities</b>	<b>42,825</b>	<b>40,610</b>	<b>(2,215)</b>
<b>Equity</b>			
- Equity	359,556	361,713	2,157
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>402,381</b>	<b>402,323</b>	<b>(58)</b>

Total Assets have decreased from \$402.4 million to \$402.3 million.

- Cash and cash equivalents have decreased by \$0.6 million from \$6.4 million to \$5.8 million.
- Receivables increased by \$0.2 million since 30 June 2021 from \$4.7 million to \$4.9 million mostly due to NZTA subsidy receivable and rates receivable.
- Non-current assets have increased by \$0.3 million. The increase is due to the net effect of asset additions of \$2.1 million less depreciation of \$1.7 million.

Total Liabilities decreased from \$42.8 million to \$40.6 million.

- Other Liabilities decreased by \$2.2 million due to a decrease in Payables compared to June 2021.
- Total Borrowings were \$34.2 million (an increase of \$33,000 from June for accrued interest).

Total equity increased by \$2.2 million to \$361.7 million, which was the net surplus for the period.

## CAPITAL EXPENDITURE

Set out below is the full year Capital Expenditure budget for the year compared to actual expenditure for the period ended 30 September 2021.

(Amounts in \$000's)	EAP Budget	Revised Budget	Sep YTD Actual	Var - Actuals vs Revised Budget
Leadership	616	1,225	45	1,180
Recreation and Property	742	1,823	300	1,710
Regulation	10	10	0	10
Solid Waste	704	760	31	729
Stormwater	125	125	1	124
Wastewater	883	1,257	82	1,175
Water Supply	1,609	2,679	649	2,030
Roads and Footpaths	5,661	6,959	985	5,786
<b>Total</b>	<b>10,350</b>	<b>14,837</b>	<b>2,093</b>	<b>12,744</b>

Capital Expenditure was \$2.1 million for the period ended 30 September 2021, of which \$0.985 million (47%) relates to Roads, \$0.6 million (31%) relates to Water Supply, and \$0.3 million (14%) relates to Recreation and Property.

The capital expenditure budget was revised to incorporate unspent carryovers from the 2020/21 year as well as the Three Waters Reform stimulus funding to give a total budget of \$14.84 million. In addition to the Three Waters Reform Stimulus projects, the significant projects carried over from the prior year are Te Ara Tika and the adjacent amenity area, seismic strengthening of the Administration Building, Marokopa Road-end protection and Mokau public toilets.

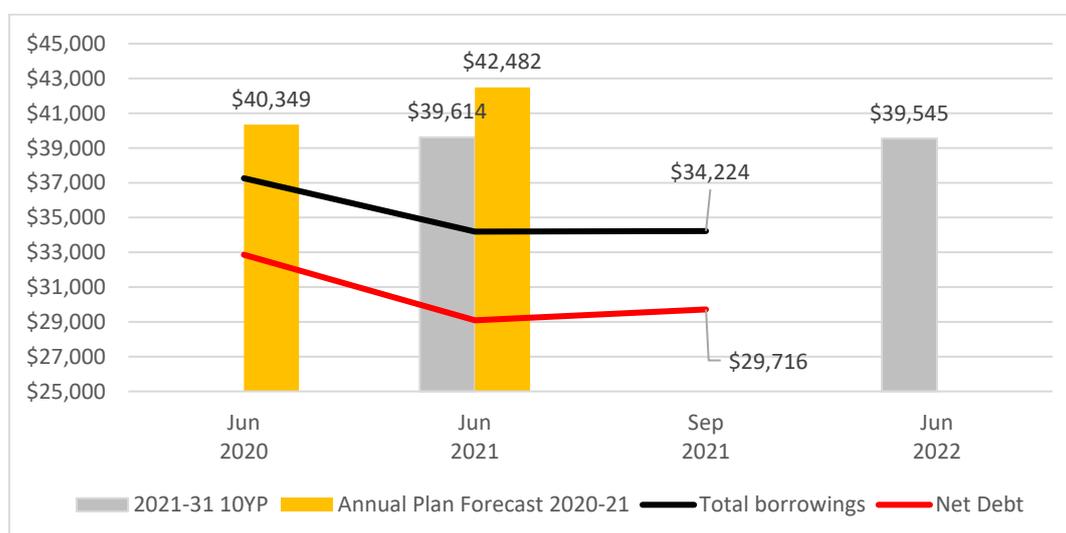
## TREASURY MANAGEMENT HIGHLIGHTS

At 30 September 2021 public debt was \$34.2 million and net debt<sup>1</sup> was **\$29.7** million. At 30 June 2021 public debt was \$34.2 million and net debt was \$29.1 million.

The assumed interest rate used in the 10YP for the 2021/22 year is 2.75% excluding the credit facility fee. The weighted average excluding the facility fee was 1.76% at 30 September 2021.

The weighted average interest rate as at 30 September 2021 was 2.91% including the credit facility fee.

The following graph portrays the total borrowings and net debt position compared to forecast debt from the 10YP's and Annual Plans.



The borrowing limits set in the Financial Strategy are as follows:

	Limit	Actual Jun 2021	Actual Sep 2021
Net debt to total revenue	<165%	80%	Measured at the end of the year
Net interest to annual rates	<20%	6%	5%

A standby credit facility with Westpac bank with a credit limit of \$10 million is in place. At the report date, none of this facility had been drawn from.

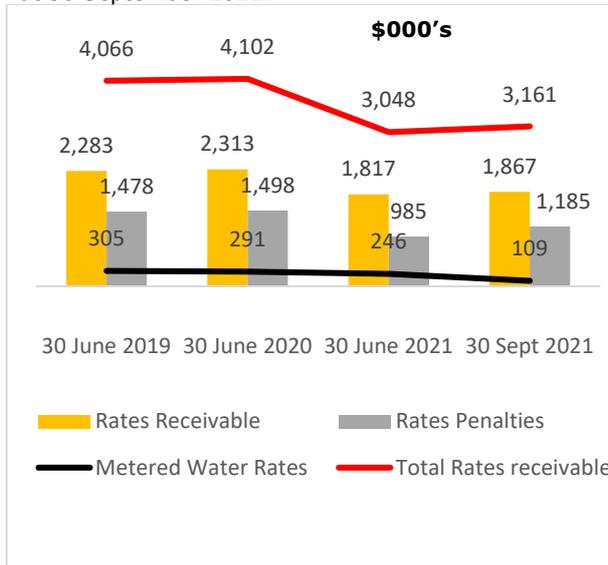
For more details of Council's public debt and the position of Council's financial risk minimisation strategies in relation to debt please refer to the Bancorp Treasury Report for the year ended 30 September 2021, as attached.

<sup>1</sup> Net debt is total public debt less LGA Borrower notes and unrestricted cash.

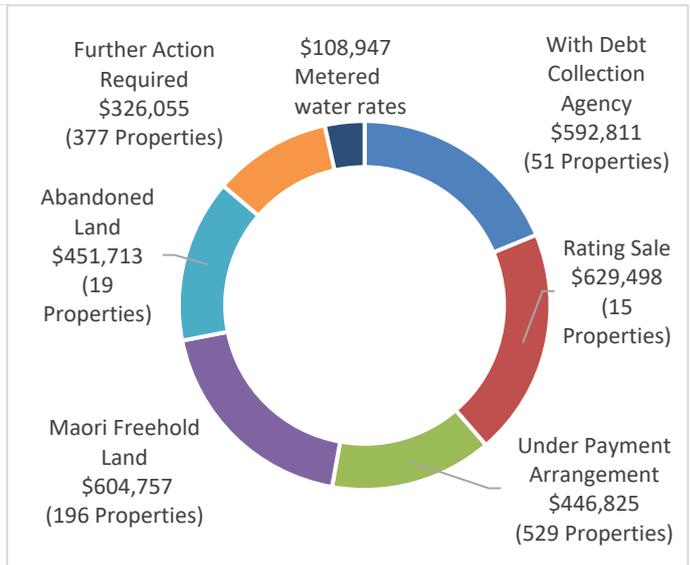
## RATES RECEIVABLES

### TOTAL RATES RECEIVABLES

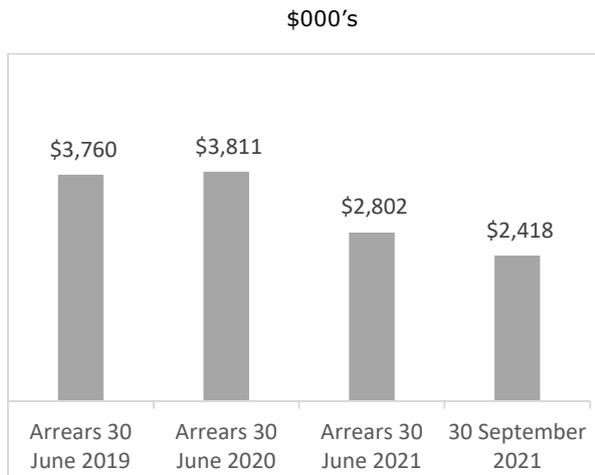
Set out below is the summary of Rates Receivables as at 30 September 2021.



### RATES ARREARS AS AT 30 SEPTEMBER 2021



### PREVIOUS YEARS RATES ARREARS SUMMARY\*



\*excludes metered water rates

### Progress:

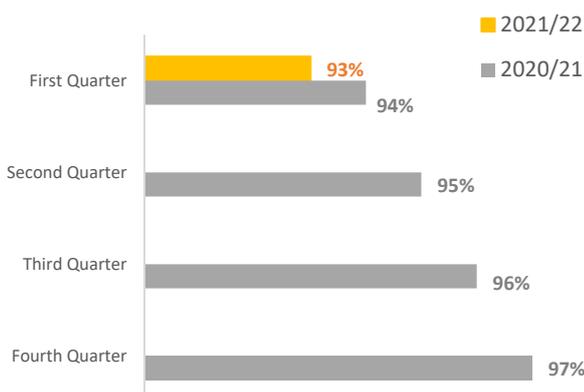
Due to the COVID-19 pandemic response and subsequent lockdowns all debt collection action is currently suspended. Accordingly, property owners that received a final notice in July have not yet been sent to Council's debt collection agency for collection and all applications to the High Court to enforce judgement are on hold. Our debt collection processes will commence again at Alert Level 2.

A write-off of \$130,860 has been processed for rates arrears which cannot be reasonably recovered under Section 90A of the LGRA (2002). This write-off related to eight Māori Freehold Land properties.

During the first quarter a letter was sent out to all owners who received a write off under the Rating of Whenua Māori Amendment Act 2021. During the second quarter staff will contact owners of Māori Freehold Land where the use of the land is unclear. This will help to confirm that their properties are being rated correctly under the new Act and enable us to make any changes as required.

We have received one application to write off arrears under Section 90A which is currently being considered by Council staff.

### RATES INSTALMENT COLLECTION TRACKER



## LEADERSHIP

This group comprises of Representation, Strategy and Engagement, Investments, and Emergency Management. Treasury Management and Organisational Overhead activities and service groups are also included in this groups.

- **Representation** involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.
- **Strategy and Engagement** involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.
- **Investments** includes investment in Waikato Local Authority Shared Services (WLASS), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd
- **Emergency Management** involves the administration of the Civil Defence Emergency Management function to coordinate a response to an emergency, and to manage recovery in the District.

## COMMUNITY OUTCOMES



A district for people



A district that works with you

## PROJECTS AND PROGRAMME UPDATES

### Annual Report 2020/21

**Project Summary:** The Annual Report captures the financial and non-financial performance of Waitomo District Council for the year ended 30 June 2021.

Project Stage	Q1	Q2	Q3	Q4
	Delivering			

**End date:** October 2022

### Exceptions Annual Plan 2022/23

**Project Summary:** The purpose of the Exceptions Annual Plan (EAP) is to report any exceptions from the forecast work plans and budgets set out in the 10 Year Plan (10YP) for the given financial year. The LGA requires the EAP to contain the proposed annual budget and funding impact statement for the year to which the EAP relates.

**Progress:** The first workshop is scheduled for 30 November to cover the Strategic issues impacting 2022/23

Project Stage	Q1	Q2	Q3	Q4
	Planning			

**End date:** June 2022

### Digitisation Project

**Project Summary:** WDC is acquiring a fully digitised and legislatively compliant collection (records) of building consents and resource consents for upload into and integrated business processing in Council's Electronic Document and Records Management System (Objective). The project will result in enhanced business efficiencies with respect to ready access to property information for WDC's five thousand properties.

**Progress:** The Digitisation project: The project is due to be completed early October 2021 (agreed deliverables). The Building Consents collection was completed first and uploaded to Council’s electronic document management system, Objective. The Resource Consents collection was uploaded and completed during September and early October 2021. Most internal WDC Quality Assurance (QA) has been undertaken, those outstanding items are considered BAU and will be completed by the internal WDC Information Management and Projects Teams.

In conjunction with the uploading of documents two workstreams have been running concurrently as part of the project:

- Communications and Training for staff (primarily Customer Service) to access and interpret the digitised files in Objective – internal processes and customer facing (external) are on track and will be completed when return to office is authorised through Covid Alert Levels.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 			

**End date:** October 2022

## Review of Council’s Risk Management Framework and Strategic Risks

**Project Summary:** Review of Council’s Risk Management Framework and Strategic Risks.

**Progress:** The Risk Management Framework was reviewed in May. The new framework was adopted by Council in October as well as the Strategic Risk Register. The Strategic Risk Work Plan was also endorsed which sets out the workshops to review each strategic risk. A Project Risk Register will be reviewed by the Programme Delivery Unit. Through the review and assessment of the risks registers, the residual risk and risk appetite will be established. At the completion of the reviews, risk management will move to business as usual and be reported quarterly to the Audit Risk and Finance Committee.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 			

**End date:** May 2022

## Emergency Management

**Programme Summary:** WDC provides Civil Defence and Emergency Management (CDEM) functions for the District as required by the Civil Defence and Emergency Management Act 2002. Emergency Management activities are assisted by the Emergency Management Operations Manager and Emergency Management Coordinator employed by Waipā District Council to provide a shared service arrangement for Waitomo, Waipā and Ōtorohanga District Councils; jointly operating and collaborating as the Western Waikato Emergency Operating Area (WWEOA).

The New Zealand integrated approach to civil defence emergency management can be described by the four areas of activity, known as the ‘4 Rs’: Reduction, Readiness, Response and Recovery.

### Progress:

#### Readiness

A Regional Exercise was scheduled to take place in November 2021 however due to the most recent COVID-19 outbreak the exercise has been deferred.

Progress has continued with developing, updating and enhancing Community Response Plans, in particular with Piopio and Mokau townships within the Waitomo District.

#### Response

#### Alerts and Warnings

The Waikato Regional Council’s Flood Room was activated on 18 July and 23 September 2021 following heavy rain watches issued by MetService together with river alert activations. Local Controllers worked in liaison with the Flood Room monitoring river alerts levels/flows across the Mangaokewa and Awakino Rivers in the Waitomo District, and rivers across the Waipa and Otorohanga Districts. Surface flooding occurred across the area, but no evacuations were required.

## COVID 19 – Delta Variant

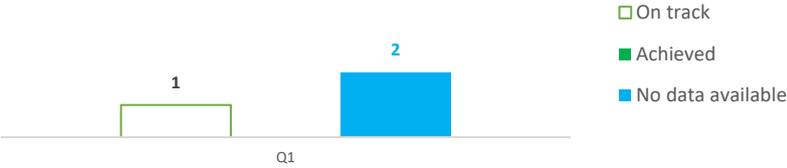
At 23:59 hours on Tuesday 17 August 2021, NZ moved to Alert Level 4. Waikato GECC was stood up with Incident Control Points (ICP's) put in place across the Waikato region. The Western Waikato ICP was activated at 8.30am on 18 August 2021 in a support capacity to the GECC. Staff from Waitomo, Waipa and Otorohanga contributed to the ICP by working remotely. Auckland remained at Level 4 until moving to Level 3 on 22 September 2021 while the rest of the country moved to Level 2 on 7 September 2021.

After cases were reported in Kawhia, Cambridge, Kihikihi and Te Awamutu, parts of the Waikato subsequently returned to Level 3 on 8 October 2021, including the Waitomo District.

Western Waikato CDEM and local Waitomo, Waipa and Otorohanga staff continued to support the Waikato DHB. Members of the local Welfare Committee's in Waitomo, Waipa and Otorohanga were very active and supportive in the lockdowns, mainly with the provision of food parcels. The numbers requiring food support during the level 4 lockdown exceeded all expectations and the provision of resourcing through MSD was successful in supplying the Foodbanks with the necessary items.

BAU | Ongoing 

## SERVICE PERFORMANCE MEASURES

		<b>Overall result for GOA</b> <i>(as at 30 September 2021)</i>		
<b>Leadership</b>				
You can expect	Measure	Q1	Target/Result	Commentary
The percentage of Council agendas that are publicly available two working days or more before the meeting.	All agendas publicly available two working days or more.		<b>Target:</b> 100% <b>Result:</b> On track	All agendas made publicly available two working days or more for this period.
Effective communication with the community.	Percentage of residents satisfied with the effectiveness and usefulness of Council Communications		<b>Target:</b> 90% <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey is available.
The evaluation of annual exercise as a measure of effectiveness of training	Baseline assessment – new measure		<b>Target:</b> 1 <b>Result:</b> N/A	Performance will be reported when completed within the year.

## FINANCIAL UPDATE

LEADERSHIP \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,856)	(3,365)	(3,365)	(1,026)	(1,021)	(5)	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	(11)	(9)	(9)	(3)	(2)	(1)	
Fees and Charges	(150)	(76)	(76)	(14)	(16)	2	
Other Revenue incl Gains/Losses	(10)	0	0	0	0	0	
<b>Total Revenue</b>	<b>(3,027)</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(1,043)</b>	<b>(1,039)</b>	<b>(4)</b>	<b>0%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,007	2,820	2,917 <sup>2</sup>	580	662	(82)	A
Depreciation	477	626	626	131	156	(25)	B
Finance Costs	14	102	102	5	26	(21)	C
<b>Total Operating Expenditure</b>	<b>2,498</b>	<b>3,548</b>	<b>3,645</b>	<b>716</b>	<b>844</b>	<b>(128)</b>	<b>-15%</b>
<b>Net (Surplus)/Deficit</b>	<b>(529)</b>	<b>98</b>	<b>195</b>	<b>(327)</b>	<b>(195)</b>	<b>(132)</b>	<b>68%</b>

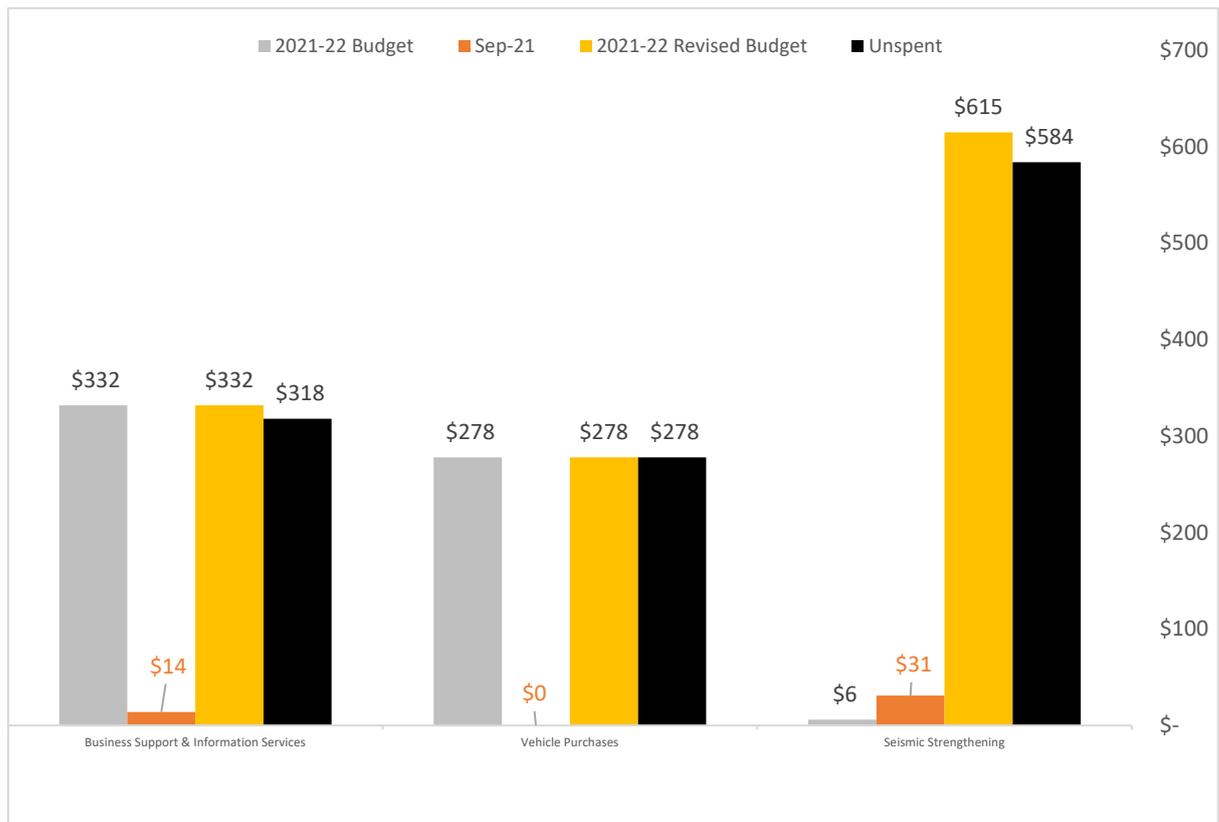
**Variance comments:**

- A Other expenditure was less than forecast for elected members remuneration. Remuneration for RMA Commissioners for Proposed District Plan hearings was forecast in the budgets however the hearings will now be held in the 2022/23 year. Planning and consultancy fees were also below budget.
- B Depreciation costs for Information Services were below budget as some capital projects are still work in progress and therefore not yet depreciated. It is anticipated that these projects will be completed in current year.
- C Interest costs for Council's investment in Inframax Construction Limited was less than budget. An average interest rate of 2.75% was assumed over Council's entire debt portfolio. Interest costs attributable to ICL investment was less than the average forecast due to \$5 million of the \$6 million external debt on a floating rate interest rate profile attracting an interest rate of just 1.055%.

<sup>2</sup> Revised budget includes carryover for consultant fees and planning costs in Strategy and Engagement.

## CAPITAL EXPENDITURE

000's



Total expenditure at 30 September 2021 was \$45,000 against the revised budget (including carryovers) of \$1,225,000. Refer to projects and programme updates section for progress on key capital projects.

## RECREATION AND PROPERTY

This group comprises parks and recreation, housing and property, community, and public facilities.

- **Parks and Recreation** involves the provision of parks and reserves for recreation, green places and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and Property** involves the provision of housing community facilities such as halls and housing.
- **Community Facilities** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public Facilities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

### COMMUNITY OUTCOMES



A district for people



A district that cares for its environment

### PROJECTS AND PROGRAMME UPDATES

#### Lease Agreements

**Project Summary:** Currently a review on all property arrangements is being taken to ensure all required lease agreements, H&S and other legislative requirements are in place. This also includes condition assessments and maintenance inspections to determine the current structural condition of playgrounds and other structures located on these properties. Lease agreements are required to meet applicable New Zealand legislation such as the Residential Tenancies Act 1986, Property Law Act 2007, and Land Transfer Act 1952.

**Progress:** An initial investigation and assessment of the status of existing lease and deed documentation has identified a range of administrative matters which will require specialist legal advice to address issues and challenges.

**Update:** The project scope is limited to addressing leases or license agreements that are coming up for renewal or expiry due to capacity and competing priorities. Progress of the review of historic agreements is on a case-by-case basis.

**BAU | Ongoing**

#### Esplanade Reserves: Mokau

**Project Summary:** Maintaining beach access points in Mokau.

**Progress:** The contractor for project delivery has been notified to proceed. However, there has been a delay in the commencement of the project due to material supply issues and the contractor's other work commitments; resulting in the completion date extending to 31 December 2021.

Project Stage	Q1	Q2	Q3	Q4
	Delivering			

**End date:** 31 December 2021

## Piopio Hall

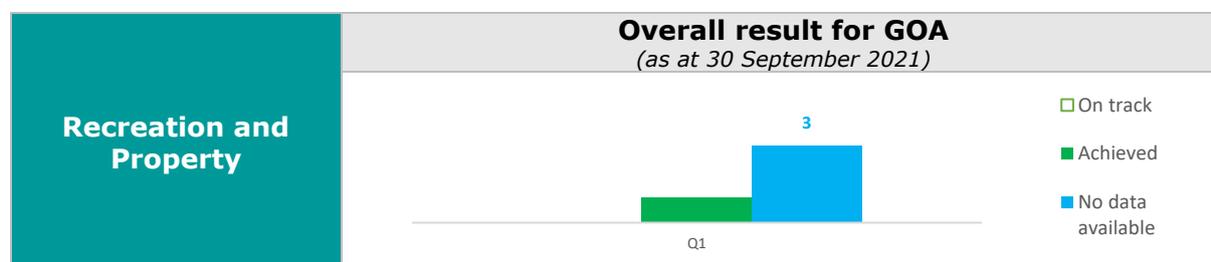
**Project Summary:** Safety issues are being addressed. The work required includes stabilisation of the front wall of the hall and fixing two windows on the front wall. Stabilisation of the front wall at the Piopio Hall commenced on 2 November 2020. The wall is required to be stabilised prior to fixing the windows.

**Progress:** The structural work to the front wall is complete with some minor strengthening still to be completed to the front section of the roof. The contractor's workload has delayed the completion of this final stage of structural strengthening, which requires a strap bracing to be installed between the front wall and first row of portacom. The work has been delayed with COVID-19 lockdown is now scheduled for completion by the end of December 2021.

Project Stage	Q1	Q2	Q3	Q4
	Delivering 			

**End date:** 30 December 2021

## SERVICE PERFORMANCE MEASURES



You can expect	Measure	Q1	Target/Result	Commentary
We provide parks and open spaces across our district.	Percentage of residents satisfied with or parks and open spaces.		<b>Target:</b> New measure <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey is available.
We provide pools and community facilities that are compliant with legislative standards.	Current Building Warrant Of Fitness (BWF) for facilities with compliance schedules.		<b>Target:</b> Achieve <b>Result:</b> N/A	
We will provide a comprehensive library facility for our community.	Percentage of residents satisfied with the quality of the library facility and service		<b>Target:</b> > 85% <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey are available.
We provide public toilets for our community and visitors to the district.	Percentage of residents satisfied with the quality of public toilets		<b>Target:</b> ≥ 85% <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey are available.

## FINANCIAL UPDATE

RECREATION AND PROPERTY \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(3,715)	(3,464)	(3,464)	(866)	(866)	0	
Subsidies and Grants	(240)	(1)	(161) <sup>3</sup>	(17)	0	(17)	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(444)	(504)	(504)	(106)	(110)	4	
Other Revenue incl Gains/Losses	(1,509)	(3)	(3)	0	(1)	1	
<b>Total Revenue</b>	<b>(5,908)</b>	<b>(3,972)</b>	<b>(4,132)</b>	<b>(989)</b>	<b>(977)</b>	<b>(12)</b>	<b>1%</b>
<b>Operating Expenditure</b>							
Other Expenditure	3,284	3,007	3,007	544	623	(79)	B
Depreciation	952	987	987	279	247	32	C
Finance Costs	93	88	88	21	22	(1)	
<b>Total Operating Expenditure</b>	<b>4,329</b>	<b>4,082</b>	<b>4,082</b>	<b>844</b>	<b>892</b>	<b>(48)</b>	<b>-5%</b>
<b>Net (Surplus)/Deficit</b>	<b>(1,579)</b>	<b>110</b>	<b>(50)</b>	<b>(145)</b>	<b>(85)</b>	<b>(60)</b>	<b>71%</b>

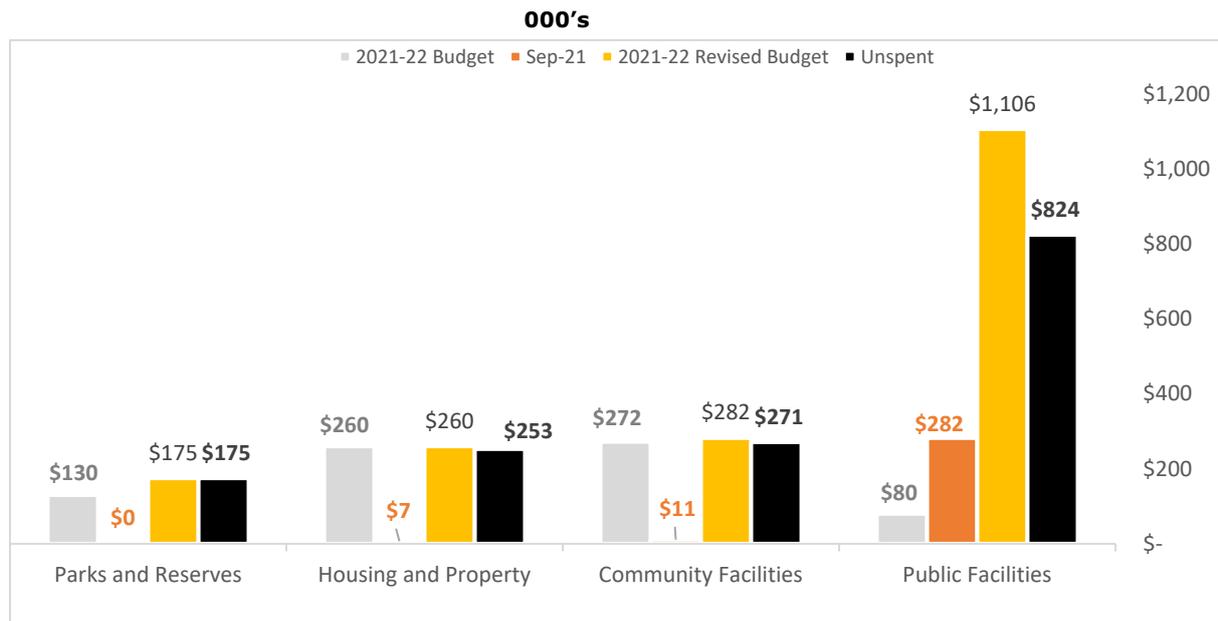
**Variance comments:**

- A Subsidy revenue was received for library partnership programme and for Brook Park tree planting project. These were not included in the budget. The revenue received for the tree planting project will be reclassified as Deferred Revenue as this project has been deferred to August 2022 due to the availability of plants.
- B Other expenditure was generally less than forecast across the Recreation and Property activities for repairs and maintenance expenditure, materials and supplies, energy costs and internal ISU charges.
- C Depreciation is more than budget due to the valuation of buildings carried out at 30 June 2021. The increase in the value of these assets was more than forecast in the 10YP, as was the corresponding depreciation expense.

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<sup>3</sup> Revised budget includes subsidy revenue for construction of Mokau public toilets.

## CAPITAL EXPENDITURE



Total expenditure at 30 September 2021 was \$300,000 against the revised budget (including carryovers) of \$1.82m. Refer to projects and programme updates section for progress on key capital projects.

## COMMUNITY AND PARTNERSHIPS

This group of activities represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life within the District.

- **Community Development** supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.
- **District Promotion** is delivered through a partnership between Central Government, Local Government, and the Tourism Industry.
- **Economic Development** involves the facilitation and support of initiatives that will enhance the District's economic sustainability.

## COMMUNITY OUTCOMES



A district for people



A prosperous district



A district that works with  
you

## PROJECTS AND PROGRAMME UPDATES

### Vibrant Safe Waitomo (VSW)

**Programme Summary:** Vibrant Safe Waitomo is a community led collaboration that provides leadership and direction, with everyone working in partnership to create a safer community. The Vibrant Safe Waitomo Strategy provides a road map to collectively address community safety issues in the district. The VSW Regional Coalition Group is the owner of the Strategy and supports the activities and projects that form the yearly VSW Action Plans.

**Progress:** The Action Plan for 2021/22 has been endorsed by the Regional Coalition and will be presented to Council. Within the Action Plan there is a total of 37 actions with the flexibility to add more as the year progresses. The actions belong to, and are led by, the organisations of the Coalition and localised Stakeholders that deliver services within the District.

**BAU| Ongoing** 

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### Youth Liaison/ Waitomo District Youth Council

**Programme Summary:** Support the positive development of youth within the Waitomo District.

**Progress:** The Waitomo District Youth Council (WDYC) work programme has been disrupted due to the effects of COVID-19 restrictions.

**BAU| Ongoing** 

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### Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme

**Project Summary:** The MTFJ Community Recovery Programme has been developed in collaboration with the Ministry of Social Development (MSD) as a response to the COVID-19 pandemic. The programme sees rural Councils assisting local businesses with recruitment, training, guidance and in some cases subsidies, to assist small businesses to take on young workers.

**Progress:** The Agreement with Local Government New Zealand for the 2021/2022 year has been signed and arrangements for delivery of the programme are underway.

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**Start date:** 1 July 2021  
**End date:** 30 June 2022

## Novice Driving Training Programme

**Project Summary:** To support a locally delivered driver training programme with a goal of reducing the number of young drivers involved in road crashes and improving their safety on our roads.

Target rate for learners (15 p.a.), restricted (25 p.a.) and full licence (15 p.a.).

**Progress:** A new contract period has commenced for delivery of this programme. Due to COVID-19 restrictions, delivery of the programme has been limited to theory tests which are conducted online.

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**Start date:** 1 July 2021  
**End date:** 30 June 2022

## Community Development Fund Policy

**Programme Summary:** The Community and Partnership Fund Policy establishes funding policies and principles, which form the basis for the provision of funding grants to assist organisations and funding partners who provide projects, activities, services, and facilities that benefit communities within the Waitomo District. The Policy includes the following grant types; Single-Year Community Assistance Grant, Multi-Year Community Partnership Grant, Community Events Fund, Community Halls Grant (Non-Contestable). The Policy also captures the grants disbursed on behalf of the DC Tynan Trust, Creative Communities New Zealand Fund and Sport NZ – Rural Travel Fund.

**Progress:** At its meeting of 31 August 2021 Council approved an application to the Community Events Fund to the value of \$2,181.50.

At its meeting of 28 September 2021 Council approved 4 applications to the Single-Year Community Assistance Grant Fund to the value of \$27,000.00 and 19 applications to the Multi-Year Community Partnership Grant Fund to the value of \$212,450.00.

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## Community / Civic Events

**Programme Summary:** This programme of work includes the Citizens Awards, Combined Mayoral Industry Training Organisation (ITO) Graduation Ceremony, Citizenship Ceremony, the Great NZ Muster and Te Kuiti Christmas Parade.

**Progress:**

### Christmas Parade

Due to numerous uncertainties at the present time around the COVID-19 pandemic and related restrictions, the Waitomo District Christmas Parade has been cancelled for the 2021 year. The health, safety, and well-being of all involved was the key consideration to the decision.

Other options are currently being explored to bring the Christmas spirit to the District.

### The Great NZ Muster

The Great NZ Muster is scheduled to take place on 2 April 2022. The event will proceed if COVID-19 restrictions allow.

**BAU | Ongoing** 

## SERVICE PERFORMANCE MEASURES

	<b>Overall result for GOA</b> <i>(as at 30 September 2021)</i>			
<b>Community and Partnerships</b>	<p style="text-align: center;">Q1</p> <p style="text-align: right; font-size: small;"> <span style="color: green;">□</span> On track  <span style="color: blue;">■</span> Achieved  <span style="color: red;">■</span> No data available                 </p>			
You can expect	Measure	Q1	Target/Result	Commentary

Contestable grant funding is disseminated through a robust process.

New measure - Percentage of grants funding available is disseminated



**Target:** 75% Compliance  
**Result:** Achieved

76.5% of grant funding has been disseminated through the contestable grant funds.

Council supports the delivery of youth related projects by the Youth Council.

Youth Council undertakes two youth related projects per year.



**Target:** 2 per annum  
**Result:** No data available

Performance will be reported when completed within the year.

Involvement in economic development initiatives and promotional opportunities.

New measure - ≥5 initiatives or promotional opportunities



**Target:** ≥5 per annum  
**Result:** On track

Council has entered into a partnership arrangement for the ownership and operations of the King Country Indoor Sports and Recreation Centre.

**FINANCIAL UPDATE**

<b>COMMUNITY AND PARTNERSHIPS \$000's</b>	<b>Actual 2020/21</b>	<b>EAP Budget</b>	<b>Revised Budget</b>	<b>YTD Actual</b>	<b>YTD EAP Budget</b>	<b>Var to YTD EAP Budget</b>	<b>%Var and Note Ref</b>
<b>Revenue</b>							
Rates	(1,856)	(1,717)	(1,717)	(428)	(429)	1	
Subsidies and Grants	(510)	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(14)	(4)	(4)	(1)	(1)	0	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(2,380)</b>	<b>(1,721)</b>	<b>(1,721)</b>	<b>(429)</b>	<b>(430)</b>	<b>1</b>	<b>0%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,016	1,642	1,680	295	356	(61)	A
Depreciation	13	2	2	1	1	0	
Finance Costs	0	25	25	0	6	(6)	
<b>Total Operating Expenditure</b>	<b>2,029</b>	<b>1,669</b>	<b>1,707</b>	<b>296</b>	<b>363</b>	<b>(67)</b>	<b>-18%</b>
<b>Net (Surplus)/Deficit</b>	<b>(351)</b>	<b>(52)</b>	<b>(14)</b>	<b>(133)</b>	<b>(67)</b>	<b>(66)</b>	<b>99%</b>

**Variance comments:**

- A Other expenditure for the Community and Partnerships activity is less than budget for the first quarter reporting period. Expenditure for rates remissions is currently tracking less than budget and expenditure for district promotion initiatives have been delayed.

## REGULATORY SERVICES

We undertake many activities that contribute to keeping our community safe (wellbeing) and help to make Waitomo District a safe place to be.

Our regulatory activities are governed and directed by national legislation, regional and local policies, and bylaws.

- **Building Services** responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act. This activity also covers the monitoring and enforcement of earthquake-prone building requirements, and swimming pools.
- **Alcohol licensing** responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority, which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Act.
- **Environmental Health** provides a range of services to ensure food outlets maintain high food safety standards, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.
- **Bylaw administration** involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council's assets
- **Animal and Dog control** delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council's Dog Control Policy and Bylaw. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

## COMMUNITY OUTCOMES



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A district for people

## PROJECTS AND PROGRAMME UPDATES

Consents are closely monitored to ensure statutory timeframes are adhered to. Building processes are monitored biannually with an audit undertaken by IANZ (International Accreditation New Zealand). WDC's latest IANZ audit was undertaken in June 2020, with accreditation achieved. The next accreditation assessment is due in June 2022.

Feedback from our customers is one form used to ensure these activities are being delivered to a high standard and will continue to be used as a key indicator.

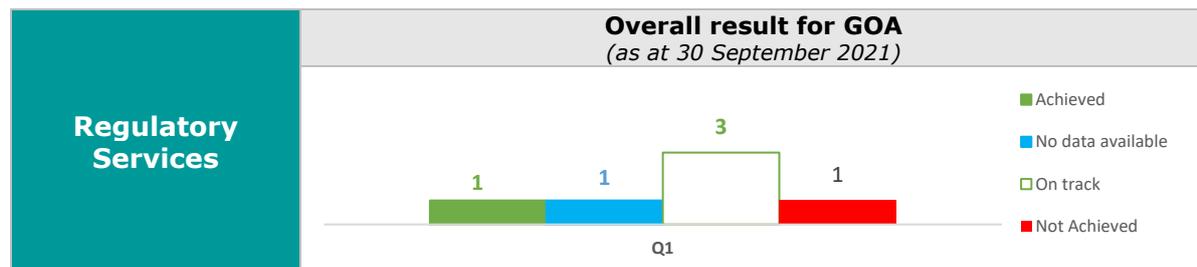
The work programmes in the Compliance Group are statutory in nature and 'business as usual' to comply with Council's legislative requirements. Progress reporting on the programme of work will be undertaken on an exceptions basis.

The Earthquake Prone Building (EPB) work programme is progressing, with initial profiling of buildings largely completed subject to final review processes. The project is a multi-year project and will continue into 2021/22 and beyond. The first letters informing owners their buildings are potentially an EPB were sent out at the end of April 2021, these relate to priority buildings only. The owners of these buildings have until April 2022 to provide an engineering assessment.

The next round of letters to owners advising of potential EPBs are currently programmed to be sent in September 2023.

BAU | Ongoing 

## SERVICE PERFORMANCE MEASURES



<b>You can expect</b>	<b>Measure</b>	<b>Q1</b>	<b>Target/Result</b>	<b>Commentary</b>
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	○	<b>Target:</b> 100% Compliance <b>Result:</b> 100% for Q1	100% compliance for this period
Building consents are processed in a timely fashion.	Building consents are processed within 20 working days.	○	<b>Target:</b> 100% <b>Result:</b> 100% for Q1	100% of consents processed within 20 working days for this period.
Council will process, inspect, and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements	●	<b>Target:</b> BCA Accreditation achieved <b>Result:</b> Achieved	Accreditation achieved.
WE provide land information Services (LIMs) efficiently.	LIMs are processed within statutory timeframe.	●	<b>Target:</b> 100% <b>Result:</b> 92% for Q1	Delays occurred at the onset of the most recent lockdown between paper based and electronic based applications. As a result, two LIM applications went over the 10 days statutory timeframe, 11 and 12 days, respectively.
Council meets its obligations under the Dog Control Act 1996.	Percentage of Special Owner Status properties (SOPs) inspected per year.	○	<b>Target:</b> 100% <b>Result:</b> 100%	Inspections have been completed.
We provide an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	●	<b>Target:</b> ≥ 75% <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey is available.

## FINANCIAL UPDATE

REGULATORY SERVICES \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(781)	(825)	(825)	(206)	(206)	0	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(553)	(439)	(439)	(251)	(222)	(29)	A
Other Revenue incl Gains/Losses	(13)	(15)	(15)	(1)	(4)	3	
<b>Total Revenue</b>	<b>(1,347)</b>	<b>(1,279)</b>	<b>(1,279)</b>	<b>(458)</b>	<b>(432)</b>	<b>(26)</b>	<b>6%</b>
<b>Operating Expenditure</b>							
Other Expenditure	1,046	1,272	1,272	248	315	(67)	B
Depreciation	7	7	7	2	2	0	
Finance Costs	0	0	0	0	0	0	
<b>Total Operating Expenditure</b>	<b>1,053</b>	<b>1,279</b>	<b>1,279</b>	<b>250</b>	<b>317</b>	<b>(67)</b>	<b>-21%</b>
<b>Net (Surplus)/Deficit</b>	<b>(294)</b>	<b>0</b>	<b>0</b>	<b>(208)</b>	<b>(115)</b>	<b>(93)</b>	<b>81%</b>

**Variance comments:**

- A Building control revenue and dog registration fees were more than budget for the period.
- B Other expenditure was below budget for animal control contractor costs, environmental health officer fees and noise control and building accreditation costs.

**CAPITAL EXPENDITURE**

There was no expenditure at 30 September 2021 against the revised budget of \$10,000.

## SOLID WASTE

This group provides for the environmentally safe reduction, diversion, collection, and disposal of the District's solid waste.

- **Waste minimisation** focuses on the reduction and diversion (reuse, recycling, and recovery) of solid waste.
- **Kerbside recyclables and refuse collection** are provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.
- **Waste transfer** stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

Solid Waste Management is the combination of asset management, financial, engineering, and technical practices to reduce and dispose of general refuse and the promotion of waste minimisation.

The Solid Waste Activity provides for education on waste minimisation, collection and separation of recyclables, and the disposal of residual waste to landfill.

WDC is meeting its waste management obligations under the WMA and SWaMMP by providing:

- weekly kerbside refuse and recyclables collection services
- rural transfer stations, including free recycling services
- street side recycling units

### Landfill

**Programme Summary:** The Waitomo District has a previously consented volume of 232,000 tonnes. Investigations in 2017 confirmed actual landfill volume was approximately 173,000m<sup>3</sup> (equivalent to 155,000 tonnes) compared to the consent target of 232,000 tonnes. A new consent came into effect from 24 September 2019 for a term of 35 years. This allows WDC to put into practice its optimised fill capacity strategy (increased to approximately 420,000 tonnes).

The current strategy is to increase the physical capacity of the landfill over the next two financial years by raising the design finish level over the current footprint. That will require progressive lining over the corresponding height of the high-wall. The life of the landfill, at current annual fill rates, will be extended to approximately 2044 i.e., beyond the term of the operative consent (expiry date 2033) but within the term of the new consent (expiry date 2054).

The operative landfill cell has a remaining capacity of 12-18 months. The new consent provides for developing the cell against the highwall, over the existing, consented, landfill footprint.

### Progress:

An investigation has been completed to determine the method and costs involved to stabilise the highwall. That information has been fed into an analysis to determine the relative economic viability of extending the life of the landfill.

The cost of mitigation measures required to protect against highwall slippage, while progressive lining and landfilling takes place, has been compared with the alternative options of either divesting or accelerating the closure, capping and aftercare of the landfill and re-configuring the Te Kuiti waste transfer station suitable for long distance transport of waste to an alternative, out of district, regional landfill site. The latter option would trigger a significant variation to WDC's Waste Management and Minimisation Plan, due for review in 2022/23.

### BAU Ongoing

Description	Quarter 1		
	Tonnes Deposited July 2021	Tonnes Deposited Aug 2021	Tonnes Deposited Sep 2021
<b>Total To Landfill</b>	764.18	462.21	625.03

Diverted Material

- A total of 129.43 tonnes of recyclables has been diverted from the landfill for this period.
- A total of 1466.05 tonnes of recyclables have been collected from kerbside collections and transfer stations this period.

### Waste Minimisation Promotion and Educational Programmes

**Programme Summary:** Events, promotions and workshops held in the community to raise awareness and encourage the minimisation of waste being sent to landfill.

**Progress:** Due to COVID restrictions events are planned for later next year.

**BAU | Ongoing** 

### Infrastructure Maintenance and Transfer Station Safety Improvements

**Project Summary:** Maintenance and improvement of assets located within the Waitomo District landfill and five rural transfer station sites in Piopio, Maniaiti/Benneydale, Marokopa, Kinohaku and Awakino.

**Progress:** Assessments of asset condition has been completed. Rainwater tanks have been installed for cleaning purposes along with hand sanitiser stations. Other safety aspects are to be audited at all sites and improvements explored during 2021/22.

Project Stage	Q1	Q2	Q3	Q4
<b>Delivering</b> 				

## SERVICE PERFORMANCE MEASURES

Solid Waste		<b>Overall result for GOA</b> <i>(as at 30 September 2021)</i>		
Solid Waste				
You can expect	How we measure performance	Q1	Target/ Result	Commentary
We provide safe solid waste facilities within District.	Percentage of users that are satisfied with the rural transfer service stations	●	<b>Target:</b> New measure <10 per week <b>Result:</b> 0	No complaints received for the period
To work towards a waste minimisation outcome.	Percentage reduction per annum in quantity of organic waste (like food scraps) in bag collection that goes to landfill.	●	<b>Target:</b> New measure <b>Result:</b> N/A	Performance will be reported in the Annual Report when the results of the Resident Satisfaction Survey is available.

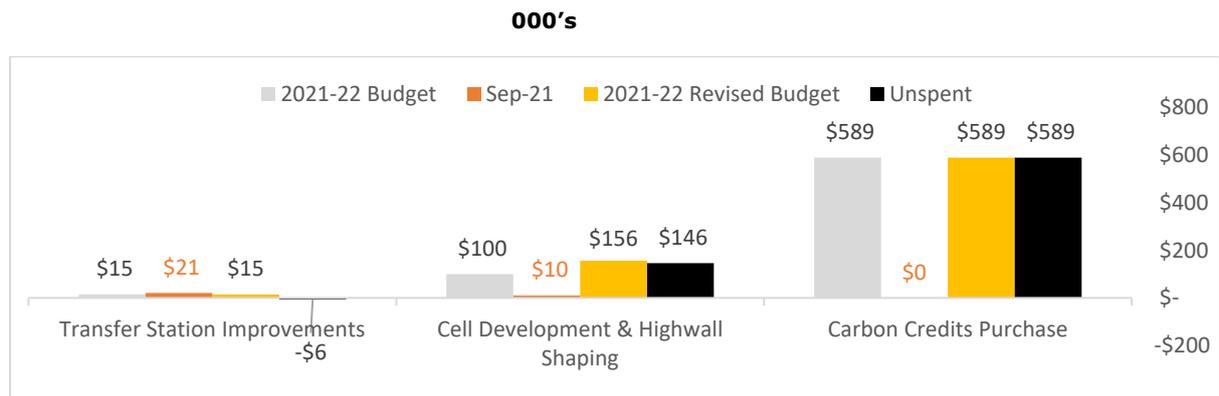
## FINANCIAL UPDATE

SOLID WASTE \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(883)	(1,144)	(1,144)	(288)	(286)	(2)	
Subsidies and Grants	(13)	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(1,537)	(1,677)	(1,678)	(360)	(419)	59	A
Other Revenue incl Gains/Losses	(35)	(35)	(35)	(9)	(9)	0	
<b>Total Revenue</b>	<b>(2,468)</b>	<b>(2,856)</b>	<b>(2,857)</b>	<b>(657)</b>	<b>(714)</b>	<b>57</b>	<b>-8%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,182	2,661	2,661	464	517	(53)	B
Depreciation	94	68	68	22	17	5	
Finance Costs	136	113	113	26	28	(2)	
<b>Total Operating Expenditure</b>	<b>2,412</b>	<b>2,842</b>	<b>2,842</b>	<b>512</b>	<b>562</b>	<b>(50)</b>	<b>-9%</b>
<b>Net (Surplus)/Deficit</b>	<b>(56)</b>	<b>(14)</b>	<b>(15)</b>	<b>(145)</b>	<b>(152)</b>	<b>7</b>	<b>-5%</b>

### Variance comments:

- A Revenue received at the landfill was less than budget due to a decrease in revenue from general refuse charges due to a decrease in the volume of waste deposited at the landfill. This was partly offset by increase in revenue from special waste and sale of rubbish bags.
- B Other expenditure was less for waste minimisation levy expenditure due to reduced waste volumes, waste minimisation programme expenditure and resource consent compliance costs.

## CAPITAL EXPENDITURE



Total expenditure at 30 September 2021 was \$30,000 against the revised budget of \$760,000. Refer to projects and programme updates section for progress on key capital projects.

## STORMWATER

The Stormwater Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

The main activities of this group are:

- Maintenance (Planned and Unplanned)
- Renewals
- New Works/Augmentation

### COMMUNITY OUTCOMES



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### PROJECTS AND PROGRAMME UPDATES

#### Completion of Stormwater Catchment Plans

**Project Summary:** Development of the draft Stormwater catchment plans which will be used for the development of Assessment of Environmental Effects required for the application for the comprehensive stormwater discharge consent.

**Progress:** Planning is underway to continue to develop the catchment management plans.

Project Stage	Q1	Q2	Q3	Q4
Scoping/ planning	●			

**Project Stage: June 2022**

#### Completion of the Annual Renewals Programmes based on Conditions Assessment

**Project Summary:** This project is currently being scoped. A project summary and progress will be reported once the project planning has been completed.

**Progress:** Pricing for condition assessments of a representative network sample has been received. A programme of renewal works will be determined using the results from criticality and condition assessments. Condition assessments are being and planned.

Project Stage	Q1	Q2	Q3	Q4
Scoping/ planning	●			

#### Monitoring and Maintenance of Stormwater Exit and Entry Points

**Project Summary:** This work involves manhole checks, inspection of streamside outlet points for debris and condition (before and after winter flows), fixing outlet grates that are damaged, or opening and collecting built-up debris, and reattaching any opened outlet points with new shearing bolts (break away structural feature for pressure on grate).

**Progress:** Inspections have been carried out as required.

**Project Stage: Ongoing** ●

## SERVICE PERFORMANCE MEASURES

	<b>Overall result for GOA</b> <i>(as at 30 September 2021)</i>			
<b>Stormwater</b>				On track Achieved
You can expect	Measure	Q1	Target/Result	Commentary
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings.	The number of flooding events* that occur in the district in a financial year.	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this period.
	For each flooding event* the number of habitable floors affected in a financial year.	○	<b>Target:</b> ≤ 1 per 1000 connections <b>Result:</b> 0	There have been no flooding events in this period.
We comply with our resource consent conditions and minimise the impact of stormwater on the environment	The number of abatement notices, infringement notices, enforcement orders and convictions related to the management of the stormwater system			
	abatement notices	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no notices received.
	infringement notices	○	<b>Target:</b> ≤ 2 <b>Result:</b> 0	There have been no notices received.
	enforcement orders	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no enforcement orders.
We will respond within a reasonable timeframe to flooding.	successful prosecutions	○	<b>Target:</b> 0 <b>Result:</b> 0	There have been no successful prosecutions.
	The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site).	○	<b>Target:</b> ≤ 180 minutes (3hrs) <b>Result:</b> 0.0 hours	There have been no flooding events in this period.
The Council provides a reliable stormwater collection service.	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected.	○	<b>Target:</b> ≤ 4 complaints per 1,000 properties (2,056 connections) <b>Result:</b> 0	There have been no complaints relating to urban stormwater in this period.
<p>* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.</p>				

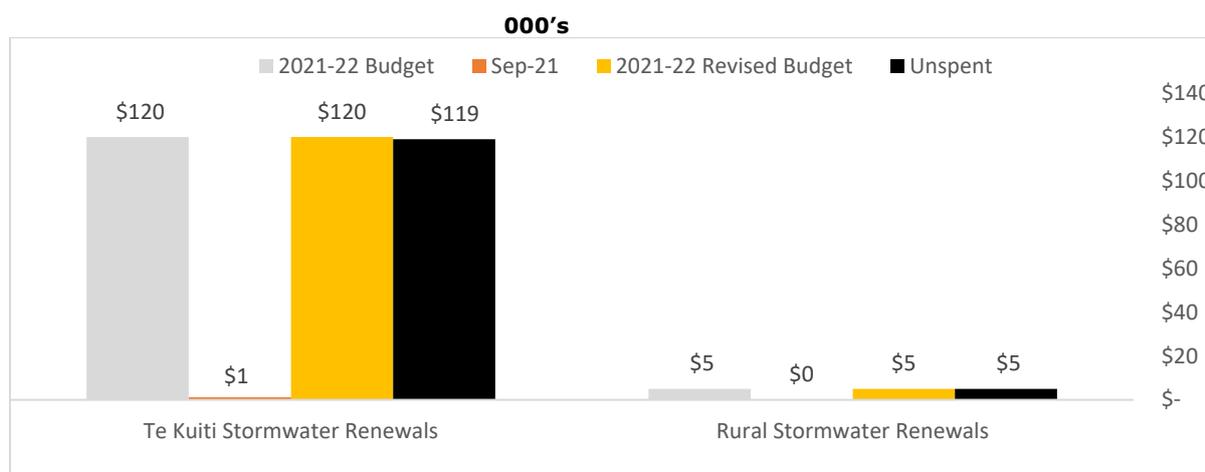
## FINANCIAL UPDATE

STORMWATER \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(405)	(456)	(456)	(115)	(114)	(1)	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(17)	0	0	(3)	0	(3)	A
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(422)</b>	<b>(456)</b>	<b>(456)</b>	<b>(118)</b>	<b>(114)</b>	<b>(4)</b>	<b>4%</b>
<b>Operating Expenditure</b>							
Other Expenditure	196	255	255	34	46	(12)	B
Depreciation	194	195	195	55	49	6	C
Finance Costs	9	7	7	2	2	0	
<b>Total Operating Expenditure</b>	<b>399</b>	<b>457</b>	<b>457</b>	<b>91</b>	<b>97</b>	<b>(6)</b>	<b>-6%</b>
<b>Net (Surplus)/Deficit</b>	<b>(23)</b>	<b>1</b>	<b>1</b>	<b>(27)</b>	<b>(17)</b>	<b>(10)</b>	<b>59%</b>

### Variance comments:

- A Revenue was received for connection fees.
- B Expenditure for Te Kuiti stormwater routine maintenance, resource consent compliance costs and consultant fees were below budget for the period.
- C Depreciation expense was more than forecast due to the revaluation of stormwater assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

### CAPITAL EXPENDITURE



Total expenditure at 30 September 2021 was \$1,000 against a revised budget of \$125,000. Refer to projects and programme updates section for progress on key capital projects.

## RESOURCE MANAGEMENT

This group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

- **District Plan Administration** covers the planning functions under the Resource Management Act 1991, including the processing, issuing, and monitoring of resource consents, designations, and other application types. It also includes monitoring compliance with Waitomo’s Operative District Plan.
- **District Planning** involves setting the direction, form, and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes, and significant natural features. District Plan reviews and structure planning are included in this activity.

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

The work programmes in the Resource Management Group are statutory in nature and ‘business as usual’ to comply with Council’s legislative requirements. Progress reporting on the programme of work will be undertaken on an exceptions basis.

A review of the resource consent raw data was undertaken to identify consents that require monitoring. The work has now been completed and all land use consents that require monitoring have been identified. Council staff are now reviewing these consents and scheduling the appropriate monitoring. Not all consents are active limiting the number that require on going monitoring.

**BAU| Ongoing**

### District Plan Review

**Programme Summary:** A review of the Operative Waitomo District Plan in accordance with statutory requirements.

The Proposed Waitomo District Plan (PDP) must be legally robust and provide guidance for long term resource management issues in the District, and is inherently complex with many associated workstreams. This project will continue into 2021/22.

**Progress:** The PDP has been pre-notified to Iwi Authorities in accordance with the requirements of the Resource Management Act 1991. The section 32 (evaluation reports) is on-going.

	Q1	Q2	Q3	Q4
<b>Project Stage</b>	Delivering			

**SERVICE PERFORMANCE MEASURES**

Overall result for GOA (as at 30 September 2021)				
You can expect	Measure	Q1	Target/Result	Commentary

**FINANCIAL UPDATE**

RESOURCE MANAGEMENT \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(377)	(397)	(397)	(99)	(99)	0	
Subsidies and Grants	0	0	0	0	0	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(188)	(180)	(180)	(51)	(45)	(6)	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(565)</b>	<b>(577)</b>	<b>(577)</b>	<b>(150)</b>	<b>(144)</b>	<b>(6)</b>	<b>4%</b>
<b>Operating Expenditure</b>							
Other Expenditure	827	1,681	1,864 <sup>4</sup>	178	393	(215)	A
Depreciation	0	0	0	0	0	0	
Finance Costs	31	35	35	8	9	(1)	
<b>Total Operating Expenditure</b>	<b>858</b>	<b>1,716</b>	<b>1,899</b>	<b>186</b>	<b>402</b>	<b>(216)</b>	<b>-54%</b>
<b>Net (Surplus)/Deficit</b>	<b>293</b>	<b>1,139</b>	<b>1,322</b>	<b>36</b>	<b>258</b>	<b>(222)</b>	<b>-86%</b>

**Variance comments:**

A Other expenditure was less during the period due to a decrease in consultancy services and legal fees. District Plan Development expenditure was less than expected for this period. Due to the involved and complex nature of this project it is not unexpected to have variations in the timing of expenditure.

<sup>4</sup> Revised budget includes a carryover for District Plan Development.

## WASTEWATER

The Wastewater Group provides for the environmentally safe collection, treatment, and disposal of the District's sewage waste in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

There are three activities under this Group, namely:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

### Wastewater Treatment Plant Bulk Lime Silo

**Project Summary:** This project is to replace the lime dosing hopper and dosing system at the Te Kuiti Wastewater Treatment Plant, with caustic dosing; minimising potential health and safety issue.

**Progress:** Installation of pipework and integration with SCADA completed. Commissioning of systems has been completed and is now operating.

**Project Stage:** Completed ●

### Renew and Extend Soakage Field (Te Waitere)

**Project Summary:** This project involves an investigation of the Te Waitere Sewerage soakage field performance to assess work required to renew and extend the soakage field.

**Progress:** Investigation into the performance was completed in Q2 and some remedial work was undertaken and a more detailed report was required for loading rates and soakage area necessary for compliance with discharge consent. The detailed report from consultant engineers has now been received. The report identifies a significant increase in soakage area is required. The current project will need to be re-scoped and a business case developed to request a change of scope and additional funding in the EAP. Pricing with a local contractor is underway.

Project Stage	Q1	Q2	Q3	Q4
Rescoping/Pricing ●				

End date: New completion date will need to be identified for the re-scoped project.

### Riparian Planting at Te Kuiti

**Project Summary:** Riparian planting is a condition of the resource consent for wastewater discharge from Te Kuiti Wastewater Treatment Plant.

**Progress:** Initial clearing of willow trees on stream bank completed, planting, and fencing to follow in subsequent financial years. Work will be undertaken with Waikato Regional Council.

Project Stage	Q1	Q2	Q3	Q4
Delivering ●				

## SERVICE PERFORMANCE MEASURES

	<b>Overall result for GOA</b> <i>(as at 30 September 2021)</i>			
<b>Wastewater</b>				
You can expect	Measure	Q1	Target/ Result	Commentary
We will attend and resolve issues with the wastewater system within a reasonable timeframe.	The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.	○	<b>Target:</b> ≤180 minutes (3hrs) <b>Result:</b> 2.17 hrs.	
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	●	<b>Target:</b> Piopio ≤660 minutes (11hrs) <b>Result:</b> 73 hrs.	Contractors not reporting on initial response/resolution time
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	●	<b>Target:</b> Rest of District ≤540 minutes (9hrs) <b>Result:</b> 11 hrs.	Contractors not reporting on initial response/resolution time
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.			
	abatement notices	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	infringement notices	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	enforcement orders	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
	convictions received	○	<b>Target:</b> 0 <b>Result:</b> 0	Achieved.
Our wastewater system is operated and maintained to minimise odour and blockages.	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	●	<b>Target:</b> Piopio Total complaints per 1,000 connections ≤35 (Total number of connections 210) <b>Result:</b> 61.9	For Piopio in the first quarter a total of 13 complaints were received for Sewerage -1 for Odour - 4 for System faults 8 for blockages and 0 Council's response to issues.
	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	○	<b>Target:</b> Rest of District complaints per 1,000 connections ≤35 (Total number of connections 1774) <b>Result:</b> 1.69	For Te Kuiti, Maniaiti/Benneydale and Mokau in the first quarter a total of 3 complaints were received for Sewerage -1 for Odour - 0 for System faults 2 for blockages and 0 Council's response to issues
Our wastewater system is optimised to reduce the risk of harm to the community and environment.	Number of dry weather overflows in a financial year	○	<b>Target:</b> Total complaints per 1,000 connections ≤10 (Total number of connections 1,984) <b>Result:</b> 0.51	No dry weather overflow complaints were received this quarter

## FINANCIAL UPDATE

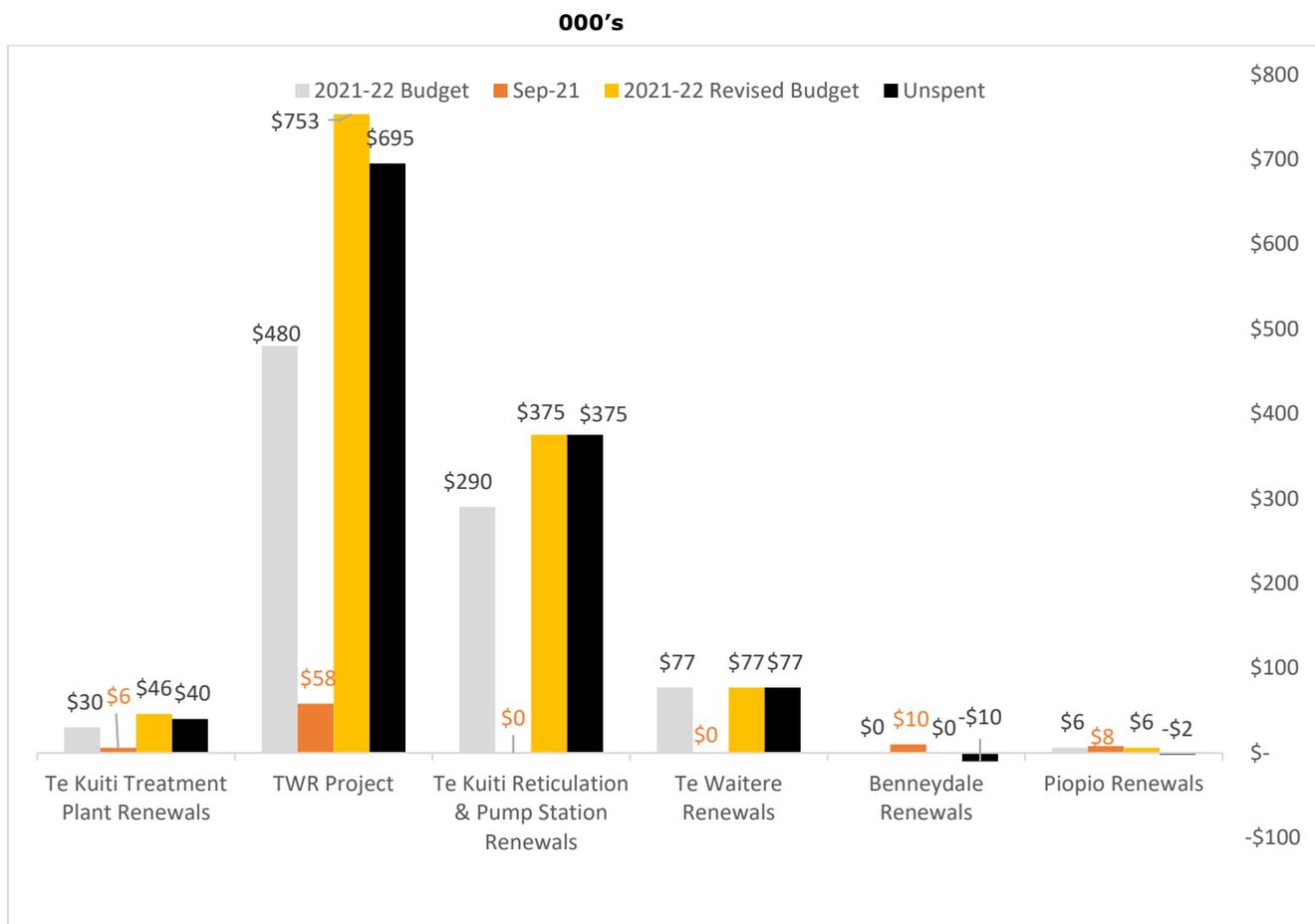
WASTEWATER \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,107)	(2,176)	(2,176)	(546)	(544)	(2)	
Subsidies and Grants	(12)	(584)	(903) <sup>5</sup>	(60)	(60)	0	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(931)	(821)	(821)	(215)	(206)	(9)	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(3,050)</b>	<b>(3,581)</b>	<b>(3,900)</b>	<b>(821)</b>	<b>(810)</b>	<b>(11)</b>	<b>1%</b>
<b>Operating Expenditure</b>							
Other Expenditure	1,668	2,103	2,149	395	546	(151)	A
Depreciation	818	855	855	223	214	9	B
Finance Costs	244	194	194	52	48	4	
<b>Total Operating Expenditure</b>	<b>2,730</b>	<b>3,152</b>	<b>3,198</b>	<b>670</b>	<b>808</b>	<b>(138)</b>	<b>-17%</b>
<b>Net (Surplus)/Deficit</b>	<b>(320)</b>	<b>(429)</b>	<b>(702)</b>	<b>(151)</b>	<b>(2)</b>	<b>(149)</b>	<b>7450%</b>

**Variance comments:**

- A Other expenditure was less due to a decrease in electricity, wastewater operations and maintenance, consultant fees, sludge disposal and chemicals for Te Kuiti.
- B Depreciation expense was more than forecast due to the revaluation of wastewater assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

<sup>5</sup> Revised budget includes a carryover of subsidy revenue and operational expenditure for Three Waters Reform Programme.

**CAPITAL EXPENDITURE**



Total expenditure at 30 September 2021 was \$82,000 against a revised budget (including carryovers and 3WR programme) of \$1,257,000. Refer to projects and programme updates section for progress on key capital projects.

## WATER SUPPLY

The Water Supply activity provides for the environmentally safe collection, treatment, and reticulation of Council’s public water supplies. Water supply schemes are provided by Council at Te Kuiti, Maniaiti / Benneydale, Piopio and Mokau.

There are three aspects of operations under this group:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



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## PROJECTS AND PROGRAMME UPDATES

### Te Kuiti Alternative Water Supply Investigation

**Project Summary:** Council’s Infrastructure Strategy identifies the need to improve the resilience of the current water supply arrangements for Te Kuiti. Provision has been made for construction of a bulk water storage structure in 2040-42, at a preliminary budgeted cost of \$30M (2018 dollars). Given the scale of estimated capital expenditure, plus associated operating costs, more practicable options have been investigated.

The preferred option, involving an alternative groundwater source connected to the Te Kuiti reticulation, is underway. The programme involves a revised, five stage, sequential investigation strategy. The intention is to first locate the depth, geology, and water quality of the target aquifer through construction of a relatively low-cost pilot investigation bore. If the results of that work prove positive, construction of a separate production bore in the target aquifer would follow. The five stages comprise:

Stage 1 - Construction of an investigation bore at a greenfield site [Completed]

Stage 2 - Construction of a test/production bore

Stage 3 - Resource consent application (ex WRC) for abstraction

Stage 4 - Defining preliminary source protection zones around the new wellhead and undertake a catchment risk assessment

Stage 5 – Construct a well-field and connect the groundwater supply to a new or existing Te Kuiti Water Treatment Plant.

**Progress:** Quotations for Stage 2 were obtained, and a contract let to McMillan’s Drilling Ltd. Due to the unprecedented current high demand for groundwater drilling services in the region (and beyond), the contractor was not available to start work until late August 2021, with a target finish date of late September 2021. That date has since been further delayed by COVID-19, with the drilling rig scheduled to be established late November 2021. The success of this next stage will inform the decision on whether to proceed with the Stage 3 consent application, necessary before WDC has the legal right to take groundwater for metropolitan purposes. The Stage 2 test bore would become a production bore at that point, forming part of the wellfield required to meet the design capacity of an alternative supply. If the groundwater quality is good, but the yield is low, WDC would then have the option of developing the source as a supplementary supply (as distinct from an alternative supply).

	Q1	Q2	Q3	Q4
<b>Project Stage</b>	Delivering <span style="color: #FFD700;">●</span>			

### Installation of Backflow Preventers – Te Kuiti, Mokau, and Piopio

**Project Summary:** The 2009 Water Safety Plan identified the risk of supply contamination due to the absence of back flow preventers at each point of supply. An annual programme is in place to progressively install back-flow preventers across the network.

**Progress:** This work is ongoing; old tobies are replaced with new manifold backflow preventers. Three Waters Reform delivery programme has enabled acceleration of this project with funding to install 1200 manifolds. To date 628 have been installed across the district. Annual plan budget is also incorporated into this project.

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**End date:** 30 June 2022

## Districtwide Supervisory Control and Data Acquisition (SCADA)

**Project Summary:** To ensure compliance with the New Zealand Drinking Water Standards (NZDWS), WDC must ensure that our SCADA system can report on the requirements.

**Progress:** As part of general renewals and Three Waters Reform Programme SCADA upgrades are being undertaken to replace outdated equipment across the district.

**BAU | Ongoing** 

## Mokau Water-Main Renewals

**Project Summary:** This project involves the replacement of an old asbestos cement (AC) pipe located along the northern part of Tainui Street, Mokau.

**Progress:** The project has received quotations and physical works have commenced. Completion is expected before Christmas when water supply demand increases.

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**End Date:** 24 December 2021

## Additional Monitoring and Control – Maniaiti / Benneydale

**Project Summary:** This project includes an additional UV unit; this is being sourced from the Mokau treatment plant that is undergoing an upgrade.

**Progress:** This project is currently with contractor Nueflow who are project managing, pricing to be received, will commence next quarter availability dependant.

Project Stage	Q1	Q2	Q3	Q4
Planning				

**End Date:** 31 March 2022

## Mechanical Renewals – Te Kuiti

**Project Summary:** Renewals of water supply infrastructure involves the replacement of these assets at the end of their useful lives. Mechanical and electrical assets are serviced regularly and repaired as needed.

**Progress:** Quotes have been received and work is being scheduled. Delivery of the project is expected to commence in early 2022.

Project Stage	Q1	Q2	Q3	Q4
Planning				

**End Date:** 30 June 2022

## Treatment Plant Renewals - Mokau

**Project Summary:** This project is to replace the treatment plant sand filters and UV systems and installation of purpose-built coagulation and settling stage.

**Progress:** Clarifier and AVG filters have been delivered and installation completed, commissioning has begun. UV disinfection system expected Q2 in 21-22 financial year

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**End Date:** 31 March 2022

## Reticulation Renewals – Piopio and Te Kuiti

**Project Summary:** This project is to carry out the replacement of AC pipe infrastructure due to condition and line breaks.

Potential sites are being investigated and engineering drawings being finalised.

**Progress:** Project in the planning phase and physical works will commence in Q2 of financial year 21/22.

Project Stage	Q1	Q2	Q3	Q4
Planning				

**End Date:** 31 March 2022

## Improvements of WDC Reservoirs

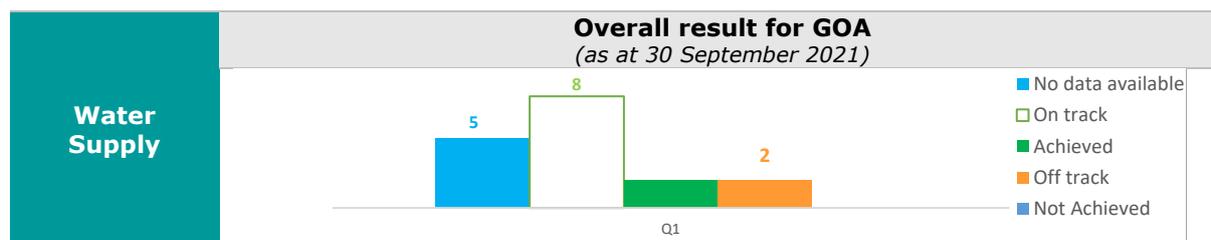
**Project Summary:** This project involves destructive testing when the reservoir is empty. This is not currently an option without significant project planning.

**Progress:** The survey undertaken was a general condition assessment of the reservoirs. Improvements and maintenance planned, a new flowmeter at the Hospital Reservoir, possible replacement of the reservoir at Awakino Road (Blackman’s Reservoir)

Project Stage	Q1	Q2	Q3	Q4
Scoping				

**End Date:** 30 June 2022

## SERVICE PERFORMANCE MEASURES



You can expect	Measure	Q1	Target/Result	Commentary
	<i>The New Zealand Drinking Water Standards are monitored by Taumata Arowai as a national standard for public safety.</i>			
We provide water that is safe to drink and hygienic to use which meets the drinking water standards.	Water quality complies with the drinking water standards for (a) bacteria	●	<b>Target:</b> Achieve Compliance <b>Result:</b> Achieved	All WDC Water Treatment Plants and Zones (reticulation) have achieved bacterial compliance during Q1.
	Water quality complies with the drinking water standards for (b) protozoa	●	<b>Target:</b> 100% <b>Result:</b> N/A	The results will be confirmed by the Drinking Water Assessor in late Aug 2022 or early Sept 2022.
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage detection and maintaining the network of water pipes.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: <i>('Water Losses' includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption).</i>			
	Te Kuiti	●	<b>Target:</b> ≤ 20% <b>Result:</b> N/A	The minimum night flow is measured June 2021 and July 2022 for the fiscal year of 2021-2022
	Mokau	●	<b>Target:</b> ≤ 5% <b>Result:</b> N/A	
	Piopio	●	<b>Target:</b> ≤ 5% <b>Result:</b> N/A	
	Maniaiti / Benneydale	●	<b>Target:</b> ≤ 10% <b>Result:</b> N/A	

You can expect	Measure	Q1	Target/Result	Commentary
<p><i>Resolution and attendance based on working days are defined as Monday – Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframes starts from the next working day.</i></p>				
	The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. *		<p><b>Target:</b> ≤ 180 minutes (3hrs)</p> <p><b>Result:</b> 13:19 hrs.</p>	A few requests were received for an on-going issue, the first was responded to. Subsequent requests were not responded to until the issue was resolved.
We will respond within a reasonable timeframe to issues with the water supply.	The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved. **		<p><b>Target:</b> ≤ 540 minutes (9 hrs.)</p> <p><b>Result:</b> 48:06 hrs.</p>	Delays in approval of Traffic Management Plans caused resolution times to be higher for this period
	The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. *		<p><b>Target</b> ≤ 660 minutes (11 hrs.)</p> <p><b>Result:</b> 1:15 hrs.</p>	
	The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved**.		<p><b>Target:</b> ≤ 96 hours (4 days)</p> <p><b>Result:</b> 3:18 hrs.</p>	

You can expect	Measure	Q1	Target/Result	Commentary
	The total number of complaints received by Council in a year for: (Total number of connections (2640))			
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	Drinking water clarity		<b>Target:</b> ≤ 20 per 1000 connections <b>Result:</b> 4.95	
	Drinking water taste		<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0	
	Drinking water odour		<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0.38	
	Drinking water pressure flow		<b>Target:</b> ≤ 20 per 1000 connections <b>Result:</b> 3.04	
	Continuity of supply		<b>Target:</b> ≤20 per 1000 connections <b>Result:</b> 1.52	
	Council's response to any of these issues.		<b>Target:</b> New measure ≤20 per 1000 connections <b>Result:</b> 0	
	We provide efficient management of demand for water for our community.	The average consumption of drinking water per Waitomo District resident, per day.		<b>Target:</b> ≤ 400 litres per person per day <b>Result:</b> 373 litres /day

\* measured from the time that the local authority received notification to the time that service personnel reach the site.

\*\* measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.

## FINANCIAL UPDATE

WATER SUPPLY \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(2,711)	(2,711)	(2,711)	(587)	(678)	91	A
Subsidies and Grants	(338)	(1,335)	(2,308) <sup>6</sup>	(681)	(679)	(2)	
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(52)	0	0	(2)	0	(2)	
Other Revenue incl Gains/Losses	0	0	0	0	0	0	
<b>Total Revenue</b>	<b>(3,101)</b>	<b>(4,046)</b>	<b>(5,019)</b>	<b>(1,270)</b>	<b>(1,357)</b>	<b>87</b>	<b>-6%</b>
<b>Operating Expenditure</b>							
Other Expenditure	2,230	2,207	2,410	539	595	(56)	B
Depreciation	631	693	693	184	173	11	C
Finance Costs	287	243	243	65	61	4	
<b>Total Operating Expenditure</b>	<b>3,148</b>	<b>3,143</b>	<b>3,346</b>	<b>788</b>	<b>829</b>	<b>(41)</b>	<b>-5%</b>
<b>Net (Surplus)/Deficit</b>	<b>47</b>	<b>(903)</b>	<b>(1,673)</b>	<b>(482)</b>	<b>(528)</b>	<b>46</b>	<b>-9%</b>

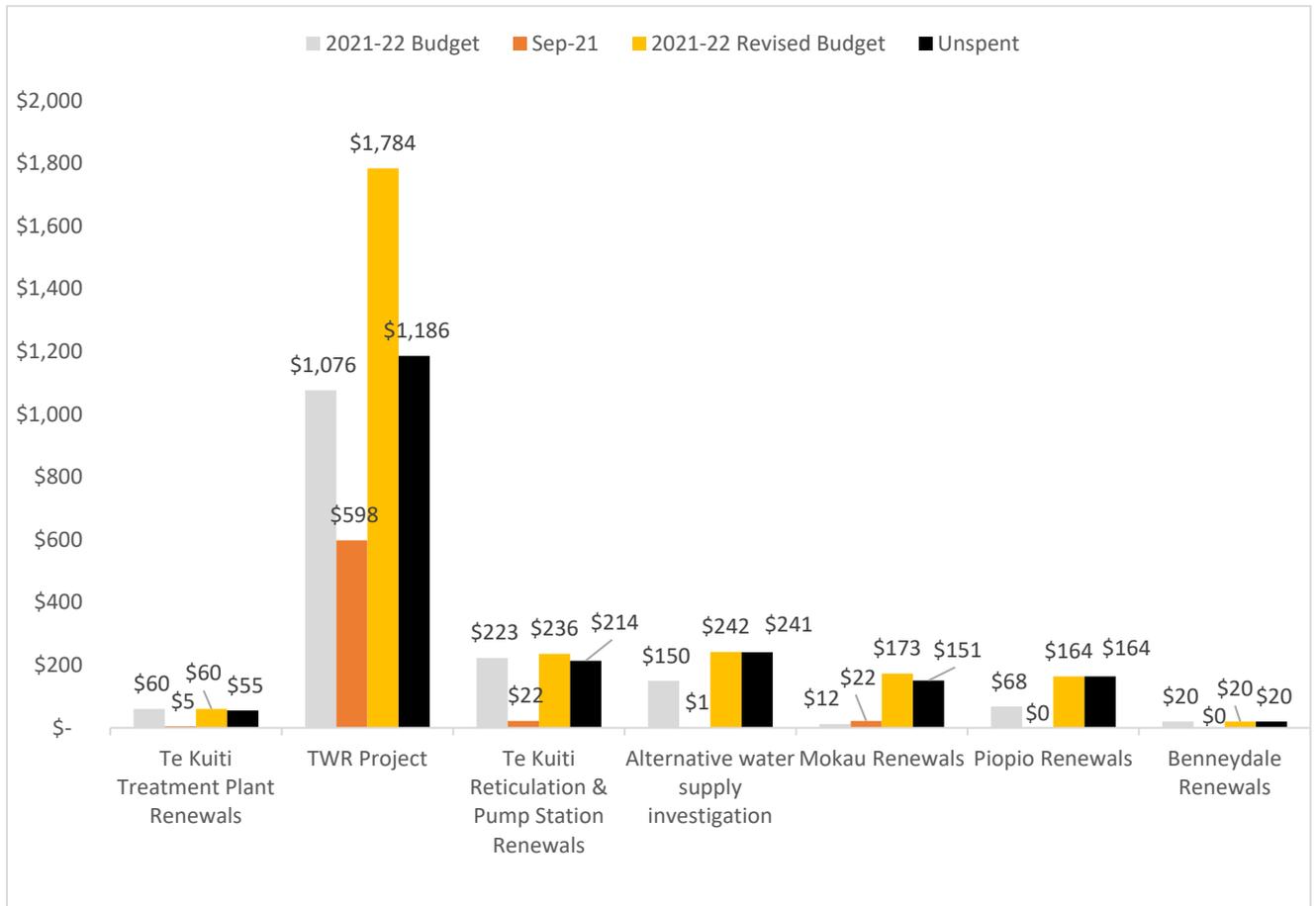
**Variance comments:**

- A Rates revenue was less than budget for Te Kuiti and Piopio metered water.
- B Other expenditure was below budget for electricity in Te Kuiti, Mokau and Piopio, and reduced maintenance and chemical costs for all locations.
- C Depreciation expense was more than forecast for the period due to the revaluation of water assets at 30 June 2021 resulting in an increase in asset value and a corresponding increase in depreciation.

<sup>6</sup> Revised budget includes subsidy revenue and operational expenditure for Three Water Reform Programme.

**CAPITAL EXPENDITURE**

000's



Total expenditure at 30 September 2021 was \$649,000 against the revised budget (including carryovers and 3WR programme) of \$2,679,000. Refer to projects and programme updates section for progress on key capital projects.

## ROADS AND FOOTPATHS

The Roads and Footpaths activity provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks, and traffic safety programmes.

- **Road Network:** WDC manages and maintains a network of 461km of sealed roads and 553km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths, and ancillary systems such as streetlights, signs, and road markings.
- **Subsidised roading:** New Zealand Transport Agency (Waka Kotahi - NZTA), provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.
- **Unsubsidised roading:** These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience but are not subsidised by NZTA.

## COMMUNITY OUTCOMES



A prosperous district



A district for people



A district that cares for its environment



A district that works with you

## PROJECTS AND PROGRAMME UPDATES

### Road and Footpath Maintenance

**Programme Summary:** The Waitomo District Council network comprises of 1014km of local roads of various classification. Within the 1014km, 459km is sealed and the remaining 555km is unsealed. Unique to this roading network is the way in which the routine maintenance is undertaken. A zonal maintenance approach has been adopted and this results in the network being split into 24 zones and each zone being maintained twice per year.

**Progress:** With the COVID-19 alert levels affecting the way we undertake our operations, the programmes were initially impacted and delayed by approximately 1-2 months. A significant amount of effort has been placed on recovering from the delay and this has resulted in the programme now being on time and to the predicted budget.

Next quarter with October marking the beginning of the official construction season, physical works on the network will begin to increase particularly in the pavement resurfacing and rehabilitation space.

BAU | Ongoing 

### Sealed Road Pavement Rehabilitation

**Programme Summary:** Sealed Road pavement rehabilitation involves rehabilitating and renewing the asset with the correct treatment at the optimum time so that the required level of service is maintained whilst minimising total life cycle costs.

Road pavements which have reached the end of their lives require major rehabilitation - that is strengthening the pavement structure prior to resurfacing. Rehabilitation involves removing the existing chip seal and constructing an additional layer of road metal on top of the existing pavement reconstruction.

**Progress:** There are three sites that have been identified for pavement rehabilitation this season, these are currently in the design and investigation phase, and to be tendered as two contracts later this year. The works are to be completed by end of April 2022.

Road Rehab Site	Notes	% Complete
Waimiha Road	Pavement overlay and chip sealing, to be tendered early December	
Seddon Street	Pavement Dig-out, draining improvement and Asphalt, to be tendered late December.	
Lawrence Street	Pavement Dig-out, draining improvement and Asphalt, to be tendered late December.	

Project Stage	Q1	Q2	Q3	Q4
Planning				

## Sealed Road Resurfacing

**Programme Summary:** Sealed Road resurfacing is carried out on sections of road with defects in the road surface, where the structural condition of the carriageway is sound.

The program occurs annually. The total length of the sealed network is 459km so in order to achieve a 12-year resurfacing cycle, an annual target of 32km is appropriate. Road resurfacing is carried out by Higgins as a subcontractor to Inframax Construction Ltd under Contract 500/16/028.

**Progress:** The annual sealing programme of approximately 25km (5.4% of sealed network) is scheduled to begin the second week of November 2021 and progress through the summer months. Significant emphasis has been placed on early delivery this year to ensure delivery of the entire programme and increase the performance on the ground through the summer months.

### Programme Stage:

Project Stage	Q1	Q2	Q3	Q4
Planning				

**Start date:** November 2021 | **End date:** 30 March 2022

## Bridge and Structural Renewals

**Programme Summary:** Bridge and structural renewals is undertaken when parts of the structure have reached the end of their economic life.

Works are programmed based on an economic evaluation with projects being justified when the future saving achieved by doing the work exceeds the cost of the work. Physical Works for Bridge Maintenance 2019/20 and 2020/21 Contract 500/19/003 was awarded to Conspec Construction Ltd on 24 June 2020.

**Progress:** These contract works were not completed before the end of the financial year and have been carried over for completion by April 2022

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**Start date:** 1 July 2021 | **End date:** 30 June 2022

## Footpath Renewals

**Programme Summary:** Footpath renewals is a program of work comprising of new footpaths that are constructed where there is a gap in the network and footpath improvements which involves widening existing footpaths (typically < 1m wide) to meet the 1.5m width standard.

Footpath renewals are prioritised based on proximity to community infrastructure such as schools, medical centres, access to amenities, pedestrian counts, and streets where there are no footpaths. Both technical levels of service and customer levels of service are both considered to be very important.

Footpaths should provide a safe, comfortable, and efficient network of footpaths catering for pedestrians (including the physically disabled) and mobility scooters. Footpaths provide a valuable service to residents, especially those of lower socio-economic means who cannot afford vehicles and the elderly.

**Progress:** Footpaths and Associated Works 2021/22 has been designed and is close to going out to the open market upon finalisation of the available budget. Generally, the programme of works is based around Te Kuiti and stake holders will be consulted and informed once the contract works are awarded.

Footpath Site	Notes	Q1 % Complete	Q2 % Complete	Q3 % Complete	YE % Complete
Waitomo Village and Mokau footpaths	Completed (\$177,000)	100%			
Te Kuiti	Designed				
Piopia	Under design				

Project Stage	Q1	Q2	Q3	Q4
Delivering				

**Start date:** July 2021  
**End date:** June 2022

## Minor Improvements Local Roads

**Programme:** This programme of works includes projects that are considered to be low cost, low risk (LCLR) capital works. A number of projects are considered to fall within this category.

Improvements can be made to any of the roading assets (drainage, footpaths etc.) and are not restricted to only the carriageway.

### Taharoa Road Drainage (LCLR)

**Project Summary:** There are various resilience sites that have been brought forward into year one under minor improvements, these include Oparure Road and Te Waitere Road. These are currently in the investigation and design phase and predicted construction timing of March April 2022.

Project Stage	Q1	Q2	Q3	Q4
Planning				

## Unsealed Road Metalling

**Programme Summary:** This programme of works is a seasonal activity and is best completed when there is more moisture in the air and on the ground. There are four primary methods of maintenance for our unsealed networks, three have been utilised:

1. Maintenance grading is where the existing formation is graded, shaped, and compacted; no new aggregate is imported to site.
2. Maintenance metalling is where the existing formation is graded, new material (GAP30) is imported to site and overlaid in increments of approximately 50mm thickness. The purpose of this treatment type is to improve the wearing coarse and minor structural improvements.
3. Structural maintenance is where the existing formation receives a hard cut (Grade), isolated areas of failures are removed and a structural layer of GAP65 is imported, graded, and shaped to improve the structural integrity of the unsealed network. Given the unsealed network is in reasonable condition, this treatment is undertaken less frequently.

**Progress:** To date, circa 6.7% of the unsealed network has undergone maintenance grading and/or structural improvement. The approximate distance treated is tabled below:

Treatment	Q1 km	Q2 km	Q3 km	YE km
Maintenance grading	210			
Maintenance metaling	37			
Structural maintenance	0.4			

**BAU | Ongoing** 

## Te Ara Tika

**Project Summary:** Replacement of the pedestrian overbridge in Te Kuiti.

**Progress:** Completion of the new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti is near completion.

Construction of the new precast concrete bridge beams was coordinated with the construction of the new basketball half-court alongside the existing skatepark, landscaping, picnic areas and a small carpark. The former commenced on 17 July 2021, with the two large beams across the main span and the ramps on the Rora Street side installed by 19 July 2021. The remaining ramps forming the spiral section were installed by 10 August 2021.

Landscaping work has since been completed with the bridge open for public use on 20 November 2021. The cultural elements are still to be added to the structure, delayed due to the extended Auckland lockdown, and preventing access to the site by the specialist subcontractor. Basketball court painting and remaining architecture will be completed early in 2022.

Overall project completion is tracking for completion by February 2022.

**Project Stage:**

Project Stage	Q1	Q2	Q3	Q4
Delivering	●			

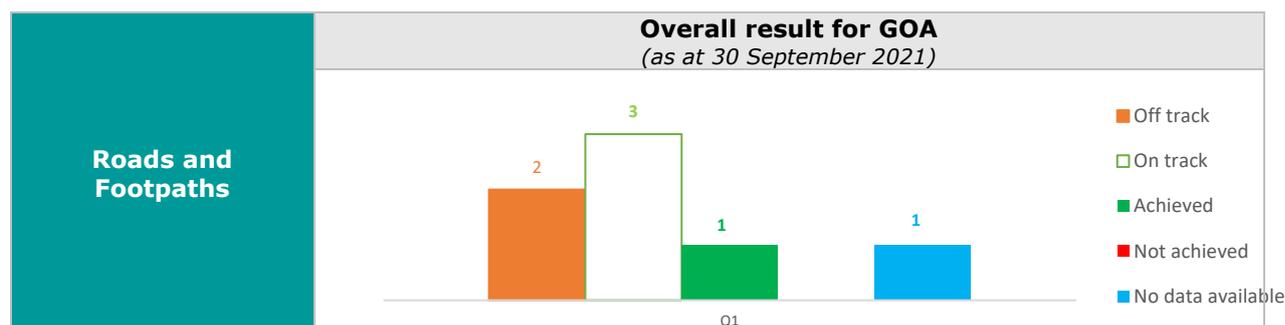
## Marokopa Road-End Protection

**Project Summary:** The work entails maintenance repairs to the existing concrete block structure constructed in 2014 at the end of Marokopa Road, plus installation of a timber stairway. Project completion is scheduled for end of August 2021 due to tidal impacts and reduced daylight hours.

**Progress:** Consenting, design work and procurement stages have been completed. Physical repair works commenced early April 2021 and have since been completed, including grouting above the foundation beam, concrete underpinning of eroded sections of the foundation beam, rock revetment and pile driving and construction of the new stairway. A short walkway from the formed end of Marokopa Road to the top of the block wall has also been completed.

**Project Stage: Completed** ●

## SERVICE PERFORMANCE MEASURES



You can expect	Measure	Q1	Target/Result	Commentary
We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries on Waitomo District roads within ten years. We aim to achieve this by delivering projects that are focused on maintaining, upgrading, or changing the conditions of the roading environment to keep our community safe	The change from the previous financial year in the number of fatalities and serious injury crashes on Waitomo District's local road network.	○	<b>Target:</b> 1 (or maintain at 0)  <b>Result:</b> Serious Injury crashes YTD: 0 Fatal crashes YTD: 0 Change in serious injury: 0  Change in fatality: 0	During Q1 there has been no fatalities or serious crashes. In comparison to Q1 one of 2020/21 there were 2 serious crashes. Year to date, 2021/22 zero fatalities and zero serious, compared to 2020/21 where there was 1 fatal and 5 serious crashes
We aim for a smooth road that provides comfort for road users and improves the safety of the roads.  * NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.	The average smooth travel exposure rating across the sealed road network.  (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)	●	<b>Target:</b> 90% (of total) <b>Result:</b> 90.0%	The latest analysis is reduced from previous years (91.9%) as the data was further analysed to remove outliers such as railway tracks, service covers, construction sites, judder bars. Prior years this data was included. This is due to be remeasured in 2022.

You can expect	Measure	Q1	Target/Result	Commentary
We will maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metaled each year.		<b>Target:</b> 10% (of total) <b>Result:</b> 10%	As of the end of Q1 6.7% of the network has received maintenance aggregates, being either GAP 30 for running coarse or GAP 65 for structural improvements.
We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year.	The percentage of Waitomo District's sealed local road network that is resurfaced each year.		<b>Target:</b> 7% (of total) <b>Result:</b> 6%	The expected length of resurfacing this year is 27.7km which will be a percentage of 6% which will meet network need. Due to the above average road width this is slightly below the 7% target.
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level	The percentage of footpath network that falls within a condition rating of 3.		<b>Target:</b> 90% <b>Result:</b> 94%	Condition rating of footpaths is undertaken every 3 years, with the next assessment due to be undertaken in 2021. Given the COVID-19 restrictions it is likely this won't occur until 2022.
We will investigate and respond to the customer about their request for service relating to road and footpath issues.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.		<b>Target:</b> 80% <b>Result:</b> 64%	In Q1 WDC received 47 service requests of these 17 Service requests were not responded to within 10 days. The recent handover to Pinnacles has been disruptive to the service request process.

## FINANCIAL UPDATE

ROADS AND FOOTPATHS \$000's	Actual 2020/21	EAP Budget	Revised Budget	YTD Actual	YTD EAP Budget	Var to YTD EAP Budget	%Var and Note Ref
<b>Revenue</b>							
Rates	(5,215)	(4,346)	(4,346)	(1,084)	(1,087)	3	
Subsidies and Grants	(10,036)	(9,233)	(9,981) <sup>7</sup>	(2,115)	(2,308)	193	A
Interest Revenue	0	0	0	0	0	0	
Fees and Charges	(180)	(125)	(125)	(24)	(19)	(5)	
Other Revenue incl Gains/Losses	(149)	(100)	(100)	(36)	(25)	(11)	
<b>Total Revenue</b>	<b>(15,580)</b>	<b>(13,804)</b>	<b>(14,552)</b>	<b>(3,259)</b>	<b>(3,439)</b>	<b>180</b>	<b>-5%</b>
<b>Operating Expenditure</b>							
Other Expenditure	6,552	7,165	7,165	1,752	1,731	21	B
Depreciation	3,327	3,447	3,447	850	862	(12)	
Finance Costs	384	311	311	82	78	4	
<b>Total Operating Expenditure</b>	<b>10,263</b>	<b>10,923</b>	<b>10,923</b>	<b>2,684</b>	<b>2,671</b>	<b>13</b>	<b>0%</b>
<b>Net (Surplus)/Deficit</b>	<b>(5,317)</b>	<b>(2,881)</b>	<b>(3,629)</b>	<b>(575)</b>	<b>(768)</b>	<b>193</b>	<b>-25%</b>

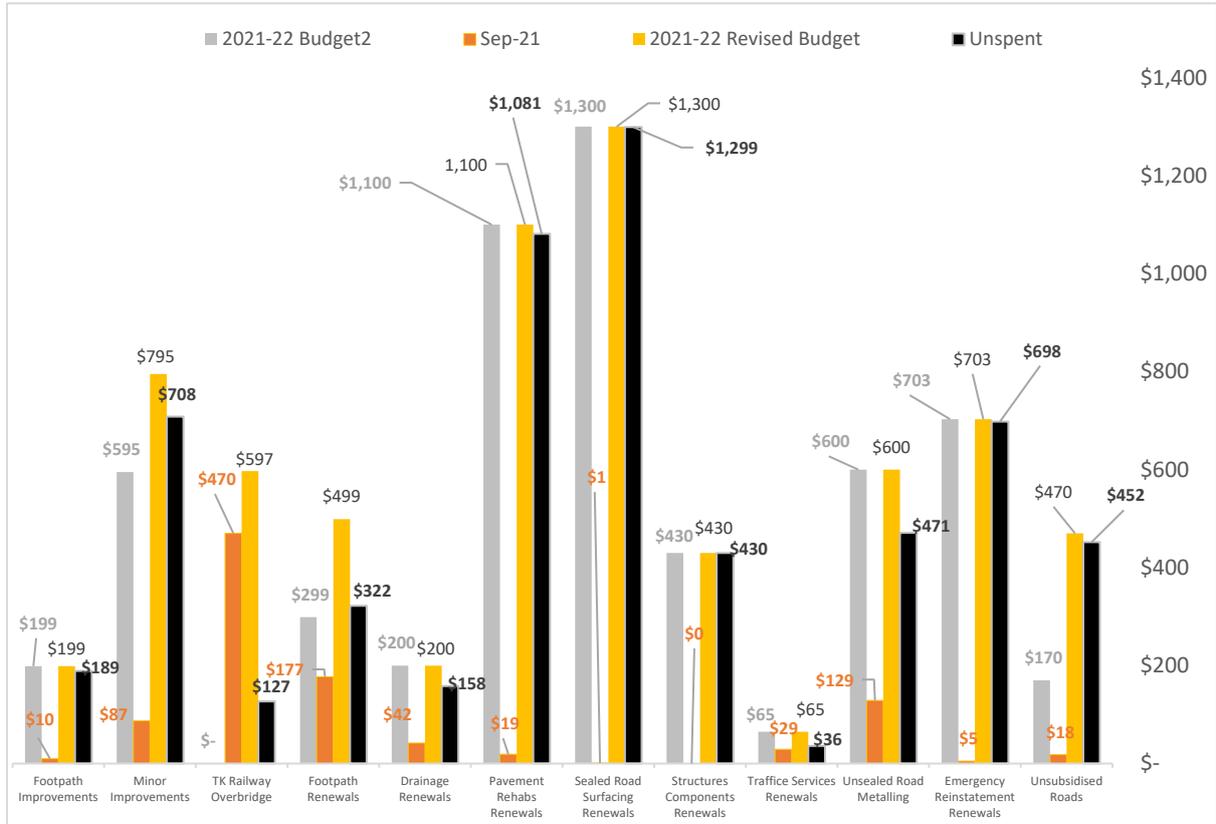
**Variance comments:**

- A Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 75%. As the capital expenditures were less than budget, the subsidy associated was also less than budget.
- B A proportion of the variance is caused by unsealed pavement maintenance and environmental maintenance spend being more than budget for the period. This was offset by reduced expenditure for sealed pavement maintenance and a number of smaller budgets (including routine drainage maintenance and traffic service maintenance).

<sup>7</sup> Revised budget includes subsidy revenue for unspent capital expenditure budgets carried over to 2021/22 year for Te Ara Tika, footpath renewals and minor improvements.

## CAPITAL EXPENDITURE

000's



Total expenditure at 30 September 2021 was \$987,000 against a revised budget (including carryovers) of \$6.959 million. Refer to projects and programme updates section for progress on key capital projects.

CONFIDENTIAL

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 30 SEPTEMBER 2021



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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## 1. MARKET ENVIRONMENT

### 1.1 GLOBAL MARKETS OVERVIEW (FOR THE SEPTEMBER 2021 QUARTER)

Central bankers around the globe adopted a more hawkish stance in September as employment slowly crept back to 2019 levels and several supply shocks continue to push inflation above target ranges. Economists have lowered their forecasts for global and US growth for 2021 and 2022 as the COVID-19 Delta variant continues to create issues and add uncertainty to the already clouded outlook. Meanwhile, material weakness in recent Chinese data, the new 'common prosperity' approach, along with the Evergrande drama, has the market thinking there could be some serious issues going forward for the world's second largest economy.

The US Federal Reserve ("Fed") left its key benchmark interest rate unchanged in the September meeting, but the minutes suggested tapering will start in November or December stating *"If progress continues broadly as expected the Committee judges that a moderation in the pace of asset purchases may soon be warranted. While no decisions were made, participants generally viewed that as long as the recovery remains on track, a gradual tapering process that concludes around the middle of next year is likely to be appropriate."* The Fed's 'dot plots' also signalled that interest rate increases may follow more quickly than expected, with 9 out of 18 policymakers projecting interest rates will rise in 2022. Members now see the US economy growing at 5.9% in 2021, 3.8% in 2022, and 2.5% in 2023.

The US 10 year Treasury bond yield started and finished the quarter at 1.46%. However, it reached a low of 1.18% in July, before shooting up to 1.53% in September after the Fed meeting confirmed market expectations of the tapering process beginning this year.

Chinese data continues to undershoot expectations, with August's retail sales numbers significantly underperforming expectations and manufacturing PMIs on the cusp of turning contractionary. Authorities also provided more information on their 'Common Prosperity' drive which consists of *"two core priorities: achieving high-quality growth and sharing wealth."* Beyond that, *"narrowing the income gap"* and *"equalizing access to basic public services and narrowing the urban-rural gap"* are the objectives. Meanwhile, China's 1 year onshore swap rate surged to its highest level in almost 4 years, signalling market worries over liquidity shortages on the inevitable default of local property developer Evergrande.

In an entirely predictable move, the Reserve Bank of Australia ("RBA") left its cash and 3-year yield target rates unchanged in September. RBA Governor, Philip Lowe, also announced *"the Delta outbreak has delayed, but not derailed the economic recovery"* while reiterating *"the cash rate is unlikely to rise before 2024 given sluggish wage growth."* The RBA has explicitly said it will not increase the cash rate until actual inflation is sustainably within the 2.0%–3.0% target range, and that it won't be enough for inflation to just sneak across the 2.0% line for a quarter or two.



## 1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE SEPTEMBER 2021 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 Jun 2021	0.25%	0.33%	0.78%	1.00%	1.36%	1.62%	1.88%
30 Sep 2021	0.25%	0.60%	1.43%	1.63%	1.87%	2.04%	2.26%
Change	0.0%	+0.27%	+0.65%	+0.63%	+0.51%	+0.42%	+0.38%

The New Zealand government's decision to lock down the country following the discovery of the COVID-19 Delta strain in the wider community, necessitated the Reserve Bank of New Zealand ("RBNZ") delaying its ("Official Cash Rate") OCR hiking cycle in August. The RBNZ's own OCR forecasts project the rate to increase to 0.60% by December 2021, with further increases every quarter until December 2022, before the cash rate eventually tops out at 2.10% in March 2024. The RBNZ expects these hikes to slow the economy as it also pared back its GDP growth forecasts.

After the meeting, RBNZ Assistant Governor, Christian Hawkesby, stated that *"the August MPS noted that we had more confidence that employment was at its maximum sustainable level and that pressures on capacity would feed through into more persistent inflation pressures over the medium-term.* Following this speech, market pricing is now assigning an 88% probability of a 25 basis point hike in the OCR to 0.50% in October and has a 92% probability that it will be at 0.75% by the end of November. By the end of 2022, market pricing and RBNZ projections for the OCR are closely aligned around 1.50%.

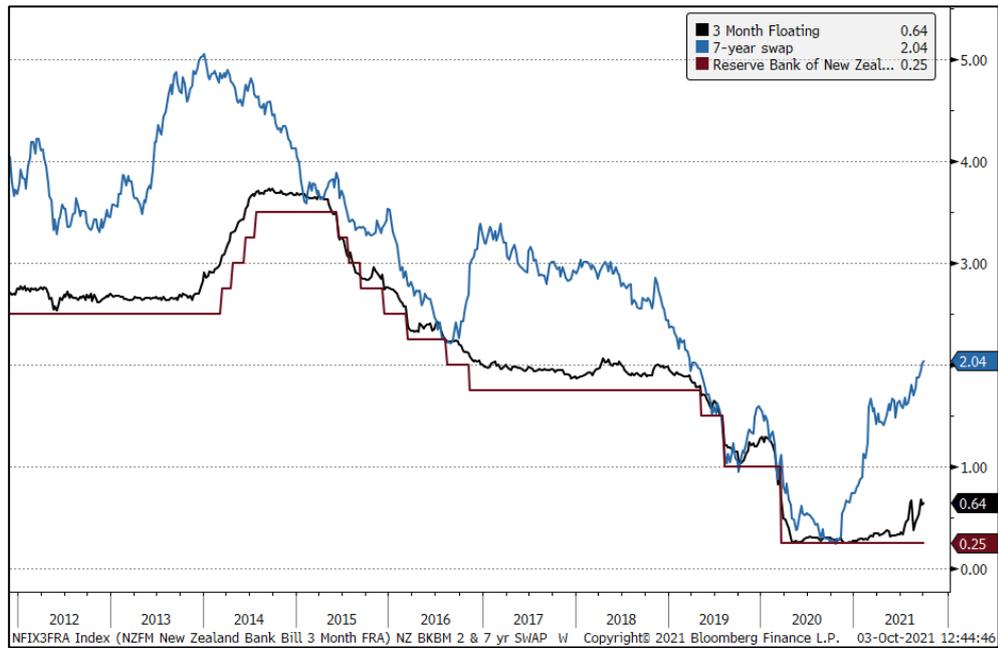
While there may be some potholes in the road ahead for the New Zealand economy, the June quarter GDP print looked at how the country was doing before the COVID-19 Delta intrusion and, by all accounts it was doing very nicely. June quarter GDP grew by 2.8%, expanding at a pace more than twice the rate anticipated by economists, who were forecasting a modest 1.1% gain. And while there will be the inevitable slowdown in the September quarter given the lockdowns, the June quarter GDP print will essentially 'force' the RBNZ Governor to act on 6 October.

The domestic unemployment rate and participation rate outperformed market expectations in the second quarter. The unemployment rate decreased to 4.7% while the participation rate increased to 70.4%, against expectations of 4.9% and 70.2%. Private sector wages also had a small win as they were up 0.4% for the quarter.

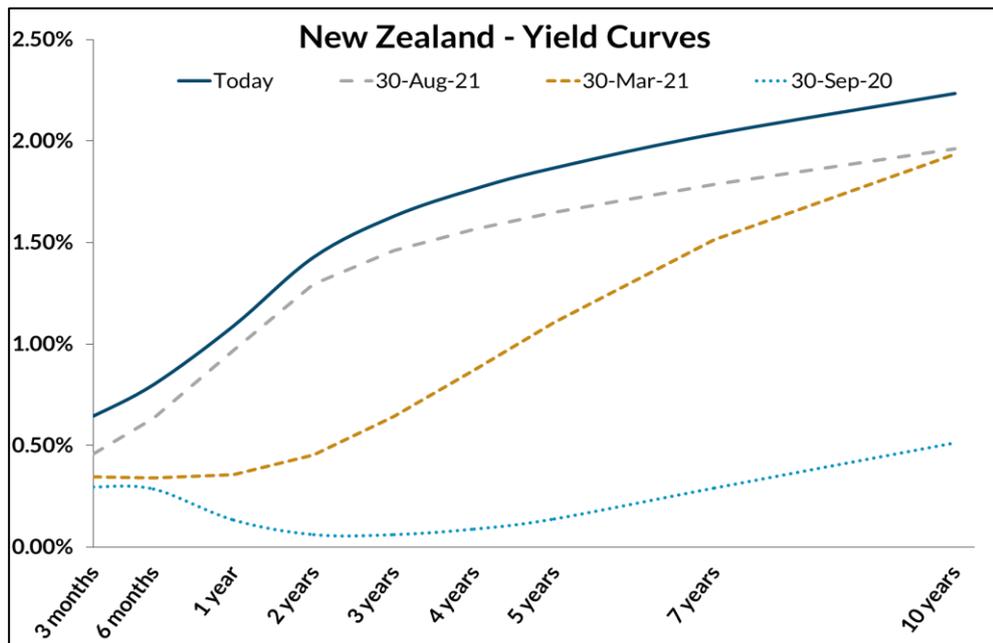
The local yield curve flattened over the quarter, with the market indicator spread between the 2 and 10 year swap rates narrowing from 143 basis points at the end of June to 110 basis points by the end of September. The short end of the curve was driven up by the rate hikes priced in by the market, while the 10 year swap rate climbed in September, due to rising long term yields in the US. BKBM has also increased to 0.65% in anticipation of October's 25bp rate hike.



The graph below shows the OCR, 90 day BKBM and the 7 year swap rate. It illustrates that prior to the start of the last hiking cycle in 2014, the 7 year rate increased sharply in anticipation of future OCR hikes, however once the hiking materialised, the 7 year rate actually started falling.



There is very little downside risk priced into the NZ yield curve illustrated below.



## 1.3 LOCAL AUTHORITY SECTOR

Listed in the table below are the credit spreads and interest rates for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Waitomo District Council (“WDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP) Rate	FRB
3 month CP	0.20%	0.83%	N/A
6 month CP	0.20%	1.06%	N/A
April 2022	0.37%	1.00%	1.19%
April 2023	0.43%	1.06%	1.72%
April 2024	0.44%	1.07%	1.98%
April 2025	0.50%	1.13%	2.18%
April 2026	0.56%	1.19%	2.37%
April 2027	0.61%	1.24%	2.47%
April 2029	0.64%	1.27%	2.68%
May 2031	0.69%	1.32%	2.84%
April 2033	0.78%	1.41%	3.03%
April 2037	0.84%	1.47%	3.26%

Margins for LGFA debt were little changed over the September quarter, however the rise in the underlying 90 day bank bill pushed the yields for FRNs higher. The yields for FRBs were noticeably higher during the quarter due to the increases in swap rates which were driven by moves in offshore bond yields and expectations for the RBNZ to increase the OCR starting in the fourth quarter of 2021.

## 2. DEBT AND HEDGING

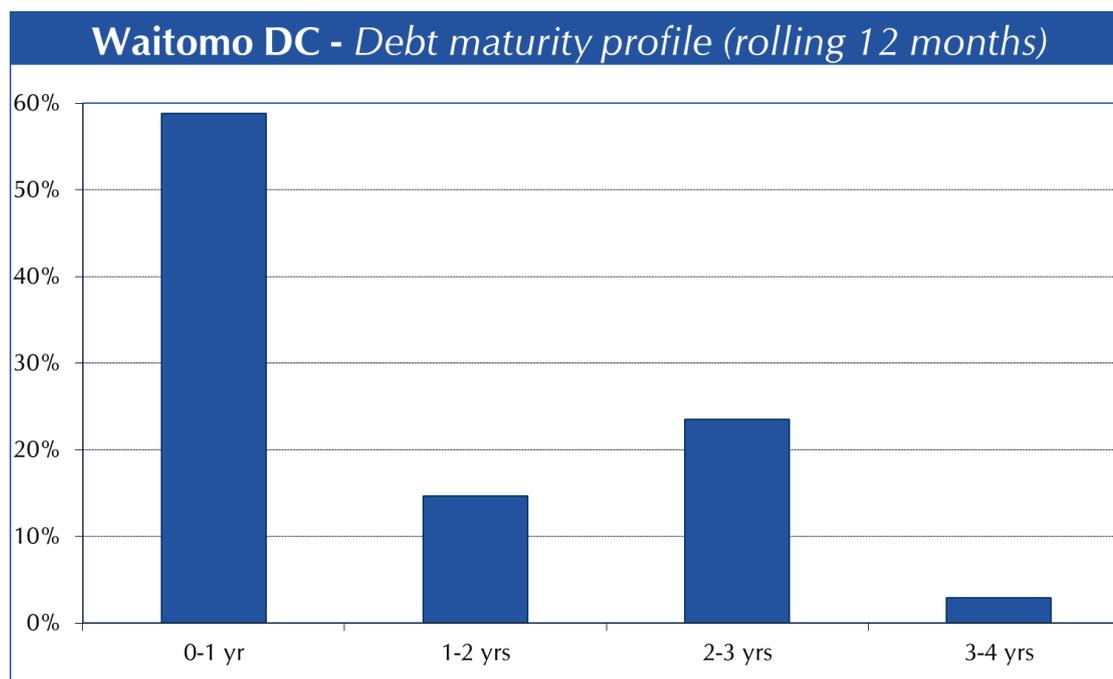
### 2.1 DEBT

As at 30 September 2021, WDC had \$34.0 million of external debt, unchanged from the end of June.2021. All of WDC’s debt was sourced from the LGFA through a combination of CP, FRNs and one FRB.

WDC also has a Westpac Bank Multi Option Credit Line Facility for \$10.0 million that matures on 1 July 2022, has an annual line fee of 0.35% and a margin of 0.90%. As at 30 September, there were no drawings under the Westpac facility. A breakdown of the funding profile (excluding the Westpac facility) is contained in the table below.

Instrument	Start Date	Maturity Date	Margin	Rate	Amount
LGFA CP	13-May-21	10-Nov-21	25 bps	0.63%	\$4,000,000
LGFA FRN	19-Jun-17	15-Nov-21	55.5 bps	1.225%	\$6,000,000
LGFA FRN	18-Jul-18	18-Apr-22	60 bps	1.07%	\$5,000,000
LGFA FRN	28-Jun-19	30-Aug-22	59.5 bps	1.055%	\$5,000,000
LGFA FRN	19-Jun-17	24-Apr-23	64 bps	1.09%	\$5,000,000
LGFA FRN	19-Jun-17	18-Apr-24	65.5 bps	1.125%	\$3,000,000
LGFA FRN	10-Sep-20	11-Sep-24	69 bps	1.215%	\$5,000,000
LGFA FRB	19-Jun-17	19-Apr-25	71 bps	3.68%	\$1,000,000
			<b>TOTAL</b>		<b>\$34,000,000</b>

The maturity profile of WDC’s drawn debt as at 30 September based on a rolling 12 month basis is depicted in the following chart.



Section 7.2 of WDC’s Liability Management Policy (“LMP”) states that *“to avoid a concentration of debt maturity dates Council will, where practicable, aim to have no more than 33% of debt*

subject to refinancing in any 12 month period." As at 30 September, WDC was not complying with this guideline. This will be rectified in November 2021 when \$4.0 million of CP and a \$6.0 million FRN matures, the intention being to refinance the latter into a longer dated maturity,

## 2.2 HEDGING

As at 30 September, WDC had four interest rate swaps ("swaps") which convert a portion of the floating interest rate exposures into fixed interest rate exposures. Details of the swaps are contained in the table below:

Start Date	Maturity Date	Rate	Amount	Market Value
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$143,922)
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$297,887)
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$419,983)
11-Sep-2020	11-Sep-2026	2.890%	5,000,000	(\$252,254)
<b>Total current swap hedging</b>			<b>18,000,000</b>	<b>(\$1,114,045)</b>

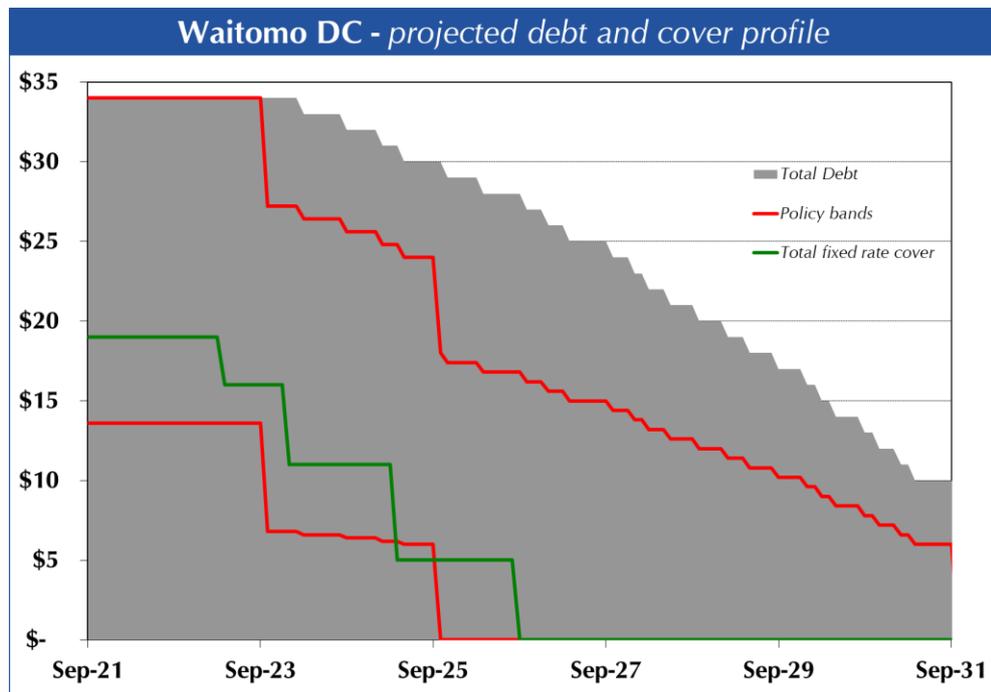
The 'marked to market' valuation on the swap portfolio improved noticeably since the last report, from a loss of \$1,538,582 at the end of June, to a loss of \$1,114,045 at the end of September. This improvement was due to the continued increase in interest rates that occurred during the September quarter.

## 2.3 DEBT AND HEDGING PROFILE

WDC manages the interest rate risk on its debt under the amended fixed rate hedging parameters detailed in the following table.

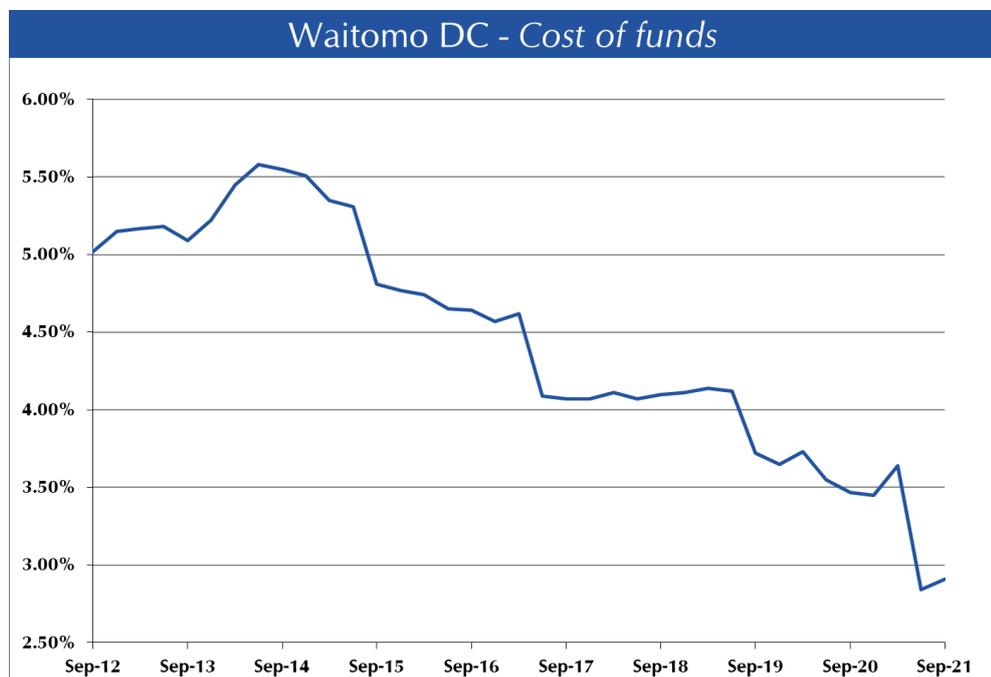
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 – 2 years	40%	100%
2 – 4 years	20%	80%
4 – 10 years	0%	60%

The debt profile incorporating these parameters, the swaps and the FRB, and using the projected debt figures as supplied by WDC, is depicted in the graph on the following page.



The graph indicates that, as at 30 September, WDC had a very minor policy breach, from April 2025 to September 2025 when it is under-covered. The intention is to remedy the breach by no later than 15 November 2021 (the date when an FRN matures) using either an FRB or an interest rate swap, or a combination of both.

As at 30 September, WDC's cost of funds, including the line fee on the committed Westpac facility, was 2.91%, up from 2.84% at the end of June. WDC's cost of funds is well below that of many other local authorities, a number of which have a credit rating. WDC's cost of funds since September 2012 is depicted in the following graph.



## 2.4 POLICY COMPLIANCE AS AT 30 SEPTEMBER 2021

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	x
<i>Is WDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is WDC compliant with the financial covenants contained in the TMP?</i>	√

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<b>Document No:</b> A585802	
<b>Report To: Council</b>	
 <p><b>Waitomo</b> District Council</p>	<p><b>Meeting Date:</b> 30 November 2021</p> <p><b>Subject:</b> <b>Motion to Exclude the Public for the Consideration of Council Business</b></p> <p><b>Type:</b> Decision Required</p>

## Purpose

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

Note: It is Council's choice whether to consider any of the items listed below in the public or public excluded portion of the meeting.

## Commentary

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

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for the passing of this resolution
1. Animal Control Services: Duke Street Dog Attack	Section 7(2)(a) To protect the privacy of natural persons, including that of deceased natural persons;	Section 48(1)(d) – That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings to which this paragraph applies.
2. Mokau Public Toilet – Programme Implementation and Funding	Section 7(2)(i) – (i) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations);	

- 3 Council agree the following staff, having relevant knowledge to assist in the consideration of the items of business to be public excluded, remain in attendance to assist the Committee with its decision making:

<b>Staff Member</b>	<b>Reason for Remaining in Attendance</b>
Chief Executive	Council CEO
Manager – Governance Support	Committee Secretary
General Manager – Strategy and Environment	Portfolio Holder
Acting General Manager – Infrastructure Services	Portfolio Holder

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



MICHELLE HIGGIE  
**MANAGER – GOVERNANCE SUPPORT**