

Document No: A385168

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

Subject: Declaration of Members' Conflicts of Interest

Purpose of Report

- 1.1 The purpose of this business paper is for elected members to –
- 1 Declare interests that may create a conflict with their role as an elected member relating to the business papers for this meeting, and
 - 2 Declare any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 29168.

Commentary

2.1 Conflicts of Interest

2.2 Every elected member has a number of professional and personal links to their community. They may own a business or be a member on a board or organisation. They may have a pecuniary (financial) interest or a non-pecuniary (non-financial) interest. These interests are a part of living in the community which they need to make decisions about in their role with Council.

2.3 Elected members are governed by the Local Authorities (Members' Interests) Act 1968 and are guided by the Auditor-General in how this Act is administered. In relation to pecuniary interests, the two underlying purposes of the Act are to:

- ensure members are not affected by personal motives when they participate in local authority matters; and
- in contracting situations, prevent members from using their position to obtain preferential treatment from the authority (the Council).

2.4 Non-pecuniary interests relate to whether an elected member could be in danger of having a real or perceived bias for an issue under consideration.

2.5 Elected members will also have interests that are considered no greater than the public at large. For example, most elected members will own a property and therefore be a ratepayer in Tasman District.

2.6 Conflicts of interest at times cannot be avoided, and can arise without anyone being at fault. They need not cause problems when they are promptly disclosed and well managed.

2.7 Declarations of Interest

2.8 At the beginning of each triennial council term, elected members are requested to disclose known interests on behalf of themselves and spouses or partners. It is

up to the elected member to judge whether they have any interests to declare. Some elected members may have none.

- 2.9 As well as this, elected members may decide that they have an interest in a particular issue or item to be discussed at a meeting. There is a standing item on every meeting agenda for elected members to declare conflicts of interest.
- 2.10 Members who have declared an interest in any matters that are due to be considered at a Council or Committee meeting should declare that they have an interest in the matter, leave the table and not take part in any discussion, debate or vote on that matter.
- 2.11 Attached to and forming part of this business paper is information to assist elected members in determining conflicts of interest.

Declarations

Mayor Hanna will invite elected members to give notice of any conflicts of interest relating to the business for this meeting.

In the event of a Declaration being made, the elected member must provide the following information relating to the Declaration:

Name:	
Item of Business on the Agenda:	
Reason for Declaration:	

MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Local Authority (Members' Interests) Act 1968
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- 3.1 The Local Authority (Members' Interests) Act 1968 helps to protect the integrity of local authority decision-making by ensuring that Councillors are not affected by personal motives when they participate in Council decision-making and cannot use their position to obtain preferential access to contracts. This Act deals with two forms of "interest":
1. Pecuniary
 2. Non-pecuniary
- 3.2 **Pecuniary Interest**
- 3.3 The **two** specific rules in the Act are that members cannot:
1. Enter into contracts with their local authority worth more than \$25,000 (including GST) in a financial year unless the Auditor-General approves the contracts (referred to as the contracting rule). Breach of this rule results in automatic disqualification from office; and
 2. Participate in matters before the Council in which they have a pecuniary interest, other than an interest in common with the public (referred to as the participation rule). Breach of this rule is a criminal offence and conviction results in automatic disqualification from office
- 3.4 A pecuniary interest is one that involves money. This could be direct or indirect. It is sometimes difficult to decide whether an interest in a particular matter is pecuniary or some other kind. It is always the responsibility of elected members to make this decision, to declare any interest when appropriate and to ensure that as an elected member you comply with the Act's requirements at all times. The Act generally provides that no person shall be capable of being a member of Council if that person is concerned or interested in any contracts with the Council where the total payments made by the Council in respect of such contracts exceeds \$25,000 in any one financial year.
- 3.5 The Act also provides that an "interest" exists where a member's spouse is involved and/or where a member or their spouse is a major shareholder or have control or management of a company which contracts with Council or where the company has a pecuniary interest in the decision. It may also apply where your family trust has a contract with the Council.
- 3.6 The Act does provide that on application to it the Office of the Auditor General may give specific approval to a member being concerned or interested in a particular contract, in which case the provisions of the Act will not disqualify the Councillor from remaining in office. The approval needs be gained before the contract concerned is entered into.
- 3.7 The Act also requires that a member shall not vote or take part in the discussion of any matter in which he/she has any pecuniary interest, other than an interest in common with the public. This interest is required to be declared by the member and is noted in the minutes.
- 3.8 The Office of the Auditor General is the agency, which oversees this legislation and it also has the responsibility and power to institute proceedings against any member. The Act does not define pecuniary interest, however the Office of the Auditor-General uses the following test: "Whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned."

3.9 In deciding whether you have a pecuniary interest you should consider the following factors: What is the nature of the decision being made? Do I have a financial interest in that decision – do I have a reasonable expectation of gain or loss of money as a result of making that decision? Is my financial interest one that is in common with the public? Do any of the exceptions in the Act apply to me? Could I apply to the Auditor-General for approval to participate?

3.10 Further guidance is provided in the booklet “Guidance for members of local authorities about the Local Authorities (Members’ Interests) Act 1968” which has been provided to 5 elected members. It is important that you pay particular attention to the contents of this booklet as this is one of the few areas of the Council’s business where staff do not set out to provide pro-active advice and members are personally liable for compliance with the provisions of this Act.

3.11 Non-Pecuniary Interest

3.12 Non-pecuniary interest is any interest the member may have in an issue that does not involve money. A common term for this is “bias” or pre-determination. Rules about bias operate not only to ensure that there is no actual bias, but also so there is no appearance or possibility of bias. The principle is that justice should not only be done, but it should be seen to be done. Bias may be exhibited where: -

- By their statements or conduct a member may indicate that they have predetermined the matter before hearing or considering all of the relevant information on it (including the Council’s debate); or
- The member has a close relationship with an individual or organisation affected by the matter.

3.13 Non-pecuniary interest is a difficult issue as it often involves matters of perception and degree. The question you need to consider, drawn from case law, is: “Is there, to a reasonable, fair-minded and informed observer, a real indication of bias on the part of a member of the decision making body, in the sense that they might unfairly regard with favour (or disfavour) the case of a party to the issue under consideration?” If there is, the member should declare their interest and withdraw from the debate and take no further part in the discussion of this item. The law about bias does not put you at risk of personal liability. Instead, the validity of the Council’s decision could be at risk. The need for public confidence in the decision-making process is paramount and perception can be an important factor. Again the booklet provided by Office of the Auditor General provides some excellent advice and information on this issue.

Waitomo District Council Procurement Policy – 23 February 2013

4.1 The following is an extract from the Procurement Policy:

2.1.11 Conflicts of Interest

WDC procurement process will be conducted with a spirit of probity demonstrating:

- *integrity;*
- *honesty;*
- *transparency;*
- *openness;*
- *independence;*
- *good faith; and*
- *service to the public.*

A conflict of interest occurs where:

A member's or official's duties or responsibilities to Council could be affected by some other interest or duty that the member or official may have.

The other interest or duty might exist because of:

- *holding another public office;*
- *being an employee, advisor, director, or partner of another business or organisation;*
- *pursuing a business opportunity;*
- *being a member of a club, society, or association;*
- *having a professional or legal obligation to someone else (such as being a trustee);*
- *owning a beneficial interest in a trust;*
- *owning or occupying a piece of land;*
- *owning shares or some other investment or asset;*
- *having received a gift, hospitality, or other benefit from someone;*⁹
- *owing a debt to someone;*
- *holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue ; or*
- *being a relative or close friend of someone who has one of these interests, or who could otherwise be personally affected by a decision of Council*

A relative or close friend includes:

- *For matters covered by the Local Authorities (Members' Interests) Act 1968, the interests of a spouse, civil union partner, or de facto partner must be considered.*
- *Generally, the interests of any relative who lives with the member or official (or where one is otherwise dependent on the other) must be treated as being effectively the same as an interest of the member or official.*
- *For other relatives, it will depend on the closeness of the relationship, but it will usually be wise not to participate if relatives are seriously affected*
- *Where Council's decision or activity affects an organisation that a relative or friend works for, it is legitimate to take into account the nature of their position or whether they would be personally affected by the decision.*

Examples of potential conflicts of interest include:

- *conducting business on behalf of Council with a relative's company;*
- *owning shares in (or working for) particular types of organisation that have dealings with (or that are in competition with) Council;*

6

- *deliberating on a public consultation process where the member or official has made a personal submission (or from making submissions at all, in areas that directly relate to the entity's work);*
- *accepting gifts in connection with their official role; or*
- *influencing or participating in a decision to award grants or contracts where the member or official is connected to a person or organisation that submitted an application or tender.*

All elected members, WDC staff or advisers involved in a procurement process are required to declare any other interests or duties that may affect, or could be perceived to affect, their impartiality. WDC will then decide the steps necessary to manage the conflict, having regard to any relevant statutory requirements. WDC will maintain a register of declarations of conflicts of interest that records any conflicts of interest and how they will be managed.

An annual update of the register will be coordinated and maintained by the Executive Office.

Under no circumstances will a procurement process allow as an outcome of that process a circumstance where Council elected members, WDC staff or advisers to receive preferential treatment.

**WAITOMO DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE**

**MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS,
QUEEN STREET, TE KUITI ON TUESDAY 31 OCTOBER 2017 AT 1.05PM**

PRESENT: Mayor Brian Hanna, Deputy Mayor Guy Whitaker, Council Members Phil Brodie, Terry Davey, Allan Goddard, Janene New and Sue Smith

IN ATTENDANCE: Chief Executive and Executive Assistant

1. Declarations of Member Conflicts of Interest
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No Declarations were made.

Discussion took place regarding the clarification of a "perceived" conflict of interest.

2. Terms of Reference of the Audit and Risk Committee
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Council considered a business paper presenting for formal receipt, the Terms of Reference adopted by Council for the Audit and Risk Committee.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The business paper on Terms of Reference of the Audit and Risk Committee be received.

Whitaker/Davey Carried

3. Insurance Renewal Report

Council considered a business paper providing a brief on Council's 2017 insurance renewal arrangements.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The business paper on the Insurance Renewal Report be received.

New/Davey Carried

4. Treasury Report	A377095
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Council considered a business paper providing an overview on the current investment and borrowing position and compliance with the Treasury Policy.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The business paper on Treasury Report be received.

Goddard/Brodie Carried

5. Earthquake Prone Buildings Implementation	A374850
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Council considered a business paper providing an update on the Earthquake Prone Buildings ("EPB") legislative requirements, and progress made to date on implementation.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The business paper on Earthquake Prone Buildings be received.

Davey/New Carried

6. Progress Report: WDC Resource Consent – Compliance Monitoring	A357460
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Council considered a business paper providing a progress report on compliance reporting against Resource Consent conditions.

The Chief Executive expanded verbally on the business paper and answered Members' questions.

Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.

Whitaker/Davey Carried

7. Motion to Exclude the Public for the consideration of:	A364259
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The Committee considered a business paper pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987 giving Council the right by resolution to exclude the public from the whole or any part of a meeting on one or more of the grounds contained within that Section.

Resolution

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 The Committee agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making:

Chief Executive, Executive Assistant

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

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Inframax Construction Limited – 2017 Annual General Meeting including 2016/17 Annual Report	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

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

Goddard/Brodie Carried

There being no further business the meeting closed at 1.53pm.

Dated this day of 2017.

BRIAN HANNA
MAYOR

Confidential Confidential

Confidential Confidential

Confidential

Document No: A385662

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

Subject: Terms of Reference of the Audit and Risk Committee

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is for the Committee to re-consider its Terms of Reference as agreed at its previous meeting.

Background

- 2.1 The Audit and Risk Committee (ARC) was established by resolution of Council on 31 October 2017. The same resolution approved the Terms of Reference for the new Committee.
- 2.2 The Terms of Reference (TOR) documents the responsibilities of the Committee and explains its role within Council.

Commentary

- 3.1 The TOR for the ARC state that the first review of the TOR will be carried out by the ARC after 6 months of the establishment of the ARC in February 2018 and changes recommended to Council.
- 3.2 The ARC needs to consider and make a decision on whether to include an independent member to the Committee and the process for doing so.
- 3.3 All further reviews of the TOR after the first review are to be carried out triennially after the elections.

Suggested Resolution

1. The business paper on Terms of Reference of the Audit and Risk Committee be received.
2. Council resolve to appoint/ not appoint an independent member to the Audit and Risk Committee.

VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

21 February 2018

Attachment: 1 Terms of Reference zA3208

Waitomo District Council Audit and Risk Committee

Terms of Reference

1. PURPOSE AND SCOPE

- 1.1 The purpose of the Audit and Risk Committee is to provide guidance, assurance and assistance to Waitomo District Council on matters specific to risk, compliance, controls and external accountabilities by:
- 1 Overseeing that control mechanisms are in place that ensure compliance with standards, regulatory and legislative requirements
 - 2 Ensuring appropriate management and monitoring processes in place to manage significant risks
 - 3 Monitoring internal and external audits and the resolution of issues raised.
 - 4 Provide clear line of communication between Council, Management and External and Internal Auditors; and
 - 5 Seeking reasonable assurance regarding the integrity of Councils financial and non-financial planning and reporting

2. RESPONSIBILITIES

2.1 External Audit

- 2.1 To engage with Council's external auditors regarding the audit programme and agree the terms and arrangements for the external audit programme.
- 2.2 To review Council's Annual Report in depth and provide advice and recommendation to Council with respect to the integrity and appropriateness of the documents and disclosures and also recommend adoption.
- 2.3 To review matters raised in the audit reports and recommend organisational response priorities based on significance and risk.
- 2.4 To monitor the extent to which recommendations made in the audit report are implemented.

2.5 Risk Management

- 2.6 To monitor Council's treasury management practices in order to provide assurance that policy limits are being adhered to. Recommendations should be made to Council when there are good reasons to exceed policy.
- 2.7 To review Council's insurance covers and limits on an annual basis for appropriateness.
- 2.8 To maintain overview of all reviews of financial policies and recommend changes to Council.

- 2.9 To work in conjunction with the Chief Executive and Group Manager Corporate Services in order to be satisfied with the existence and quality of appropriate cost effective financial risk management systems and processes and the proper application of these.
- 2.10 To recommend to Council any internal audit work or additional work streams required to strengthen Council's risk management framework.
- 2.11 To maintain an overview of the annual capital expenditure programme and the non-financial performance with a view to providing assurance that these are within parameters established in the Annual or Long Term Plans.
- 2.12 To consider all matters referred to the Committee by the Council.

3. DELEGATIONS

- 3.1 The Council delegates to the Audit and Risk Committee the following powers and duties:
- 1 Recommend changes to its Terms of Reference to the Council for adoption
 - 2 Approve the engagement and arrangement letters of Auditors
 - 3 Receive and consider audit reports
 - 4 Receive and consider staff reports on audit, internal controls, financial and risk management related matters
 - 5 Make recommendations to Council on financial, internal control and risk management and financial policy and procedure matters as appropriate
 - 6 Recommend the adoption or non adoption of the Annual Report
 - 7 Recommend new accounting and reporting requirements or changes to accounting policies
 - 8 The Audit and Risk Committee may not delegate any of its responsibilities, duties or powers.

4. MEMBERSHIP

- 4.1 The Audit and Risk Committee will be appointed by resolution of Council and shall comprise of all elected members of Council.
- 4.2 The Mayor will Chair the Committee.
- 4.3 All members of the Committee will have voting rights.
- 4.4 Apart from the appointment of the first members of this Committee, which appointment is part way through a triennium, members will be appointed at the commencement of each triennium term of Council.
- 4.5 The Chief Executive and Group Manager Corporate Services shall attend all meetings in an advisory capacity but are not members and have no voting rights. Other staff as may be required will attend the meetings.

5. MEETINGS

- 5.1 Meetings of the Committee shall be conducted in accordance with Model Standing Orders for Meetings of the Waitomo District Council. (Doc Number A162992)
- 5.2 The Committee will meet once every three months and at least four times in each financial year.
- 5.3 All minutes and recommendations of the Committee will be presented to the Council.

6. REVIEW OF TERMS OF REFERENCE

- 6.1 The first review of these Terms of Reference will be carried out after a period of six months, in February 2018, by the Audit and Risk Committee and recommendations made to Council.
- 6.2 Thereafter, the Terms of Reference will be reviewed by the Council no later than the November following every triennial election.

Document No: A380848

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

Subject: **Financial Report for the Period ended 31 December 2017**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the financial and non-financial results for the period ended 31 December 2017.

Background

- 2.1 The period covered by this report is 1 July 2017 to 31 December 2017.

- 2.2 The order of the report is as follows:

- **Summary Income Statement** with comments detailing significant variances to budget on Council's operating performance for the period ended 31 December 2017.
- **Summary Balance Sheet** with comments detailing significant balance sheet movements from 1 July 2017 to 31 December 2017.
- **Capital Expenditure** summary with commentary on material variances of expenditure for the year compared with the EAP 2017/18.
- **Summary Treasury Management** which reports on the Public Debt position, cash reserves and significant treasury transactions.
- **Cost of Service Statement** Summary and Cost of Service Statements for Council's ten significant activities are presented in **Appendix 1**.
- **Balance Sheet** as at 31 December 2017 is presented in **Appendix 2**.
- **Treasury Management Report** from Bancorp Treasury Services Limited, Council's treasury management advisors is enclosed as **Attachment 1**.
- **Performance Management Report** on the Levels of Service and Key Performance Indicators is enclosed as **Attachment 2**.

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

Financial Report to 31 December 2017

3.1 INCOME STATEMENT HIGHLIGHTS

3.2 Set out below is the summary of financial information for the period to 31 December 2017. Detailed Cost of Service Statements are attached as Appendix 1.

FINANCIAL HIGHLIGHTS (Amounts in \$000's)	Actual 2016/17	EAP 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Total Expenditure						
- Direct Operating	13,409	16,090	8,174	7,535	(639)	
- Indirect Operating	11,980	13,290	6,638	5,829	(809)	
Total Expenditure	25,389	29,380	14,812	13,364	(1,448)	-10%
Total Revenue						
- Operating Revenue	(10,580)	(10,767)	(4,639)	(5,379)	(740)	
- Rates Revenue	(19,197)	(20,031)	(10,133)	(10,168)	(35)	
Total Revenue	(29,777)	(30,798)	(14,772)	(15,547)	(775)	5%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	40	(2,183)	(2,223)	
Other Comprehensive Revenue and Expense						
- Revaluation of Property, plant and equipment	493	(4,620)	0	0	0	
-(Gains)/Losses from Cash Flow Hedges	(1,121)	0	0	0	0	
Total Other Comprehensive Revenue and Expense	(628)	(4,620)	0	0	0	
Total Comprehensive Revenue and Expense	(5,016)	(6,038)	40	(2,183)	(2,223)	

3.3 **Net Operating Surplus:** The net operating surplus of \$2,183,000 was \$2,223,000 more than budget for the period ended 31 December 2017. The Cost of Service Statements for each activity are included as Appendix 1.

3.4 **Total Expenditure** was 10% (\$1,448,000) less than budget forecast for the period ended 31 December 2017.

- **Direct operating expenditure** was \$639,000 less than budget. The main contributors to this variance in order of magnitude are:
 - Community Service: \$283,000 less as repair and maintenance expenditure were tracking less than budget.
 - Sewerage: \$250,000 less mainly due to expenditures for internal WSBU charges, power and chemicals tracking less than budget.
 - Water Supply: \$102,000 less as chemicals, electricity, reticulation and pump station maintenance and operational costs were less than budget.
- **Indirect expenditure** was \$809,000 less than budget:
 - Interest: \$444,000 less than budget. The budgeted interest cost was based on 1 July 2017 projected public debt of \$50 million while the

actual public debt at that date was \$43.4 million. The main reason for lower debt position than forecast in the EAP was due to reduced capital expenditure in prior years and the cost of funds were lower than forecast.

- Depreciation: \$249,000 less than forecast mainly due to reduced depreciation for Te Kuiti Water and Road assets.
- Allocated Costs: \$116,000 less as staff costs, human resources costs, motor vehicles and information services costs were less than budget.

3.5 Total Revenue was 5% (\$775,000) more than budget for the period ended 31 December 2017.

- **Operating revenue** \$740,000 more than budget. The main contributors to this variance are:
 - Solid Waste Management: \$282,000 more than budget due to increased revenue received for landfill charges including a significant one-off revenue transaction from a commercial customer.
 - Roads and Footpaths: \$144,000 more than budget as NZTA subsidy on maintenance and capital expenditure was more.
 - Sewerage: \$109,000 was more than budget due to increased volume of discharge.
- **Rates revenue** was \$35,000 more than budget overall however penalties and metered water rates revenue were both less than budget.

3.6 BALANCE SHEET HIGHLIGHTS

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

BALANCE SHEET HIGHLIGHTS (Amounts in \$000's)	Actual Position 30 Jun 2017	Actual Position 31 Dec 2017	Movement from 30 Jun 2017
Assets			
- Cash and cash equivalents	112	868	756
- Receivables	6,361	4,448	(1,913)
- Other current assets	1,099	597	(502)
- Other financial assets	5,686	5,689	3
- Non-current assets	332,439	333,097	658
TOTAL ASSETS	345,697	344,699	(998)
Liabilities			
- Other Liabilities	6,452	4,141	(2,311)
- Total Borrowings	43,419	42,549	(870)
- Derivative financial instruments	1,636	1,636	0
Total Liabilities	51,507	48,326	(3,181)
Equity			
- Equity	294,190	296,373	2,183
TOTAL LIABILITIES AND EQUITY	345,697	344,699	(998)

3.8 Total Assets have decreased from \$345.7 million to \$344.7 million.

- Cash and cash equivalents have increased by \$756,000 from \$112,000 to \$868,000.
- Receivables decreased by \$1,913,000 since 30 June 2017 from \$6.36 million to \$4.45 million due to a decrease in NZTA subsidy receivable, GST receivable and other debtors. This is partly offset by an increase in rates receivables due to penalties and current year rates being charged.
- Other current assets decreased by \$502,000. The decrease is due to disposal of assets held for sale.
- Non-current assets have increased by \$658,000. The increase is due to the net effect of asset additions of \$3,424,000 less depreciation of \$2,751,000 and asset disposals of \$15,000.

3.9 Total Liabilities have decreased from \$51.5 million to \$48.3 million.

- Other Liabilities decreased by \$2,311,000 due to a general decrease in Payables at 31 December 2017.
- Total Borrowings decreased by \$870,000 from \$43.4 million to \$42.5 million.

3.10 Equity increased by \$2.18 million to \$296.37 million which equals the total comprehensive revenue and expense for the period.

3.11 CAPITAL EXPENDITURE

3.12 Set out below is the Capital Expenditure budget for the year compared to actual expenditure for the period ended 31 December 2017.

CAPITAL EXPENDITURE SUMMARY (Amounts in \$000's)	EAP 2017/18	YTD Actual Dec 2017	Variance 2017/18
Governance: Leadership and Investments			
- Investments	105	0	(105)
- Corporate Support	531	233	(298)
Community Service			
- Parks and Reserves	261	17	(244)
- Housing and Other Property	89	35	(54)
- Recreation and Culture	380	170	(210)
- Public Amenities	96	226	130
- Safety	5	0	(5)
Community Development			
- District Development	65	0	(65)
Solid Waste Management			
- Landfill Management	316	143	(173)
Stormwater			
- Urban	299	45	(254)
- Rural	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	536	262	(274)

CAPITAL EXPENDITURE SUMMARY (Amounts in \$000's)	EAP 2017/18	YTD Actual Dec 2017	Variance 2017/18
- Te Waitere Sewerage	0	6	6
- Benneydale Sewerage	52	0	(52)
- Piopio Sewerage	31	3	(28)
Water Supply			
- Te Kuiti Water	1,098	781	(317)
- Mokau Water	145	21	(124)
- Piopio Water	114	6	(108)
- Benneydale Water	7	2	(5)
Roads and Footpaths			
- Subsidised Roads	5,680	1,389	(4,291)
- Unsubsidised Roads	335	85	(250)
TOTAL CAPITAL EXPENDITURE	10,150	3,424	(6,726)

3.13 Capital Expenditure was \$3.42 million for the period ended 31 December 2017, of which \$1.47 million (43%) related to Roads, \$0.81 million (24%) related to Water Supply and \$0.45 million (13%) related to Community Service.

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

3.15 Governance: Leadership and Investments

Investments:

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

Corporate Support:

- Corporate Support (Budget \$531,000): Expenditure of \$233,000 has been for computer hardware renewals, replacement of motor vehicles, category 3 building assessment and renewals of administration building.

3.16 Community Service

Parks and Reserves:

- Maintenance for Centennial Park, ex-Albion Soccer (Carryover budget of \$65,000): No expenditures to date.
- Minor expenditure has been incurred for Esplanade Reserves (Budget \$65,000).
- Brook Park Entrance (Budget \$123,000): Work to commence in January 2018.

- No expenditures to date for park renewals in Passive Reserves (Budget \$33,000).
- Playground renewals (Budget \$40,000): No expenditure to date.

Housing and Other Property:

- Expenditures of \$35,000 incurred in relation to installation of new audio system in Piopio Hall, installation of dog pound fence, modification work for wheel chair access to Mokauiti Hall and toilets (Budget \$89,000).

Recreation and Culture:

- Expenditure for the period on Library collection renewals is \$24,000 and is ongoing (Budget \$50,000).
- Library technology and library renewal (Budget \$43,000): No expenditures to date.
- Expenditures incurred for replacement of variable speed drive for pump for the Aquatic Centre renewals (Budget \$68,000).
- The renewal of the bathroom facilities at the Les Munro Centre was completed in August with a total cost of \$141,000 (Budget \$180,000).

Public Amenities:

- The replacement work of Marokopa toilet has been completed with expenditure to date of \$107,000 of which \$3,000 was included in the prior year (Carryover budget \$223,000).
- Toilet replacement project at Benneydale was completed in July 2017 with a total project cost of \$218,000 of which \$117,000 is included in 2017/18 year.
- No expenditure for the period on Cemetery signage and Cemetery access way upgrades (Budget \$15,000).
- Te Kuiti railway pedestrian over-bridge renewal is under review (Carryover budget \$140,000).

Safety:

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

3.17 Community Development

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

3.18 Solid Waste Management

- Work has commenced on the Resource Consent for volume expansion at Landfill with costs still to come in for this work (Budget \$50,000).
- The work for shaping of the high wall was completed in 2016/17 financial year. Future works are likely to be required to ensure ongoing safety (Budget \$44,000).
- Landfill main entrance and tip head improvements (Budget \$126,000): Landfill entrance way and safety improvements at all transfer station tip heads have been completed with a total expenditures of \$135,000.
- No expenditure incurred for the period for purchase of carbon credits required under the Emissions Trading Scheme (Budget \$75,000).
- Expenditures incurred for the installation of fencing at Piopio transfer station (Budget \$21,000).

3.19 Stormwater

- The investigation and construction of View Rd pipework is in progress. The Waitete Road pipe work has been planned for 2018 year. This project is currently under design phase and an investigation has also been undertaken (Unspecified minor storm water renewals budget \$100,000).
- No expenditures incurred for the Taupiri Street storm water pipe rehabilitation (Budget \$46,000).
- Storm water rehabilitation (Budget \$110,000): Expenditures of \$14,000 incurred for repairing storm water outlet at Te Kuiti Landfill.
- Storm water asset risk minimisation (Budget \$43,000): No expenditures to date.
- Unspecified stormwater renewals for rural communities (Budget \$5,000): Minor expenditures incurred for the period. A section of new storm water extending an existing outfall in Oha Street is planned to allow the Tainui Street water main to be properly installed.

3.20 Sewerage

- Expenditure to date of \$95,000 has been for waste water treatment plant sand filter removal and recommissioning, installation of diversion valve and pipe for treatment plant, construction in progress for chemical tank bunded fill area. The improvement work for the Oxidation Pond Aeration has been programmed for 2018 (Budget \$146,000).
- Te Kuiti Reticulation and Pump Station renewals (Budget \$252,000 and carryover budget \$230,000): Expenditure for the period was \$118,000 for minor reticulation renewals, UV reactor, excess sludge removal and bunded chemical tanks. Carroll Street sewer replacement under railway delayed due to rain, sewer replacement under the river has been postponed to New Year when river water level is low. Tender

documents are being drafted for Taupiri Street augmentation. It is anticipated that additional funding may be required for this project and likely to be funded from carryover budget and potential budget savings from other areas.

- Te Kuiti Ingress and Infiltration investigation and rehabilitation (Budget \$138,000): Expenditure for the period was \$49,000, for CCTV maintenance and rehabilitation work.
- Te Waitere unspecified renewals, pump station renewals and resource consent renewal (Carry over Budget \$29,000): Expenditures incurred for the approval of resource consent. Other works are planned and will be carried out in the near future.
- Benneydale treatment plant and reticulation renewals (Budget \$52,000): No expenditures to date.
- Piopio unspecified minor treatment plant, reticulation and separator tank renewals (Budget \$31,000): Expenditure of \$3,000 was incurred at Piopio Sewer Treatment Plant for minor upgrade work.

3.21 Water Supply

- Te Kuiti Water Treatment Plant Upgrade including clarifier refurbish and upgrade, and investigation of raw storage dam (this has been reassigned to do a desktop investigation for a bore supply close to the existing WTP) (Budget \$816,000): Expenditure for the period was \$496,000 for raw water intake design work (Phase III) and electrical upgrade (Phase II & III). Phase I was completed in 2016/17 financial year. Phase II (raw water intake structure) will be carried out this coming summer when the river level will be at its lowest to allow work to commence. Phase III work which is clarifier rehabilitation (work completed in mid-December 2017), driveway and site improvements (tender awarded and contractor appointed) are underway. The demolition work for old building has been completed. Phase III of the project may be completed before Phase II.
- Te Kuiti reticulation and pump station renewals (Budget \$260,000): Expenditure for the period was \$284,000. The projects for Henderson/Earl/Hetet Street and Awakino Road have been completed. Hetet Road project required additional work to bring it up to standard. Edward Street tender process has also commenced, it is anticipated that the actual work will commence in the next financial year.
- Reservoir Seismic Strengthening (Budget \$22,000): Mangarino reservoir work in planning stage.
- Mokau Water reticulation renewals including the reservoir seismic strengthening (Budget \$145,000): Underway.
- Piopio Water reticulation renewals and treatment plant renewals including the installation of backflow preventers (Budget \$114,000): Planning to install the Tui Street – State Highway 3 link and the water bridge at Kuritahi Street has commenced. The unseasonal rain during the previous summer construction period delayed all earthworks related work.

3.22 Roads and Footpaths

Subsidised Roads

- Minor improvements expenditure of \$52,000 for the period incurred in relation to the design work of Te Waitere Road slips and other areas within this work category (Budget \$650,000).
- Drainage renewals (Budget \$400,000): Expenditure for the period was \$153,000. This activity is weather dependent.
- Pavement rehabilitation (Budget \$1,452,000 and carryover budget \$289,000): Expenditure for the period \$432,000. The pavement rehabilitation work for Totoro Road nearly completed, chip sealing portion of this work has been delayed due to the adverse weather.
- Sealed road surfacing (Budget \$1,400,000): Carrying out this activity requires fair weather due to the high cost and volatility around sealing of road surfaces. It is therefore set to be carried out during warmer summer months. Expenditure of \$43,000 to date.
- Structures component replacements and bridge maintenance (Budget \$300,000 and carryover budget \$80,000): Expenditures of \$132,000 relates to bridge maintenance work.
- Traffic services renewals (Budget \$200,000): Expenditure for the period was \$14,000 and is subject to completion of other work categories. It is likely more expenditures will be incurred in the near future.
- Unsealed road metaling (Budget \$622,000): Expenditure was \$367,000 with further work to follow during the next quarter.
- Emergency reinstatement (Budget \$650,000 and carryover budget \$246,000): Expenditure of \$194,000 incurred in relation to the removal of large slips from Manganui Road and Mangatoa Rd. More work to follow in the near future.

Unsubsidised Roads

- Footpath renewals (Budget \$122,000): Expenditure for the period was \$85,000.
- Unspecified retaining wall renewals and road improvements not eligible for subsidy (Budget \$213,000): Minor expenditures incurred to date.

4.0 **TREASURY REPORT**

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

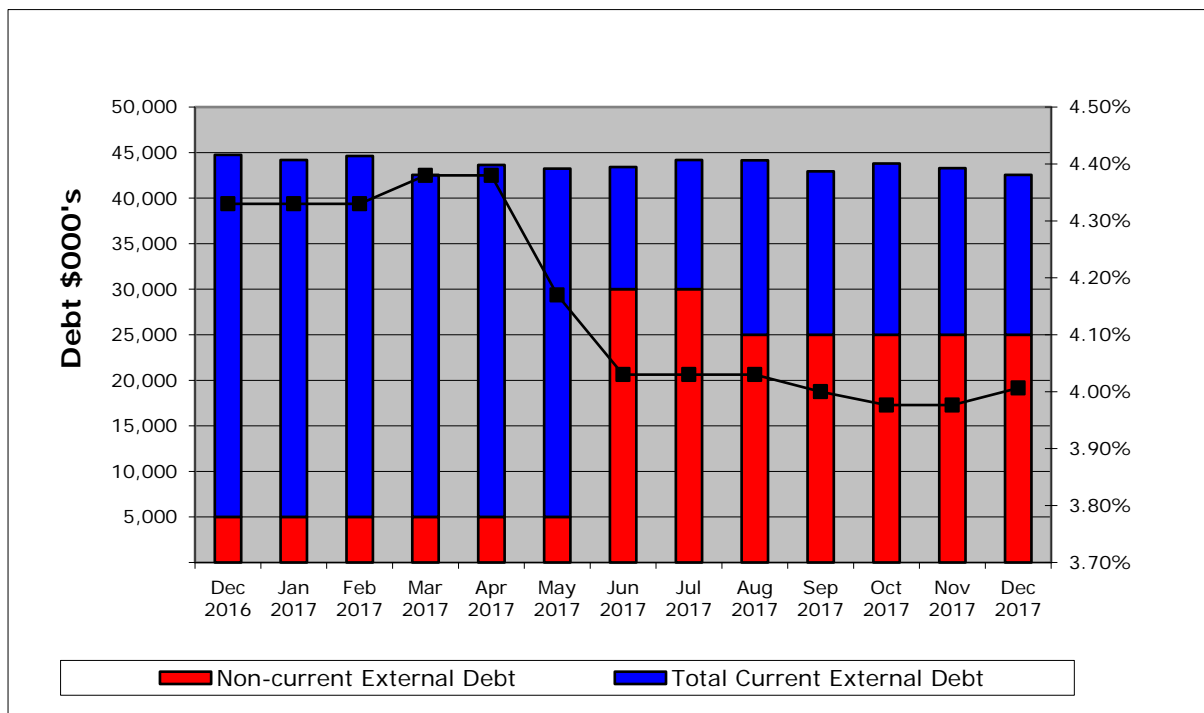
4.2 **CASH POSITION**

4.3 Council's cash position at 31 December 2017 was \$868,000 in funds, at 30 June 2017 it was \$112,000.

4.4 Included in the cash balance is \$150,000 which is held on trust to contractors for retention obligations for new contracts started on or after the 31 March 2017.

4.5 **SUMMARY OF PUBLIC DEBT POSITION**

4.6 Set out below is a graph recording trends in Council's current and non-current debt for the period ended December 2017. The trend line overlaid is the effective weighted average interest rate currently being paid on all loans.



4.7 At 31 December 2017 the effective weighted average interest rate for all loans excluding finance leases, accrued interest and advance facility cost was 4.01%. At 31 December 2016 it was 4.33%. A number of factors have contributed to the interest rate decrease, notably the transfer of bank debt and FRN's held in Council's name to the Local Government Funding Agency (LGFA), with most of the transfer occurring on the 19 June 2017.

4.8 **PUBLIC DEBT POSITION COMPARISON TO BUDGETS**

4.9 Forecasted public debt at 30 June 2018 as per the EAP 2017/18 is \$51,136,000. Actual public debt at 31 December 2017 was \$42,549,000. Reduced capital expenditure in prior years and savings in operational expenditure has resulted in a lower debt position than forecast in the EAP. It

should be noted that the capital expenditure program is still to be completed for the year and comparison can only be made at 30 June 2018.

4.10 WHOLESALE ADVANCE FACILITY (Call Advance Facility)

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

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

4.13 Interest is charged on daily basis at a rate of 0.90% credit margin plus the Westpac Prime rate (which is similar to the BKBM rate).

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

4.15 DETAILS OF LOAN PORTFOLIO

4.16 The following table records the public debt position and the key dates for each loan as at 31 December 2017. The classification of current and non-current loans is based on when repayment is due. Current loans being those that are due for refinancing or repayment within 12 months of the balance sheet date (of this report).

AT 31 December 2017	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Current Loans						
Finance Leases					0	0.000%
Accrued Interest					299,383	0.000%
Call Advance	Floating		1/07/2018		1,500,000	2.850%
LGFA Commercial Paper	Floating	7/08/2018	2/02/2018	2/02/2018	5,000,000	2.195%
LGFA Commercial Paper	Hedged	18/07/2017	18/01/2018	20/04/2020	5,000,000	4.515%
Floating Rate Note	Floating	24/08/2015	24/08/2018	26/02/2018	5,000,000	2.425%
Westpac Term Loan (ICL)	Floating	24/11/2011	24/11/2018	12/02/2018	750,000	5.000%
Total Current Loans					17,549,383	
Non-current Loans						
Finance Leases					0	0.000%
LGFA: Floating Rate Note	Hedged	19/06/2017	15/11/2021	17/05/2021	6,000,000	5.455%
LGFA: Floating Rate Note	Hedged	19/06/2017	18/04/2024	18/04/2023	3,000,000	4.605%
LGFA: Floating Rate Note	Hedged	19/06/2017	10/09/2020	11/09/2020	5,000,000	4.260%
LGFA: Floating Rate Note	Hedged	19/06/2017	24/04/2023	24/01/2024	5,000,000	4.480%
LGFA: Floating Rate Note (ICL)	Hedged	19/06/2017	30/06/2019	30/08/2019	5,000,000	4.330%
LGFA: Fixed Rate Bond (ICL)	Fixed	19/06/2017	19/04/2025	19/04/2025	1,000,000	3.680%
Total Non-current Loans					25,000,000	

AT 31 December 2017	Interest Rate Exposure	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Total Public Debt					42,549,383	4.01%
Cash & Liquid Investments						
Cash Held on Trust for Retention Obligations					150,000	
Cash					718,176	
Total Cash & Liquid Investments					868,176	
Public Debt Net of Investments					41,681,207	

4.17 Total public debt was \$42,549,383 and cash assets were \$868,176 at 31 December 2017 giving a net debt position of **\$41,681,207**.

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

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

4.20 **TREASURY EVENTS SINCE 31 December 2017**

4.21 This treasury report portrays the debt position of Council at 31 December 2017.

4.22 Since that date the Commercial Paper with a loan maturity date of 2 February 2018 has been repaid through the issue of new Commercial Paper (CP) to the LGFA for a further 181 days at a margin of 0.20% over BKBM, which is the most competitive rate on offer from the LGFA.

4.23 **INTEREST COSTS**

4.24 The total actual interest paid for the period was \$901,000 against the year to date budget of \$1,345,000; \$444,000 (or 33%) less due to a lower debt position and securing better interest rates than forecast in the EAP. **Interest paid as a portion of total revenue is 6%**; Council's Treasury Policy requires that this amount not exceed 15%.

4.25 **FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING**

4.26 Included in the balance sheet are valuation amounts for Derivative Financial Instruments (interest rate swaps). The valuation amount is componentised into current and non-current liabilities held at balance date. At 30 June 2017 the value of the swaps was a total net liability of \$1,636,000 whereas at 31 December 2017 their net value was a liability of \$1,749,000.

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

5.1 DEBTORS AND OTHER RECEIVABLES

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

Receivables (Amounts in \$000's)	As at 31-Dec-16	As at 31-Dec-17	(Inc)/Dec \$	(Inc)/Dec %
Rates Receivable	2,648	2,596	52	2%
Rates Penalties	1,659	1,706	(47)	-3%
Rates and Penalties Receivable	4,307	4,302	5	0%
Extraordinary Water Charges	472	149	323	68%
Total Rates receivable	4,779	4,451	328	7%
NZ Transport Agency Subsidy	961	1,308	(348)	-36%
Ministry of Health Subsidy	1,087	0	1,087	0%
Other Receivables	537	829	(292)	-54%
Other Receivables	2,585	2,138	448	17%
Gross Receivables	7,364	6,588	776	11%
Less Provision for Doubtful Debts	(1,764)	(2,037)	273	-15%
Total Receivables	5,600	4,551	1,049	19%

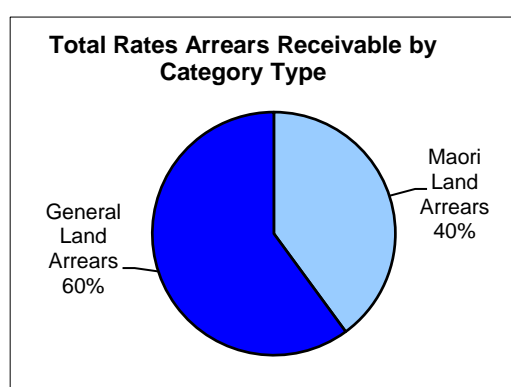
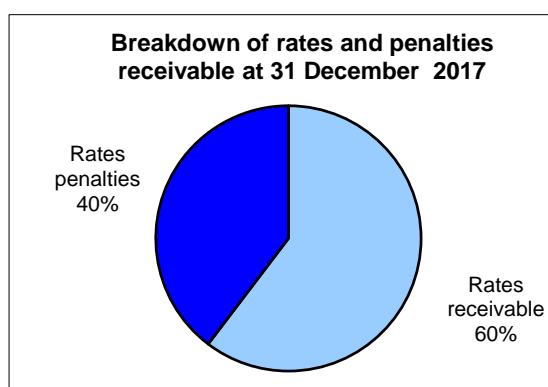
5.3 RATES AND PENALTIES RECEIVABLE

5.4 Current year rates

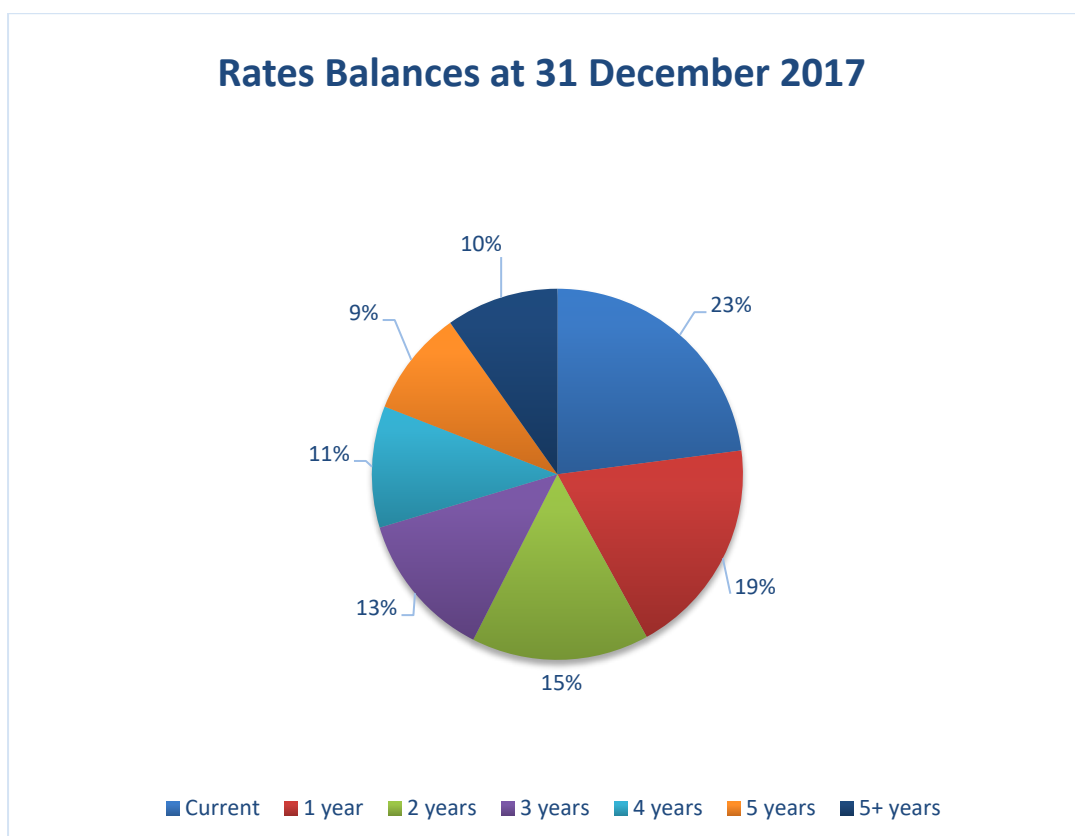
5.5 At 31 December, the second rates instalment had been issued and was due and payable by November 2017. The collection percentage on the second instalment to date was 94% (2016: 94%).

5.6 Rates Receivables (excluding metered water rates)

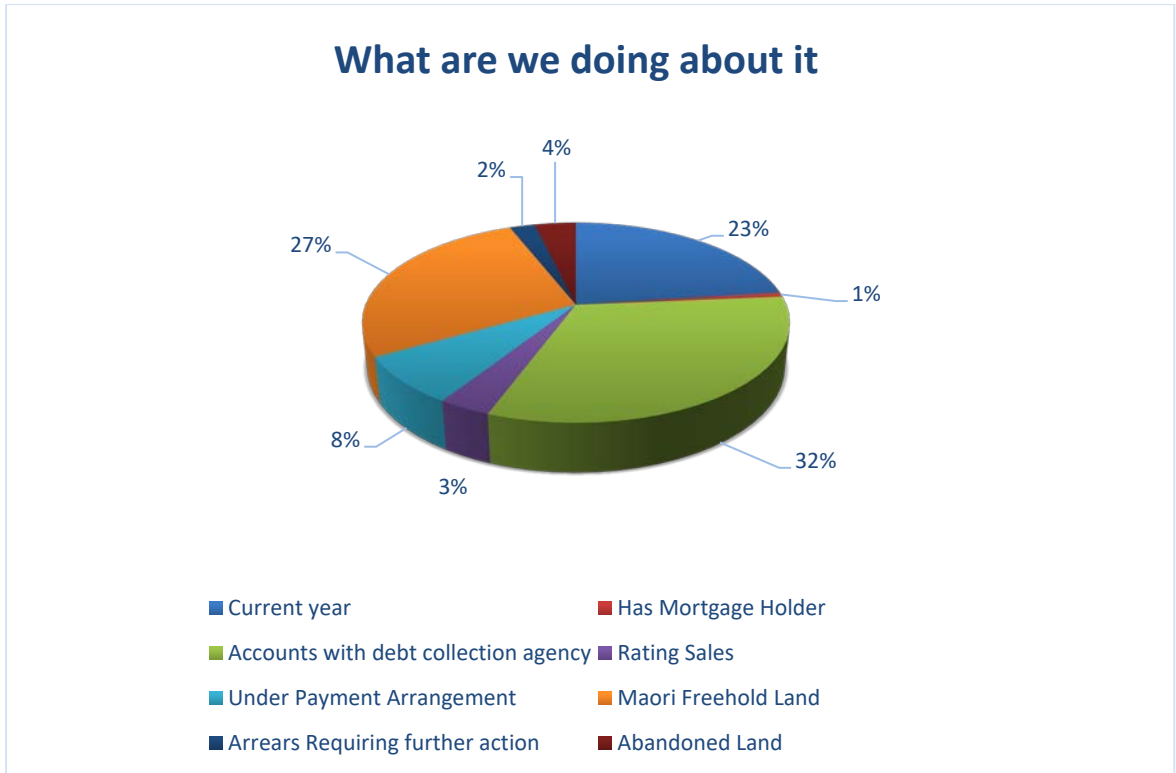
5.7 There was \$4.30 million of rates and penalties outstanding at 31 December 2017 (2016: \$4.31 million). This amount excludes rates paid in advance on future instalments. This total is made up of rates of \$2.59 million (2016: \$2.65 million) and penalties of \$1.71 million (2016: \$1.66 million).



- 5.8 Rates and penalties receivable decreased by \$4,811 from 31 December 2016. Of this decrease, rates receivable decreased by \$52,163 and rates penalties increased by \$47,352.
- 5.9 A total of \$159k of rates + penalties remissions have been entered against a full year's budget \$290K.
- 5.10 The following graph illustrates the ageing of the rates receivable balance. Of the outstanding balance of \$4.30 million, \$987k (23%) relates to current year, \$820k (19%) for the 2016/2017 year rates and the balance spread across the remaining years in a diminishing fashion.



- 5.11 The outstanding balance of rates is being actively managed through a variety of collection methods including lump sum payments, approved payment arrangements, demands on mortgage holders, placement of arrears with external debt collection agency and initiating properties for abandoned land and rating sale processes.
- 5.12 For the six months to 31 December 2017, arrears have been reduced by \$526,691 (14%) of the \$3,841,630 that was outstanding at 30 June 2017.
- 5.13 Recovery of arrears with the bank or financial institution that hold the mortgage over a property is available for general land properties, where there is a mortgage registered on the title. Mortgage demands were issued on these properties where the arrears remain outstanding and no payment arrangement is in place. Of the demands issued 3 remaining outstanding and are due to be paid.
- 5.14 The action being taken on outstanding balances is shown in the following graph:



5.15 Of the total arrears owing as at 31 December 2017 -

- \$1,323,713 relates to Maori freehold land
- \$1,377,203 have been placed with an external debt collection agency for collection
- \$333,260 are under some form of payment arrangement
- In addition to this, there are \$158,925 of arrears relating to 12 properties that meet the criteria for abandoned land and are being progressed through the abandoned land process. The courts have granted approval for the sale or lease of 9 of these properties.
- A further \$97,880 of arrears requires further action. Some of these properties have been identified to be placed with an external debt collection in the next quarter. These are properties where there is no mortgage registered against the property and communications with the ratepayers have not resulted in payment arrangements being entered into or payments being received to clear the arrears.

5.16 Other Debtors Receivable

5.17 At 31 December 2017 'Other Receivables' totalled \$2.1 million of which \$155K was due and owing for more than three months. The three month and over receivables include dog registrations, dog infringements and other sundry debtors.

Suggested Resolution

1. The business paper on Financial and Non-Financial Report for the period ended 31 December 2017 be received.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

21 February 2018

Attachment 1: Treasury Report for the quarter ended 31 December 2017 (Bancorp Treasury Services Limited (A385705))

Attachment 2: Performance Management Report on Levels of Service and Key Performance Indicators (zA3212)

Appendix 1: Combined Cost of Service Statements

Summary Cost of Service (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Operating Expenditure						
- Leadership	721	1,341	343	361	18	
- Community Service	1,827	2,380	1,267	984	(283)	
- Community Development	714	913	475	500	25	
- Regulation	142	200	97	93	(4)	
- Solid Waste Management	1,072	1,223	588	609	21	
- Stormwater Drainage	81	174	101	64	(37)	
- Resource Management	53	61	20	24	4	
- Sewerage	1,531	1,867	968	718	(250)	
- Water Supply	1,614	1,655	857	755	(102)	
- Roads and Footpaths	5,654	6,276	3,458	3,427	(31)	
Total Direct Operating Expenditure	13,409	16,090	8,174	7,535	(639)	-8%
Indirect Expenditure						
- Allocated Costs	4,160	4,595	2,293	2,177	(116)	
- Interest	1,981	2,690	1,345	901	(444)	
- Depreciation	5,839	6,005	3,000	2,751	(249)	
Total Indirect Expenditure	11,980	13,290	6,638	5,829	(809)	-12%
TOTAL EXPENDITURE	25,389	29,380	14,812	13,364	(1,448)	-10%
Operating Revenue						
- Leadership	(327)	(132)	(52)	(74)	(22)	
- Community Service	(959)	(523)	(255)	(259)	(4)	
- Community Development	(98)	(59)	(26)	(112)	(86)	
- Regulation	(433)	(481)	(325)	(351)	(26)	
- Stormwater Drainage	(7)	0	0	(10)	(10)	
- Resource Management	(91)	(59)	(30)	(72)	(42)	
- Solid Waste Management	(1,067)	(998)	(499)	(781)	(282)	
- Sewerage	(997)	(863)	(433)	(542)	(109)	
- Water Supply	(12)	0	0	(15)	(15)	
- Roads and Footpaths	(6,589)	(7,652)	(3,019)	(3,163)	(144)	
Total Operating Revenue	(10,580)	(10,767)	(4,639)	(5,379)	(740)	16%
Rates Revenue						
- General Rate	(3,503)	(3,646)	(1,823)	(1,837)	(14)	
- UAGC	(3,113)	(3,268)	(1,634)	(1,655)	(21)	
- Targeted Rate	(11,447)	(11,945)	(5,931)	(6,011)	(80)	
- Rates Penalties	(444)	(460)	(390)	(377)	13	
- Metered Water Rates	(690)	(712)	(355)	(288)	67	
Total Rates Revenue	(19,197)	(20,031)	(10,133)	(10,168)	(35)	0%
TOTAL REVENUE	(29,777)	(30,798)	(14,772)	(15,547)	(775)	5%
Net Operating Cost/(Surplus)	(4,388)	(1,418)	40	(2,183)	(2,223)	

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

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

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Representation	297	300	163	156	(7)	
- Planning & Policy & Monitoring	282	386	71	83	12	
- District and Urban Development	8	505	32	35	3	
- Investments	118	140	77	87	10	
- Treasury Management and Overhead Accounts	16	10	0	0	0	
Total Direct Expenditure	721	1,341	343	361	18	5%
- Allocated Costs	893	1,250	623	646	23	
- Interest	241	386	192	142	(50)	
- Depreciation	484	495	245	218	(27)	
Total Operating Expenditure	2,339	3,472	1,403	1,367	(36)	-3%
Operating Revenue						
- Representation	(18)	(19)	(5)	(2)	3	
- Investments	(234)	(103)	(42)	(67)	(25)	
- Treasury Management and Overhead Accounts	(75)	(10)	(5)	(5)	0	
Total Operating Revenue	(327)	(132)	(52)	(74)	(22)	42%
Net Operating Cost/(Surplus)	2,012	3,340	1,351	1,293	(58)	-4%

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

Net Operating Cost for the Governance Activity was 4% (\$58,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 5% (\$18,000) more than budget for the period.

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

Operating Revenue was 42% (\$22,000) more than budget for the period due to gain on sale of the Parkside section. This was partly offset by less revenue being received for quarry royalties.

Community Service

COMMUNITY SERVICE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Parks and Reserves	392	553	281	190	(91)	
- Housing and Other Property	249	479	309	241	(68)	
- Recreation and Culture	469	524	250	228	(22)	
- Public Amenities	633	700	360	287	(73)	
- Safety	84	124	67	38	(29)	
Total Direct Expenditure	1,827	2,380	1,267	984	(283)	-22%
- Allocated Costs	747	832	416	321	(95)	
- Interest	130	207	104	61	(43)	
- Depreciation	814	897	449	414	(35)	
Total Operating Expenditure	3,518	4,316	2,236	1,780	(456)	-20%
Operating Revenue						
- Parks and Reserves	(9)	(18)	(7)	(10)	(3)	
- Housing and Other Property	(305)	(290)	(145)	(162)	(17)	
- Recreation and Culture	(132)	(159)	(74)	(64)	10	
- Public Amenities	(513)	(56)	(29)	(23)	6	
- Safety	0	0	0	0	0	
Total Operating Revenue	(959)	(523)	(255)	(259)	(4)	2%
Net Operating Cost/(Surplus)	2,559	3,793	1,981	1,521	(460)	-23%

Net Operating Cost was 23% (\$460,000) below budget for the period ended 31 December 2017.

Direct Expenditure was 22% (\$283,000) below budget for the period.

- Expenditure for Parks and Reserves, Public Amenities and Housing and Other Property activities are tracking less than budget as repairs and maintenance expenditure is only spent when required. No expenditure has been incurred for the Passive Reserves management plan. Some expenditure will be incurred prior to 30 June.
- Safety: There has been no direct expenditure for rural fires as the New Zealand Fire Service Commission (NZFSC) has undertaken this work stream from this financial year. There is a 12 month transitional agreement in place with NZFSC which involves WDC issuing Fire Permits.

Operating Revenue was 2% (\$4,000) more than budget for the period. Contribution received from Piopio Hall Committee for Piopio Hall and Waipa Network for granting easement on State Highway 3 Hanganatiki. This was partly offset by less revenue received from Aquatic Centre, Aerodrome and Les Munro Centre Hire.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Community Support	503	515	318	306	(12)	
- District Development	211	398	157	194	37	
- Agencies	0	0	0	0	0	
Total Direct Expenditure	714	913	475	500	25	5%
- Allocated Costs	520	683	340	278	(62)	
- Interest	1	2	1	0	(1)	
- Depreciation	9	7	3	5	2	
Total Expenditure	1,244	1,605	819	783	(36)	-4%
Operating Revenue						
- Community Support	(23)	(2)	0	0	0	
- District Development	(62)	(57)	(26)	(112)	(86)	
- Agencies	(13)	0	0	0	0	
Total Operating Revenue	(98)	(59)	(26)	(112)	(86)	331%
Net Operating Cost/(Surplus)	1,146	1,546	793	671	(122)	-15%

Net Operating Cost for the Community Development Activity was 15% (\$122,000) less than budget for the period ended 31 December 2017.

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

- Included in the District Development activity was the Sir Colin Meads Public Memorial Service cost. This was offset by additional funding recovered from the Office of the Prime Minister.
- Expenditure for district promotions, telecommunication initiative and district development are less than budget.

Operating Revenue was 331% (\$86,000) more than budget for the period.

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

Regulation

REGULATION (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Regulation	142	200	97	93	(4)	
Total Direct Expenditure	142	200	97	93	(4)	-4%
- Allocated Costs	814	733	366	340	(26)	
- Interest	1	1	1	0	(1)	
- Depreciation	5	4	2	2	0	
Total Expenditure	962	938	466	435	(31)	-7%
Operating Revenue						
- Regulation	(433)	(481)	(325)	(351)	(26)	
Total Operating Revenue	(433)	(481)	(325)	(351)	(26)	8%
Net Operating Cost/(Surplus)	529	457	141	84	(57)	-40%

Net Operating Cost for the Regulation Activity was 40% (\$57,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 4% (\$4,000) less than budget for the period.

- No costs have been incurred for the compliance schedule project to date. This has partly been offset by items listed below.
- WLASS Building Consent Group costs are more than budget.
- Some costs have been incurred in relation to the Carter Holt Harvey litigation proceedings (that 48 other councils are also party to). These litigation costs are being shared as appropriate between all councils party to the proceedings.

Operating Revenue was 8% (\$26,000) more than budget for the period.

- Animal and Dog Control and Building Control revenue were more than budget. Building consent revenue received for the six months to December was \$122,000 from 80 processed consents, considerably higher than that received from 57 processed consents for last period. This was partly offset by reduced compliance schedule revenue.
- The grant contribution from the Central Government has been carried over to current year. These funds are specific for the neutering of the menacing of dogs campaign.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- District Plan Administration	53	61	20	24	4	
Total Direct Expenditure	53	61	20	24	4	20%
- Allocated Costs	160	184	92	85	(7)	
Total Expenditure	213	245	112	109	(3)	-3%
Operating Revenue						
- District Plan Administration	(91)	(59)	(30)	(72)	(42)	
Total Operating Revenue	(91)	(59)	(30)	(72)	(42)	140%
Net Operating Cost/(Surplus)	122	186	82	37	(45)	-55%

Net Operating Cost for the Resource Management Activity was 55% (\$45,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 20% (\$4,000) more than budget for the period.

Operating Revenue was 140% (\$42,000) more than budget for the period.

- District Plan Administration revenue is more than full year budget due to an increase in resource consent and LIM revenue. The reason for increase in resource consent revenue is due to some complex applications being processed. There have been 17 resource consents and 82 LIMs processed for the six months to December.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Collection	277	297	149	153	4	
- Landfill Management	795	926	439	456	17	
Total Direct Expenditure	1,072	1,223	588	609	21	4%
- Allocated Costs	353	371	185	205	20	
- Interest	224	244	122	84	(38)	
- Depreciation	91	64	32	30	(2)	
Total Expenditure	1,740	1,902	927	928	1	0%
Operating Revenue						
- Collection	(134)	(134)	(67)	(67)	0	
- Landfill Management	(933)	(864)	(432)	(714)	(282)	
Total Operating Revenue	(1,067)	(998)	(499)	(781)	(282)	57%
Net Operating Cost/(Surplus)	673	904	428	147	(281)	-66%

Net Operating Cost for the Solid Waste Management Activity was 66% (\$281,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 4% (\$21,000) more than budget for the period.

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

Operating Revenue was 57% (\$282,000) more than budget for the period.

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

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Te Kuiti Stormwater	65	146	89	61	(28)	
- Rural Stormwater	16	28	12	3	(9)	
Total Direct Expenditure	81	174	101	64	(37)	-37%
- Allocated Costs	94	57	28	32	4	
- Interest	4	5	2	1	(1)	
- Depreciation	170	172	86	85	(1)	
Total Expenditure	349	408	217	182	(35)	-16%
Operating Revenue						
- Te Kuiti Stormwater	(7)	0	0	(10)	(10)	
Total Operating Revenue	(7)	0	0	(10)	(10)	0%
Net Operating Cost/(Surplus)	342	408	217	172	(45)	-21%

Net Operating Cost for the Stormwater Drainage Activity was 21% (\$45,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 37% (\$37,000) less than budget for the period.

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

Operating Revenue was \$10,000 more than budget for the period for connection fees.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Waitomo Village	9	0	0	6	6	
- Te Kuiti	1,326	1,549	809	630	(179)	
- Te Waitere	31	40	19	6	(13)	
- Benneydale	72	118	59	27	(32)	
- Piopio	93	160	81	49	(32)	
Total Direct Expenditure	1,531	1,867	968	718	(250)	-26%
- Allocated Costs	272	237	119	132	13	
- Interest	417	525	263	176	(87)	
- Depreciation	753	781	390	377	(13)	
Total Expenditure	2,973	3,410	1,740	1,403	(337)	-19%
Operating Revenue						
- Te Kuiti	(954)	(860)	(430)	(530)	(100)	
- Benneydale	(2)	(1)	(1)	(3)	(2)	
- Piopio	(41)	(2)	(2)	(9)	(7)	
Total Operating Revenue	(997)	(863)	(433)	(542)	(109)	25%
Net Operating Cost/(Surplus)	1,976	2,547	1,307	861	(446)	-34%

Net Operating Cost for the Sewerage Activity was 34% (\$446,000) below budget for the period ended 31 December 2017.

Direct Expenditure was 26% (\$250,000) less than budget for the period.

- Expenditure for internal WSBU charges, power and chemicals for Te Kuiti were less than budget. This was partly offset by increased reticulation routine operational costs.
- Operations and maintenance costs are also less than budget for Te Waitere, Benneydale and Piopio schemes.
- Investigation and planning expenditure was incurred for the possible supply of sewerage services for Waitomo Village.

Operating Revenue was 25% (\$109,000) more than budget for the period.

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

Water Supply

WATER SUPPLY (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Te Kuiti	1,032	1,064	554	523	(31)	
- Mokau	247	212	112	77	(35)	
- Piopio	217	280	143	105	(38)	
- Benneydale	109	99	48	42	(6)	
- Waitomo Village	9	0	0	8	8	
Total Direct Expenditure	1,614	1,655	857	755	(102)	-12%
- Allocated Costs	290	248	124	138	14	
- Interest	264	458	229	142	(87)	
- Depreciation	552	627	314	218	(96)	
Total Expenditure	2,720	2,988	1,524	1,253	(271)	-18%
Operating Revenue						
- Te Kuiti	(2)	0	0	(3)	(3)	
- Mokau	0	0	0	(4)	(4)	
- Piopio	(2)	0	0	0	0	
- Benneydale	0	0	0	(2)	(2)	
Total Operating Revenue	(4)	0	0	(9)	(9)	
Subsidy Revenue						
- Te Kuiti	0	0	0	0	0	
- Mokau	(8)	0	0	(6)	(6)	
Total Subsidy Revenue	(8)	0	0	(6)	(6)	
Total Revenue	(12)	0	0	(15)	(15)	
Net Operating Cost/(Surplus)	2,708	2,988	1,524	1,238	(286)	-19%

Net Operating Cost for the Water Supply Activity was 19% (\$286,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 12% (\$102,000) less than budget for the period.

- Expenditure for chemicals, electricity, reticulation and pump station maintenance and operational costs were less than budget for Te Kuiti. These were partly offset by increased internal WSBU charges.
- Expenditure for internal WSBU and overall operational expenditure was less for Mokau and Piopio.
- Investigation and planning expenditure was incurred for the possible supply of water services for Waitomo Village.
- The disposal of old building at Te Kuiti water treatment plant has not yet been recognised in accounts.

Operational Revenue was \$9,000 more than budget for the period.

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

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$000's)	Actual 2016/17	EAP Budget 2017/18	YTD Budget Dec 2017	YTD Actual Dec 2017	Variance Dec 2017	% Variance
Direct Expenditure						
- Subsidised Roads	5,496	6,019	3,343	3,375	32	
- Unsubsidised Roads	158	257	115	52	(63)	
Total Direct Expenditure	5,654	6,276	3,458	3,427	(31)	-1%
- Allocated Costs	17	0	0	0	0	
- Interest	699	862	431	295	(136)	
- Depreciation	2,961	2,958	1,479	1,402	(77)	
Total Expenditure	9,331	10,096	5,368	5,124	(244)	-5%
Operating Revenue						
- Subsidised Roads	(6,465)	(7,562)	(2,974)	(3,111)	(137)	
- Unsubsidised Roads	(124)	(90)	(45)	(52)	(7)	
Total Operating Revenue	(6,589)	(7,652)	(3,019)	(3,163)	(144)	5%
Net Operating Cost/(Surplus)	2,742	2,444	2,349	1,961	(388)	-17%
Subsidised Roads Maintenance (Excluding losses on asset disposals)	5,496	5,918	3,343	3,345	2	
Subsidised Roads Capital	4,561	5,680	1,194	1,389	195	
Combined Maintenance and Capital	10,057	11,598	4,537	4,734	197	4%
Subsidy Revenue for Subsidised Roads	(6,317)	(7,422)	(2,904)	(3,028)	(124)	4%

Net Operating Cost for the Roads and Footpaths Activity was 17% (\$388,000) less than budget for the period ended 31 December 2017.

Direct Expenditure was 1% (\$31,000) less than budget for the period.

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

Operating Revenue was 5% (\$144,000) more than budget for the period.

- Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 64%. As the maintenance and capital expenditure were more than forecast the resulted subsidy associated with this also more than budget.

- Revenue for unsubsidised roads was more than budget for the period.

Appendix 2: Balance Sheet as at 31 December 2017

STATEMENT OF FINANCIAL POSITION (Amounts in \$000's)	Actual 30 Jun 2017	Actual Position 31 Dec 2017	Movement from 30 Jun 2017	Exceptions Annual Plan 30 Jun 2018	Variance from EAP
Equity					
- Accumulated Funds	210,367	212,550	2,183	214,879	2,329
- Other Reserves	13,287	13,287	0	6,741	(6,546)
- Revaluation Reserve	70,536	70,536	0	77,413	6,877
TOTAL EQUITY	294,190	296,373	2,183	299,033	2,660
Current Assets					
- Cash and Cash Equivalents	112	868	756	100	(768)
- Inventory	49	49	0	38	(11)
- Other Financial Assets	378	378	0	3	(375)
- Receivables (Non-exchange)	5,966	4,053	(1,913)	5,690	1,637
- Receivables (Exchange)	395	395	0	357	(38)
- Assets Held for Sale	1,050	548	(502)	9	(539)
Total Current Assets	7,950	6,291	(1,659)	6,197	(94)
Current Liabilities					
- Payables and Deferred Revenue (Exchange)	4,111	1,940	(2,171)	2,811	871
- Payables and Deferred Revenue (Non-exchange)	685	685	0	719	34
- Current Portion of Borrowings	13,419	17,549	4,130	5,200	(12,349)
- Provisions	26	26	0	20	(6)
- Employee Entitlements	549	488	(61)	514	26
- Derivative Financial Instruments	608	608	0	561	(47)
Total Current Liabilities	19,398	21,296	1,898	9,825	(11,471)
NET WORKING CAPITAL	(11,448)	(15,005)	(3,557)	(3,628)	11,377
Non Current Assets					
- Property Plant and Equipment	331,301	331,959	658	345,685	13,726
- Intangible Assets	388	388	0	733	345
- Investment Property	750	750	0	742	(8)
- Other Financial Assets	788	791	3	5	(786)
- Investment in CCO & Civic Financial Services Ltd	4,520	4,520	0	4,520	0
- Derivative Financial Instruments	0	0	0	0	0
Total Non Current Assets	337,747	338,408	661	351,685	13,277
Non Current Liabilities					
- Payables and Deferred Revenue (Non-exchange)	141	62	(79)	0	(62)
- Borrowings	30,000	25,000	(5,000)	45,936	20,936
- Employee Entitlements	0	0	0	0	0
- Provisions	940	940	0	933	(7)
- Derivative Financial Instruments	1,028	1,028	0	2,155	1,127
Total Non Current Liabilities	32,109	27,030	(5,079)	49,024	21,994
NET ASSETS	294,190	296,373	2,183	299,033	2,660

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 31 DECEMBER 2017



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

CONTENTS

1.	MARKET ENVIRONMENT.....	1
1.1	GLOBAL MARKETS OVERVIEW (FOR THE DECEMBER 2017 QUARTER)	1
1.2	NEW ZEALAND MARKET OVERVIEW (FOR THE DECEMBER 2017 QUARTER)	2
1.3	LOCAL AUTHORITY SECTOR	4
1.4	CREDIT SPREADS	5
2.	DEBT AND HEDGING.....	7
2.1	DEBT.....	7
2.2	HEDGING	8
2.3	DEBT AND HEDGING PROFILE	9
2.4	POLICY COMPLIANCE (AS AT 31 DECEMBER 2017).....	10

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE DECEMBER 2017 QUARTER)

The Federal Reserve (“Fed”) delivered another interest rate hike in December, lifting the Fed funds rate by 25 basis points to a range of 1.25%-1.50%. The Fed sees the moderate US growth outlook continuing, underpinned by a strong labour market. Consensus among Fed members (known as the dot plot) is still for three further 25 basis points hikes during 2018, taking the median Fed forecast for the Fed funds rate to 3.10% at the end of 2020.

On balance, the world’s central banks are less pessimistic about growth and inflation than they have been since the GFC, with a number of policymakers moving away from easing cycles to either neutral or hawkish stances. The Bank of England lifted its benchmark interest rate to 0.50% in early November – its first interest rate hike in over a decade. The European Central Bank (“ECB”) halved its bond buying programme in October, to EUR30 billion per month, but extended the programme until at least September 2018. After the December ECB meeting, President Mario Draghi said that the bank has *“confidence that inflation will converge towards our inflation aim”* even though it left interest rates unchanged (the refinancing rate at 0.00% and the deposit rate at negative 0.40%). The Bank of Canada, having hiked its benchmark cash rate twice in the September quarter, looks set to hike once again in January, after pausing in the December 2017 quarter.

US economic data firmed up further during the December 2017 quarter with the employment sector continuing to lead economic growth. The unemployment rate reached a fresh multi-decade low at 4.1% and jobs were added in each month despite the hurricanes affecting the figures. GDP growth in the September quarter was 3.2% (annualised). Inflation still remains the thorn in the side of the economic story for the Fed, with a disappointing 0.1% result for core CPI in December, putting the annual figure below the Fed’s 2.0% target, at just 1.7%. Annual headline inflation is 2.2%, but that includes the recent rise in crude oil prices. The Fed has maintained its path of interest rate ‘normalisation’, but that could come under pressure should US inflation waiver further.

The benchmark US 10 year Treasury bond yield traded in a 2.27%-2.50% range during the quarter, finishing at 2.40%. Both the US and global bond yields are currently subject to disparate influences. They are being pushed up by projected Fed interest rate hikes and the ongoing (and increasing) unwinding of quantitative easing in the US, while other central banks are considering winding down their respective bond buying programmes. On the other hand, bond yields remain subject to downward pressure from low inflation and wage growth in a number of the world’s largest economies, subdued crude oil prices, ongoing geopolitical tensions and the now familiar US political discord.

1.2 NEW ZEALAND MARKET OVERVIEW (FOR THE DECEMBER 2017 QUARTER)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Sep-17	1.75%	1.96%	2.21%	2.41%	2.74%	3.00%	3.27%
31-Dec-17	1.75%	1.88%	2.21%	2.39%	2.68%	2.92%	3.14%
Change	Nil	-0.08%	Nil	-0.02%	-0.06%	-0.08%	-0.13%

Domestic politics took the centre stage throughout the December quarter which saw a change of government. As the weeks dragged on without a government, the markets gave up trying to predict the outcome and positioned neutrally. In the end, New Zealand First entered into a coalition agreement with the New Zealand Labour party with support from the Green Party. The effect was immediate and pronounced, sending the New Zealand dollar tumbling, but, somewhat surprisingly, there was only a muted reaction on the interest rate markets. Overall, the markets viewed a Labour led coalition government as negative for the New Zealand economy, given the likely cuts to immigration numbers, restrictions of foreign investment (specifically into housing), a reversal of National's tax cuts and increased government spending and borrowing.

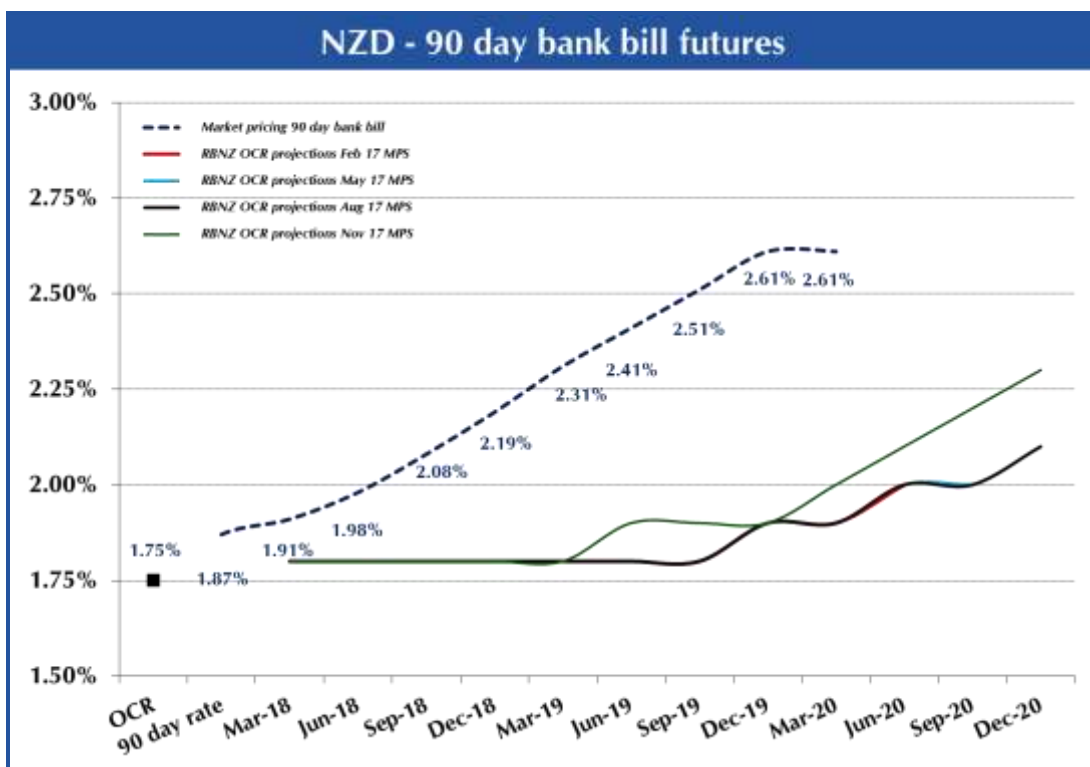
Despite some pessimism surrounding New Zealand's economic outlook under the new government (as evidenced by recent business confidence surveys), the economy looks to be performing well. Unemployment continues to fall, migration and tourism remain strong, the country's terms of trade are at a record high and Fonterra's forecast Farmgate Milk Price, while lowered late in the quarter to \$6.40 per kgMS, is still comfortably above the breakeven for most dairy farmers.

December saw the appointment of Adrian Orr as the next Reserve Bank of New Zealand ("RBNZ") Governor, effective from March 2018. Mr Orr was unanimously recommended by the RBNZ's Board and will sign a new Policy Targets Agreement in March even though the government is not expecting to have finished its formal review of the Reserve Bank Act by then. The local markets' reaction implied a similar endorsement - the NZD/USD and NZD/AUD each jumped 50 points within minutes of the announcement.

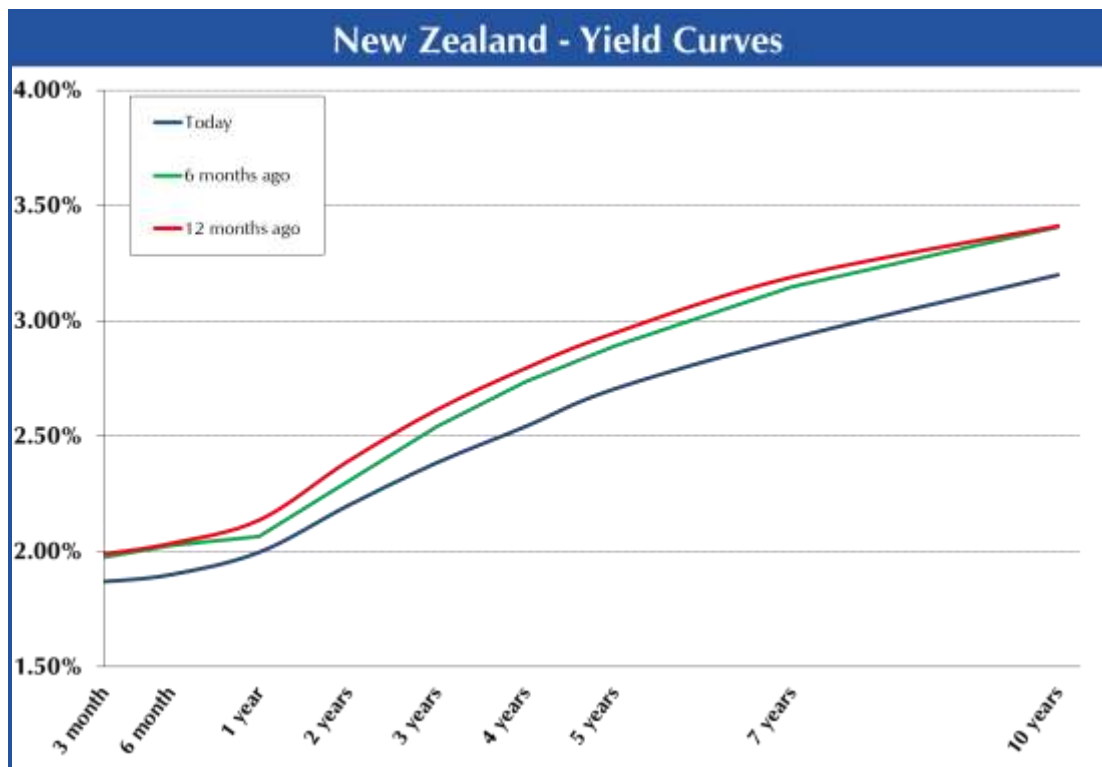
The new Governor is seen as having a positive view on global and domestic growth and thus supporting a view for a higher Official Cash Rate ("OCR") earlier than his predecessor. Prior to that, at its November *Monetary Policy Statement* ("MPS"), the RBNZ had maintained its neutral stance although it did bring forward slightly its OCR projection. It now forecasts mid-2019 as the earliest the OCR is likely to move.

New Zealand CPI rose 0.5% over the September quarter, from no change in June, to be up 1.9% over the year, from 1.7% in June. Non tradables inflation lifted sharply thanks to housing related costs, up 2.6% in the September year, the highest since June 2014, while tradables inflation continued to show positive signs - at 1.0% annual growth. The RBNZ's own 'sectoral factor model' of inflation came in at 1.4% year on year, so while headline inflation was up, core inflation remains subdued.

The divergence between market pricing and the RBNZ's projections remains, as illustrated in the chart below, although the gap has narrowed since the beginning of 2017. The February, May and August 2017 MPS projections overlap as there was no change to the RBNZ's projections.



Despite the global central bank environment becoming wary of the threat of higher wage and price inflation, the overall swaps curve continued to drift down in the December quarter and is now slightly lower than it was twelve months ago. The 10 year swap rate fell as low as 3.08% in December before climbing to close the quarter at 3.14%, 13 basis points lower than the rate at the end of the September 2017 quarter. The chart on the following page shows the changing shape of the New Zealand yield curve over the past year.



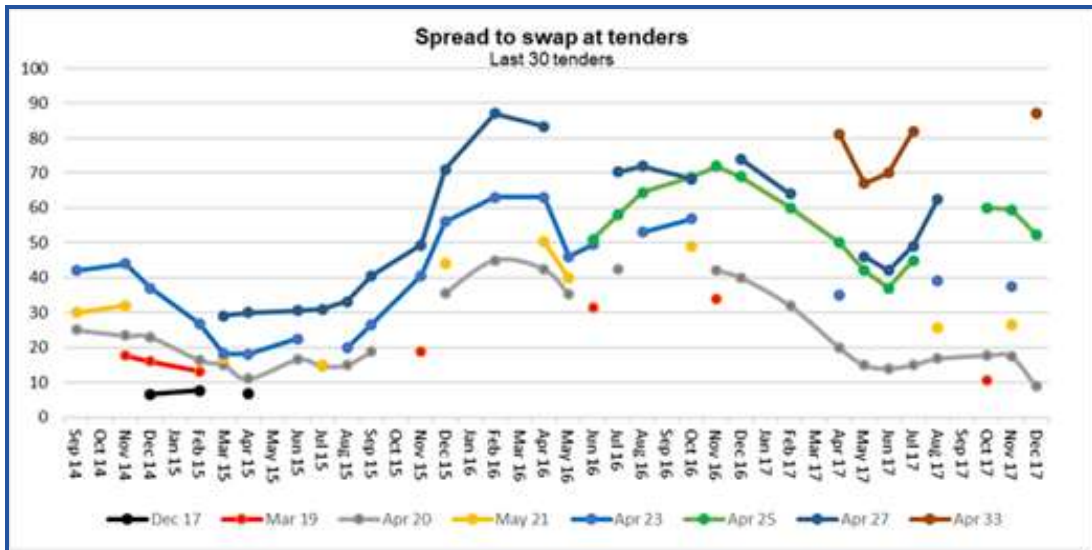
1.3 LOCAL AUTHORITY SECTOR

The last Local Government Funding Agency (“LGFA”) tender for the quarter was held on 13 December 2017, at which \$120 million of bonds were issued. \$472.5 million of bids were received, equating to a bid to issuance ratio of 3.95. Details of the tender were as follows:

- 15 April 2020 maturity - \$40 million issued at a margin of 50 basis points over swap for an unrated non-guaranteeing borrower.
- 15 April 2025 maturity - \$40 million issued at a margin of 93.5 basis points over swap for an unrated non-guaranteeing borrower.
- 15 April 2033 maturity - \$40 million issued at a margin of 128 basis points over swap for an unrated non-guaranteeing borrower.

The bid to issuance ratio at 3.95 was very strong, with only nine out of the fifty two LGFA tenders held in total since inception having a ratio greater than 4. During the December 2017 quarter, LGFA issuance spreads declined for the 2020 and 2025 maturities although there was a slight upward move in the spread for the 2033 maturity. The gap of 79 basis points between the credit spread for the 2020 maturity compared to the 2033 maturity highlights the cost, from a credit perspective, of longer term funding. If the borrowing is done on a fixed rate basis, the ‘all up’ rate for the 2020 maturity is around 2.76%, while for the 2033 maturity it is 4.75%.

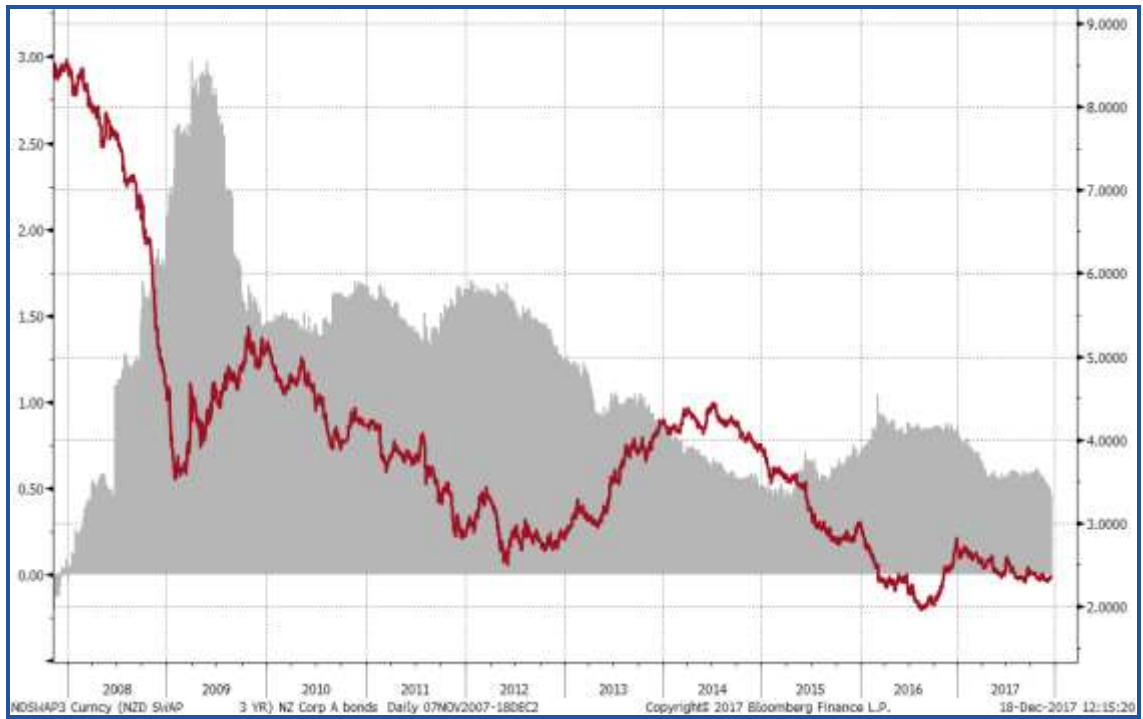
The chart below shows the LGFA issuance margins (to the underlying swap rate) dating back to September 2014 for a 'AA' rated borrower and illustrates the decline in shorter dated margins and the increase in longer dated margins that has occurred over the past six months.



Margins for local authority bank funding stabilised during the December 2017 quarter, with a three year bank facility for an entity such as Waitomo District Council (WDC) pricing at approximately 125 basis points over swap. This compares with three year LGFA funding at around 43 basis points over swap.

1.4 CREDIT SPREADS

The chart on the following page shows credit spreads for the S&P/NZX Corporate 'A' Grade Bond index (the grey shaded area) and the three year swap rate (red line) dating back to 2008. At the end of December 2017, the average credit spread of the index was 46 basis points, compared to 58 basis points at the end of September 2017.



2. DEBT AND HEDGING

2.1 DEBT

As at 31 December 2017, WDC had \$42.250 million of external debt. Of this, \$35.0 million was sourced from the LGFA, utilising a combination of Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"). In addition WDC had outstanding as at 31 December 2017, the following:

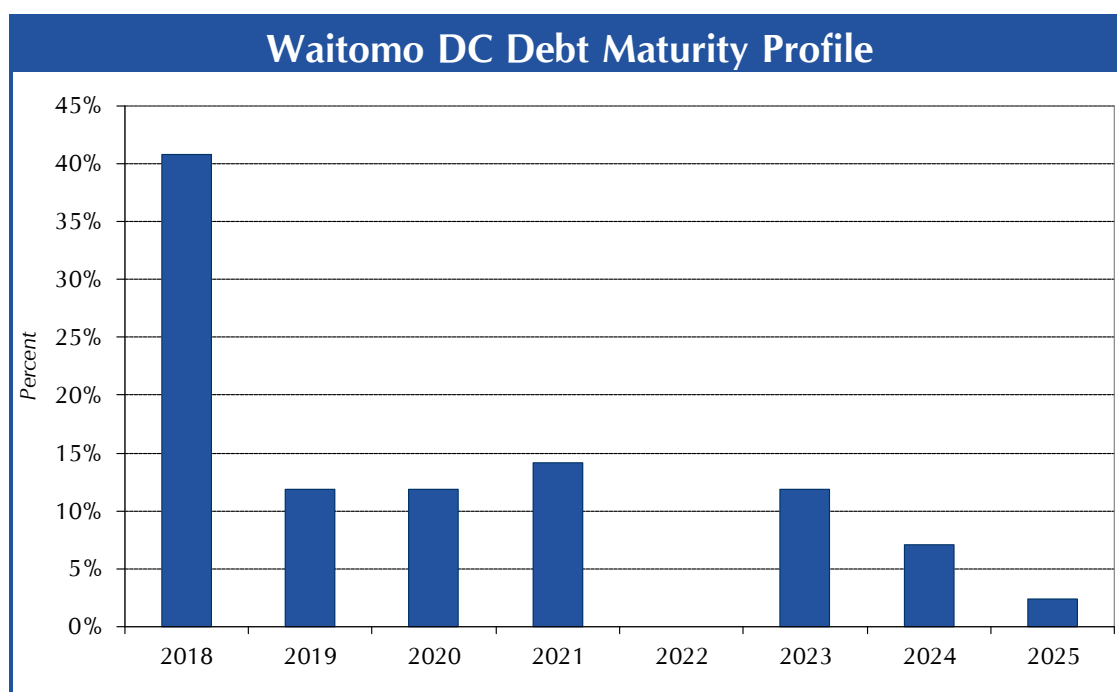
- \$5.0 million of FRNs issued by WDC,
- \$1.50 million drawn on the Westpac Wholesale Advance Facility (which totals \$10.0 million), and
- A Term Loan of \$0.75 million from Westpac that was on-lent to Inframax.

A breakdown of the funding profile is contained in the table below:

Loans			
Value Date	Reprice/Maturity	Base Rate	Amount
LGFA FRNs			
19-Jun-2017	18-Apr-2024	1.9300%	3,000,000
19-Jun-2017	15-Nov-2021	1.9150%	6,000,000
19-Jun-2017	10-Sep-2020	1.8850%	5,000,000
19-Jun-2017	24-Apr-2023	1.9400%	5,000,000
19-Jun-2017	28-Jun-2019	1.9100%	5,000,000
Westpac Bank			
06-Jul-2017	05-Jan-2018	1.9500%	1,500,000
LGFA Fixed Rate Bond			
19-Jun-2017	19-Apr-2025	3.6800%	1,000,000
Inframax Loan			
13-Nov-2017	24-Nov-2018	5.0000%	750,000
LGFA CP			
18-Oct-2017	08-Jan-2018	1.9300%	5,000,000
07-Aug-2017	02-Feb-2018	1.9950%	5,000,000
WDC FRNs			
28-Aug-2015	28-Aug-2018	1.9050%	5,000,000
			42,250,000

The Term Loan of \$0.75 million has been on-lent to Inframax at a rate of 5.00%, with the next reprice on 24 November 2018.

The maturity profile of WDC's debt is depicted in the graph on the following page. The \$1.50 million Westpac funding and the \$0.75 million Term Loan on-lent to Inframax are included as 2018 maturities.



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 50% of debt subject to refinancing in any 12 month period." While this is an objective, not an actual requirement, it is nonetheless being complied with.

2.2 HEDGING

As at 31 December 2017, WDC had eight interest rate swaps to convert a portion of the floating rate exposures associated with the FRNs and bank debt into fixed rate. Seven of the interest rate swaps are current and one is forward starting. Details of the interest rate swaps are contained in the table below:

Swaps				
Start Date	Maturity Date	Rate	Amount	Market Value
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	(\$310,243)
30-Aug-2013	30-Aug-2019	3.900%	3,500,000	(\$106,197)
30-Aug-2013	30-Aug-2019	3.900%	1,500,000	(\$45,513)
18-Oct-2013	20-Apr-2020	4.315%	5,000,000	(\$253,381)
11-Sep-2017	11-Sep-2020	3.780%	5,000,000	(\$193,345)
31-Mar-2014	17-May-2021	4.900%	6,000,000	(\$498,497)
18-Apr-2017	18-Apr-2023	3.950%	3,000,000	(\$196,754)
Total current hedging			29,000,000	
Forward starting swaps				
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	(\$145,299)
				(\$1,749,229)

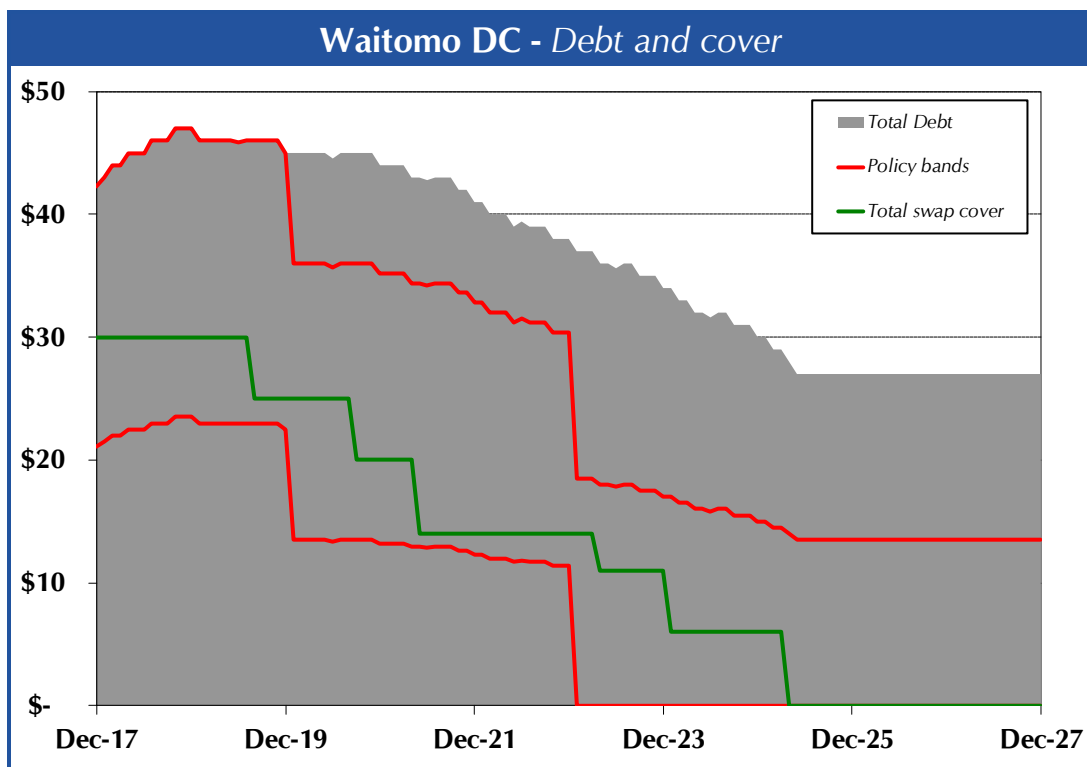
There were no new interest rate swaps entered into during the December 2017 quarter, as none were required for policy compliance purposes with WDC currently sitting comfortably within its hedging bands.

The 'marked to market' revaluation on the swap portfolio deteriorated slightly, from a loss of \$1,732,821 at the end of September 2017, to a loss of \$1,749,229 at the end of December 2017.

2.3 DEBT AND HEDGING PROFILE

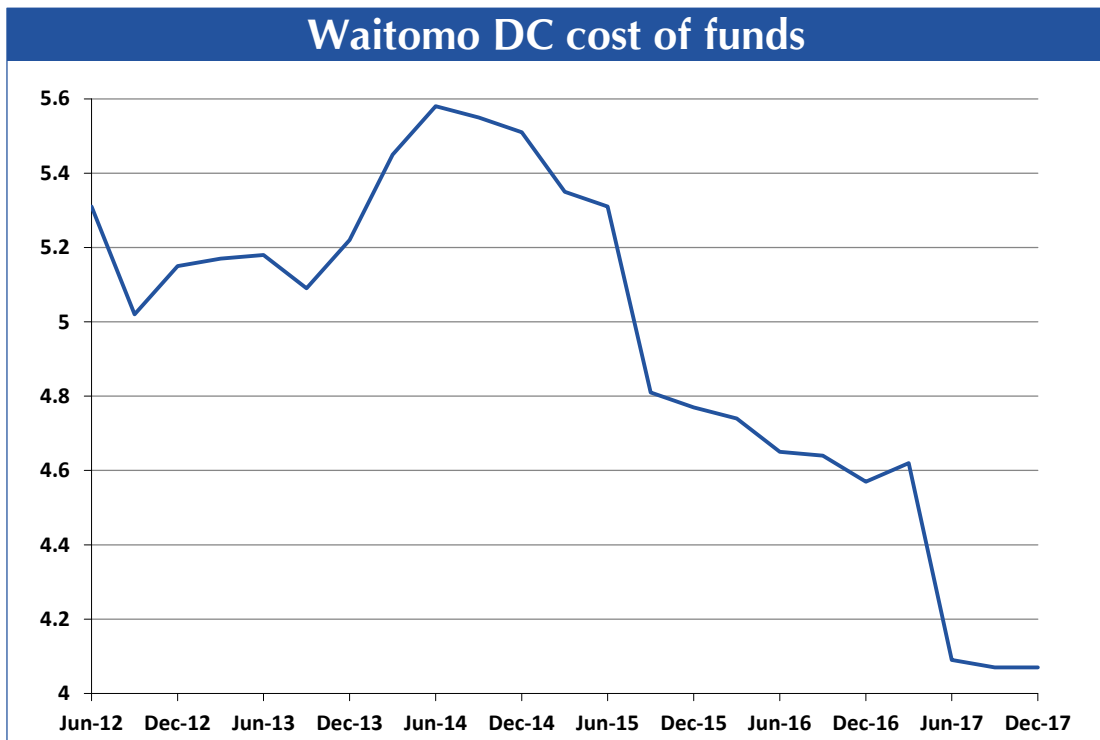
WDC manages its debt under the fixed rate hedging parameters detailed in the table below. The debt profile incorporating these parameters, the interest rate swaps and projected debt figures, as supplied by WDC, are depicted in the graph below the table. This indicates that, as at 31 December 2017, WDC was policy compliant.

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0–2 years	50%	100%
2–5 years	30%	80%
5–10 years	0%	50%



WDC's weighted average cost of funds as at 31 December 2017, including the bank line fee and margin, was 4.07%, the same as at the end of September 2017. WDC's cost of funds is still well below many other local authorities, quite a number of which have a

credit rating, and therefore all other things being equal, should have a lower cost of funds than WDC. WDC's cost of funds going back to June 2012 is depicted in the graph below.



2.4 POLICY COMPLIANCE (AS AT 31 DECEMBER 2017)

	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>	√
<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 LMP</i>	√

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**Statements of Service Performance Report
on
Levels of Service and Key Performance Indicators**



Statements of Service Performance Report On
Levels of Service and Key Performance Indicators

2017/18

(For the period ending 31st December 2017)

Introduction

- 1.1 The purpose of this report is to record the detail of non-financial performance or service performance for different periods of the 2017/18 financial year. These service performance measures were adopted as part of the Long Term Plan 2015-25. Council uses service performance measures to measure performance in providing services to its Community.
- 1.2 The format of the report is in tabular form and the results are grouped under each major activity;
- Description of the **level of service**, which translates the high level strategic goal into measurable levels of service.
 - The **key performance indicator**, which is a description of the measure that will be monitored throughout the financial year and the life of the Long Term Plan 2015-25.
 - The **performance target**, which is the quantitative target Council will strive to achieve.
 - **Performance achieved** to 31 December 2017. The result is recorded, whether the target has been achieved and comments to further explain actual results to target result.

Commentary

2.1 Structure of Groups of Activities

Council carries out a number of activities or functions in order to meet its statutory responsibilities and in response to the aspirations of its District community. Council's functions are arranged under ten Groups of Activities. These ten Groups of Activities are further organised under three main 'Sustainability Groups'.

Sustainability Groups			
Groups of Activities	Community and Cultural Sustainability	Environmental Sustainability	Economic Sustainability
	Governance: Leadership and Investments	Resource Management	Water Supply
	Community Service	Solid Waste Management	Roads and Footpaths
	Community Development	Stormwater	
	Regulation	Sewerage and the Treatment and Disposal of Sewage	

2.2 Performance Framework

Purpose

In order to manage and monitor the performance of its activities and the work programmes undertaken by Council and to ensure that its efforts contribute to Council's purpose and Community Outcomes we have developed a Performance Framework. The two key functions of this framework are:

1. To guide Council's efforts and work streams such that the focus is on achievement Council's Purpose and Community Outcomes.
2. To demonstrate to the community what we are trying to achieve, and how our performance will be measured.

PURPOSE OF LOCAL GOVERNMENT
<i>'To meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for households and businesses'</i>
Waitomo District Community Outcomes
Council's Vision: 'Creating a better future with vibrant communities and thriving business'
Council's Focus Areas: Facilitate economic development, encourage community connectivity and development, good stewardship of assets, and financial prudence and sustainability
Council's Business – Groups of Activities
Council's Policy and Planning Framework Council Policies, Bylaws, Activity Management Plans, Financial Strategy, Long Term Plan and Annual Plan.
Levels of Service and Work Programmes Monitoring and Reporting of achievement against Performance Targets

2.3 Elements of the Framework

As shown in the table above, at the highest level of the Performance Framework is Council's Purpose, followed by Community Outcomes.

The Vision statement describes Council's focus and the Guiding Principles aim to set the parameters under which planning will be carried out.

Council's Groups of Activities is the grouping of the various functions and activities that are carried out by Council. All activities need to demonstrate their contribution to the Community Outcomes.

The 'coal-face' of the Performance Framework are the –

Levels of Service: what can the community expect Council to provide.

Performance Measures: how will success or progress be measured.

Performance Targets: what is the level of performance that Council is aiming for.

2.4 Monitoring and Reporting

2.5 Progress against agreed performance targets is monitored monthly at a management level and reported quarterly at governance level. The annual achievement against performance targets is audited and communicated to the community and stakeholders in Council's Annual Report.

2.6 There have been a range of new measures introduced as per the LTP that was adopted by Council in June 2015.

2.7 For the period ending 31st December 2017, the performance results for all ten activities are as follows:

Activity	Total number of targets	Achieved or On Track	Not Achieved	No data available
Governance: Leadership and Investments	4	3	0	1
Community Service	11	4	0	7
Community Development	7	5	0	2
Regulation	8	6	0	2
Solid Waste Management	8	2	2	4
Resource Management	3	3	0	0
Storm water Drainage	8	8	0	0
Sewerage and Treatment Disposal of Sewerage	8	8	0	0
Water Supply	17	15	2	0
Roads and Footpaths	6	4	0	2

Performance Measures Key

Achieved or on Track
Not Achieved
No Data Available

Community and Cultural Sustainability Group

Governance: Leadership and Investments




Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Commentary
Decision making in compliance with provisions of the Local Government Act 2002.	Number of successful challenges to the decision making process.		0 Achieved	
Consultation is in accordance with the procedures outlined in LGA 2002. Depending on the nature of the consultation, the procedure will either be the Special Consultative Procedure or a process that gives effect to the requirements of section 82 of the LGA 2002.	Number of successful challenges to the decision making process.		On Track	Preparation work is currently occurring for consultation required as part of the Long Term Plan.

Achieved or On Track	Not Achieved	No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Commentary
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better".	≥ 60%		Will be reported annually once the RSS is completed by June 2018.
Investments				
Investments are managed prudently and in a manner that promotes the current and future interests of the community.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable.		Achieved	Included in the Annual Report.

 Achieved or On Track	 Not Achieved	 No data available
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Community Service

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys.	≥ 80%		Will be reported annually once RSS is completed by June 2018.
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of tenants satisfied with the provision and maintenance of Elderly Persons Housing in the User Survey.	> 65%		Will be reported annually once RSS is completed by June 2018.
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries).	≥ 82%		Will be reported annually once RSS is completed by June 2018.
Provision of effective pool facilities for the community.	Percentage of community satisfied with the quality of the pool facilities and service in the annual satisfaction survey and research survey results.	≥ 75%		Will be reported annually once RSS is completed by June 2018.

 Achieved or On Track	 Not Achieved	 No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
Provision of effective Arts and Culture facilities for the community.	Percentage of community satisfied with the quality of the Arts and Culture facilities and service in the annual satisfaction survey and research survey results.	≥ 79%		Will be reported annually once RSS is completed by June 2018.
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	100%	100% Achieved	All Council public facilities requiring BWOFF are current.
Pool is safe for use of pool patrons at all times.	Pool accreditation in place.	100%	100% Achieved	The pool accreditation is in place until 1 April 2018.
	Number of pool non complying water quality readings per year.	< 5	0 Achieved	No non complying water quality readings have been received for the period ending 31 December 2017.
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event, as measured by the Resident Satisfaction Survey.	≥ 45%		Will be reported annually once RSS is completed by June 2018.
WDC is resourced and staff trained to a level sufficient to efficiently operate the Civil Defence Headquarters during an emergency	One major training exercise involving Civil Defence HQ staff will be held per year	One exercise per year		Will be reported when completed within the year.

 Achieved or On Track	 Not Achieved	 No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure.	Nil accidents	0 Achieved	No accidents have been recorded for the period ending 31 December 2017.




 Achieved or On Track	 Not Achieved	 No data available
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Community Development

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.	100% Compliance	Achieved	<p>The following funding rounds have been completed:</p> <ul style="list-style-type: none"> September Discretionary Grant December Discretionary Grant Community Partnership Fund
Support the positive development of youth within the District.	Youth Council makes one submission to Council per year.	1 per annum		Will be reported when completed within the year.
	Youth Council undertakes two youth related projects per year.	2 per annum	4 Achieved	<p>The Youth Council hosted a Movie Evening held at the Piopio Memorial Hall on 25 August 2017.</p> <p>The Youth Council participated in the Keep NZ Beautiful Clean Up Week 2017 on 15 September 2017.</p> <p>The Youth Council arranged entertainment at the Annual Brook Park Fireworks Extravaganza held 11 November 2017.</p> <p>Support was provided by the Youth Council with the WDC Float at the Christmas Parade held 8 December 2017</p>

 Achieved or On Track	 Not Achieved	 No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017		Explanation
Council will support major District events that build community pride and raise the District's profile.	Number of major District events held on time and to budget.	One Major event (the Muster) and one minor event (the Christmas Parade)	1 On Track		The Waitomo District Christmas Parade was held on 8 December 2017. The Great NZ Muster is scheduled for 7 April 2018.
Provision of comprehensive library facilities for the community.	Percentage of community satisfied with the quality of the library facilities and service in the annual satisfaction survey and research survey results.	≥ 85%			Will be reported annually once RSS is completed by June 2018.
Council through its membership of the Hamilton and Waikato Regional Tourism Organisation will ensure enhanced presence in national and international markets for the District.	Number of District Promotion opportunities taken in key publications and industry events.	> 4	4 On Track		HWT Presented their 2016/17 Annual Report to Council on 28 November 2017. The report identified significant promotional opportunities undertaken. Year to date – Brook Park Fire Works Extravaganza, Christmas Parade, Keep NZ Beautiful, It's not Ok campaign.
Council will encourage and support business expansion and sustainable economic development opportunities within the District.	Economic Development Action Plan developed and implemented.	Actions implemented as per Economic Development Action Plan.	On Track		The Economic Development Strategy was adopted by Council on 29 October 2016. Implementation of the action plan has commenced and initiatives are underway.




 Achieved or On Track	 Not Achieved	 No data available
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Regulation

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
All food and alcohol retail premises will be inspected and appropriately registered and licensed.	Percentage of registration or licensing of food and alcohol retail premises inspected annually.	100%	26% On Track	Total of 138 registered. Inspections completed 1 July to 31 December 2017 total 19. 26% of all food and alcohol premises to date have been inspected. In terms of food inspections, it is noted that the transition from the Food Hygiene Regulations 1974 to the Food Act 2014 (FA) has resulted in a significant increase in administration time, which has impacted the no. of inspections. In addition, the frequency of food premise inspections required now depends on the risk rating system established under the FA, resulting in a range of required inspection frequencies - from once every year to anytime from 3 months to 3 years.
Provision of an effective environmental health service for the community.	Customer Satisfaction Survey Rating on Environmental Health Service.	> 50%		Will be reported annually once RSS is completed by June 2018.
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days.	90%	100% Achieved	94% building consents issued within 15 working days (statutory requirement is 20 working days). 0 PIMs issued over this period.

 Achieved or On Track	 Not Achieved	 No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress to 31 December 2017	Explanation
Council will process, inspect and certify buildings work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements.	BCA Accreditation achieved every 2 years.	Achieved	Maintained – next IANZ audit is due by July 2018
Provision of an effective building control service to the community.	Customer Satisfaction Survey rating on Building Control.	> 50%	80% Achieved	2 Customer Surveys returned between 1 Oct and 31 Dec – both with an overall rating of 4 out of 5 Above average.
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year.	Urban 100%	Achieved	Property inspections are required only for SOP owners. SOP inspections will start in February 2018.
		Rural 15%	Achieved	Rural properties are not inspected as there are no SOP rural owners.
High level of customer satisfaction with animal control service.	Customer Satisfaction survey rating on Animal Control.	≥ 50%		Will be reported annually once RSS is completed by June 2018.
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives.	≥ 2	>4 Achieved	Council provides educational information monthly on Facebook, and also provides regular information in Waitomo Way and the Waitomo News.

 Achieved or On Track	 Not Achieved	 No data available
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Environmental Sustainability Group

Solid Waste Management

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 31 December 2017	Explanation
Users find the recycling facilities safe to use.	Percentage of users rate the safety of Council's recycling facilities as satisfactory or better.	75%		Will be reported annually once RSS results are available in June 2018.
Provision of effective waste service for the community.	Customer satisfaction survey rating on waste transfer stations.	60%		Will be reported annually once RSS results are available in June 2018
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use.	70%		Will be reported annually once RSS results are available in June 2018
Users find the landfill facility safe to use.	Percentage of users rate the safety of Council's landfill facility as satisfactory or better.	75%		Will be reported annually once RSS results are available in June 2018
The solid waste management facilities are open and accessible to users at advertised times.	Number of complaints per month due to facilities not being open at advertised times.	≤1	0 Achieved	No complaints received due to facilities not being open at the advertised times for the quarter ended 31 December 2017.

	Achieved or On Track		Not Achieved		No data available
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What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress to 31 December 2017	Explanation
Reduce quantity of recyclables like paper and plastics in bag collection that goes to landfill.	Percentage of reduction per annum leading to 10% reduction by 2016 and 15% by 2025 achieved through continual education (both measured against the 2014 Biennial Waste Audit).	2.0%		Previous results from the 2016 Waste Audit identified a 1.57% reduction in recyclables against the 2014 Waste Audit. A 2% reduction was required to meet the performance target. The next waste audit is scheduled for 2018/19.
Reduce the quantity of organic waste like food scraps etc. in bag collection that goes to landfill.	Percentage of reduction per annum achieved through continual education leading to 10% reduction by 2025 (measured against the 2014 Biennial Waste Audit).	1.5%		The next Waste Audit is scheduled for the 2018/19 period.
Provision of an effective solid waste service for the community.	Average number of complaints received per month regarding solid waste activities.	≤ 10	6 Achieved	A total of 6 complaints were received for the quarter ending 31 December 2017. Complaints ranged from: Non collection of refuse and recycling bins. Damage to retaining wall by truck.

 Achieved or On Track	 Not Achieved	 No data available
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Resource Management

Statement of Service Performance

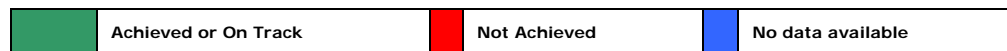
The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 31 December 2017		Explanation
Council will ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate district wide development.	Percentage of notified consents processed within 80 working days of receipt.	90%	100% Achieved		There were no notified resource consents processed in this period.
	Percentage of non-notified consents processed within 20 working days.	90%	100% Achieved		All non-notified consents processed during this period were processed within 20 working days (this quarter and year to date).
All premises where resource consents have been issued will be monitored at least biennially to ensure compliance.	Percentage of consented premises visited each year.	50%	100% Achieved		All resource consents requiring monitoring have been monitored.

Achieved or On Track	Not Achieved	No data available
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Storm water Drainage

Statement of Service Performance



A375110

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress as at 31 December 2017		Commentary
Stormwater drainage system is adequate and is sufficiently maintained.	The number of flooding events that occur in the district in a financial year.	Nil (for less than 1 in 2 year event)	0 Achieved		
	For each flooding event the number of habitable floors affected in a financial year.	≤ 1 per 1000 properties	0 Achieved		
Compliance with resource consent conditions for discharge from the Council's urban storm water system that relate to environmental effects	Compliance with resource consents for discharge from its Storm water system, measured by the number of the following (<i>received by Council with a financial year</i>):				
	• abatement notices	0	0 Achieved		No abatement notices issued.
	• infringement notices	≤2	0 Achieved		No infringement notices issued.
	• enforcement orders	Nil	0 Achieved		No enforcement notices issued.
	• successful prosecutions	Nil	0 Achieved		No prosecutions.
The Council responds to failures and request for service in a prompt and efficient way	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)	≤ 180 minutes (3hrs)	3 hrs Achieved		
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.	≤4 complaints per 1000 properties	0 Achieved		

	Achieved or On Track		Not Achieved		No data available
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Sewerage and Treatment and Disposal of Sewage

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress at 31 December 2017	Explanation
Sewerage System is adequate and is sufficiently maintained.	Number of complaints received in a financial year about ; <ul style="list-style-type: none"> sewage odour; sewage system faults; sewage system blockages, and Council's response to issues with the sewage system. 		9 Achieved	A total of 9 complaints were received for the quarter ending 31 December 2017 regarding: Sewerage Odour Sewerage System Faults Sewerage System Blockages Councils response to issues with the sewerage system Total allowable complaints for the financial year is 20 or less per 1,000 connections or 37 in total.
	Total complaints per 1,000 connections ≤20 (Total number of connections 1,945)			
Environmental impacts of Sewerage systems will be managed effectively.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (<i>received by Council in a financial year</i>)			
	<ul style="list-style-type: none"> abatement notices 	Nil	0 Achieved	No abatement notices issued.
	<ul style="list-style-type: none"> infringement notices 	Nil	0 Achieved	No infringement notices issued.

	Achieved or On Track		Not Achieved		No data available
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What we do (level of service)	How we measure success (performance measure)	Performance Target	Progress at 31 December 2017	Explanation
	<ul style="list-style-type: none"> enforcement orders 	Nil	0 Achieved	No enforcement notices issued.
	<ul style="list-style-type: none"> convictions received 	Nil	0 Achieved	No convictions received.
Timely response and resolution for sewage overflows.	The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site	≤180 minutes (3hrs)	1.5 hrs Achieved	Based on our contractors KPI's the median response time for attendance measured from the time the council receives notification to the time that service personnel reach the site for the quarter was 1.5 hours.
	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	≤ 540 minutes (9hrs)	3 hrs Achieved	Based on our contractors KPI's the median response time for attendance measured from the time the council receives notification to the time that service personnel reach the site for the quarter was 3 hours.
Provision of effective and reliable sewerage systems and service to the community.	Number of dry weather sewage overflows from the Council's sewerage system in a financial year.	Total complaints per 1,000 connections ≤ 5 (Total number of connections 1,779)	3 Achieved	Year to date there has been 3 complaints.

Economic Sustainability Group

	Achieved or On Track		Not Achieved		No data available
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Water Supply

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 31 December 2017		Explanation
Water supply system is adequate and sufficiently maintained for public health purposes.	The extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria)	100%	75% Not achieved		Technically non-compliant Te Kuiti's upgrade is yet to be completed, however this plant is providing an improved treatment process that meets DW standards.
	The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2007 (revised 2008) (protozoal compliance criteria)	100%*	Not achieved		Technically non-compliant. Te Kuiti's upgrade is yet to be completed, however this plant is providing an improved treatment process that meets DW Standards.
Water Supply networks are being maintained adequately.	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	≤ 25%	11.45% Achieved		
	Mokau	≤ 25%	4.8% Achieved		

	Achieved or On Track		Not Achieved		No data available
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What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 31 December 2017		Explanation
	Piopio	≤ 25%	6.4% Achieved		
	Benneydale	≤ 15%	7.8% Achieved		
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year*	≤ 180 minutes (3 hrs)	1.7hrs Achieved		
	The median resolution time of urgent call-outs in a financial year**	≤ 540 minutes (9hrs)	6.5hrs Achieved		
	The median response times for attendance for non-urgent call outs in a financial year*	≤ 660 Minutes (11hrs)	5.5hrs Achieved		
	The median resolution time of non-urgent call-outs in a financial year**	≤ 850 minutes (14.1hrs)	5.27hrs Achieved		
	<p>* from the time that the Council receives notification to the time that the service personnel reach the site. ** from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>				

	Achieved or On Track		Not Achieved		No data available
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What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 31 December 2017	Explanation
Provision of effective and reliable water supply system to the community.	The total number of complaints received by Council in a year for:			
	drinking water clarity	≤ 5 per 1000 connections	8 Achieved	5 Properties were affected – water was disconnected from the building and flushed until clear then reconnected. 2 complaints required hydrants to be flushed. 1 compliant - water was running clear at the time the site was visited.
	drinking water taste	≤ 5 per 1000 connections	1 Achieved	
	drinking water odour	≤ 5 per 1000 connections	0 Achieved	

	Achieved or On Track		Not Achieved		No data available
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What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Progress at 31 December 2017		Explanation
	drinking water pressure flow	≤ 5 per 1000 connections	1 Achieved		
	continuity of supply	≤ 5 per 1000 connections	5 Achieved		
	Median response time to any of these issues within a year.	≤ 180 minutes	1.7hrs Achieved		
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district.	≤ 400 litres per person per day	275.7 Achieved		

	Achieved or On Track		Not Achieved		No data available
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Roads and Footpaths

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

Statement of Service Performance What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Our Progress 31 December 2017		Explanation
Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	1 (or maintain at 0)	0 Achieved		
Maintain the overall condition of local roads to a specified adequate standard *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 quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year. (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)	90%	Achieved		The next NAASCRA result to be provided by 30 June 2018.
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year.	15% (of total)			This activity is a seasonal component of the maintenance conducted and is traditionally carried out over the summer period.

	Achieved or On Track		Not Achieved		No data available
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Statement of Service Performance What We Do (Level Of Service)	How We Measure Success (Performance Measure)	Performance Target	Our Progress 31 December 2017	Explanation
Maintain the overall condition of sealed roads to a specified adequate standard	Percentage of sealed local road network that is resurfaced each year.	7% of total		Seasonal project: Results will be ready at the end of financial year. Tender was awarded, pre-reseals 90% completed, reseal work to start after that. Work is scheduled for completion by the end of March 2018.
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3	90%	91%	2016/2017 achieved a condition rating of 91%. The next condition rating is scheduled to occur in 2018/2019.
Manage the timeliness and appropriateness of responses to problems and service requests.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	95%	100% Achieved	A total of 84 requests were received for this quarter. 62 were completed within the month required. 22 remained open as the completion date rolled over to the following month. All 84 requests were completed within the 10 day timeframe.

	Achieved or On Track		Not Achieved		No data available
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Document No: A384858

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

Subject: Audit Engagement Letter for the Audit of the Consultation Document and Long Term Plan 2018-28

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present the Audit Engagement Letter (AEL) for the audit of the Consultation Document (CD) and the Long Term Plan 2018-28 (LTP) and to obtain the Committee's approval for the signing of the AEL.

Background

- 2.1 Section 94 of the Local Government Act (LGA) requires the LTP to contain a report from the Auditor-General on whether both the CD and the LTP give effect to the purpose specified in the LGA and on the quality of information and assumptions underlying the forecast information provided.

Commentary

- 3.1 The AEL is included as an attachment to this paper.
- 3.2 The AEL advises that Deloitte, on behalf of the Auditor-General, will be completing the audit of the CD and LTP. Bruno Dente is the appointed auditor for this audit.
- 3.3 The AEL sets out the terms of the audit engagement and includes the specific responsibilities of both the auditor and Council, audit scope and objectives, the approach taken to complete the audit and the areas of audit emphasis. It also includes details of audit hours, fees and audit timing.
- 3.4 The particular areas of audit focus are detailed on page 4 and 5 of the AEL. A summary of the areas of focus are included in the following table:

Area of Focus	Description
Finance Strategy and Infrastructure Strategy	Specifically reviewing the alignment of strategies, effect of financial forecasts on the prudence of the financial strategy, assessing reasonableness of financial forecasts, review integrity and effectiveness of the financial model.
Assumptions	Review assumptions for completeness and reasonableness of application and disclosures relating to assumptions in terms of uncertainty and its potential effects.

Quality of asset related information	Assessment of asset management planning systems and processes, changes to forecast service levels, accuracy and reliability of asset related information and budget, affordability considerations.
Communicating the strategy and intended direction with the community	Reviewing how Council has articulated the strategy and direction including the identification of key focus areas, options, implications and impacts in its consultation document.

3.5 The audit timeline on page 6 of the AEL is aligned to the overall LTP development plan. Key dates are:

- Proposed CD available 5 March
- Audit onsite 5-14 March
- Audit opinion on draft CD 27 March
- Audit onsite 4-18 June (TBC)
- Audit opinion on LTP 26 June

3.6 The proposed audit fee is \$88,330 excluding GST and disbursements (2015: \$84,120). This is an increase of \$4,210 from the prior LTP audit. Proposed total audit hours are 570 hours (2015: 605 hours).

Analysis of Options

- 4.1 The Committee needs to consider the audit engagement letter and has the option of agreeing to it as presented.
- 4.2 The Committee also has the option of proposing further amendments to the audit engagement letter for Deloitte to consider.

Considerations

5.1 **Risk**

5.2 If the Committee does not consider and decide either to agree to the audit engagement letter at this meeting or propose changes to the audit engagement letter, then it runs the risk of non-compliance with legislative requirements around preparation and adoption of the Consultation Document and Long Term Plan.

5.3 **Consistency with Existing Plans and Policies**

5.4 The decision to agree on the audit engagement letter as presented will be consistent with Council's LTP, Exceptions Annual Plan and roadmap document.

5.5 **Significance and Community Views**

5.6 Section 78 of the LGA requires the Council to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.

- 5.7 The CD and LTP are key planning documents for our community and it outlines the activities the Council plans to undertake, the cost of these proposals and how these will be paid for. It outlines Council's vision for the future and contains plans aimed at achieving that vision over time.

Recommendation

- 6.1 The business paper on Audit Engagement Letter for the Audit of the Consultation Document and Long Term Plan 2018-28 be accepted as presented and the Committee approves the signing of the letter in line with delegation contained in the Terms of Reference of the Audit and Risk Committee.

Suggested Resolutions

- 1 The business paper on Audit Engagement Letter for the Audit of the Consultation Document and Long Term Plan 2018-28 be received.
- 2 The Committee approves the signing of the Audit Engagement Letter.



VIBHUTI CHOPRA
GROUP MANAGER CORPORATE SERVICES

13 FEBRUARY 2018

Attachment: 1 Deloitte – Audit Engagement Letter for the Audit of the Consultation Document and Long Term Plan 2018-28 [A378867]

Deloitte
24 Anzac Parade
Hamilton East
Hamilton 3216

PO Box 17
Waikato Mail Centre
Hamilton 3240
New Zealand

Tel: +64 7 838 4800
Fax: +64 7 838 4810
www.deloitte.co.nz

10 November 2017

The Councillors
Waitomo District Council
PO Box 404
TE KUITI

Dear Councillors

AUDIT ENGAGEMENT LETTER: AUDIT OF THE CONSULTATION DOCUMENT AND LONG-TERM PLAN FOR THE PERIOD COMMENCING 1 JULY 2018

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all "public entities", including Waitomo District Council (the Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte Limited, under section 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council's consultation document and long-term plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

1. SPECIFIC RESPONSIBILITIES OF THE COUNCIL FOR PREPARING THE CONSULTATION DOCUMENT AND THE LONG-TERM PLAN

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying the Council's own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10) and in accordance with generally accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

For clarity, we note the following statutory responsibilities as set out in the Act:

- section 93 of the Act requires the Council to have an LTP at all times, and Part 1 of Schedule 10 governs the content of the LTP;
- section 111 aligns the financial information with generally accepted accounting practice;
- section 83 (with reference to section 93A) sets out the special consultative procedures that the Council is required to follow to adopt the consultation document and LTP; and
- section 93C(4) requires an auditor's report on the consultation document, and section 94 requires a separate opinion on the LTP.

Please note that the audit does not relieve the Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

2. OUR AUDIT SCOPE

The Act requires us to provide two separate reports, as follows:

- on the consultation document, a report on:
 - whether the consultation document gives effect to the purpose specified in section 93B; and
 - the quality of the information and assumptions underlying the information in the consultation document.
- on the LTP, a report on:
 - whether the LTP gives effect to the purpose in section 93(6); and
 - the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period.

Our focus for the first limb of each opinion will be to assess whether each document meets its statutory purpose. Given the different purposes of each document, we will assess the answers to different questions for each opinion.

Our focus for the second limb of each opinion will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the consultation document and LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the consultation document and LTP, whether because of fraud or error.

Our audit opinions do not:

- provide a guarantee of absolute accuracy of the information in the relevant document;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

3. OUR APPROACH TO THIS AUDIT

3.1 The content of the consultation document

The Act emphasises the discretion of the Council to decide what is appropriate to include in the consultation document and the associated consultation process. In deciding what to include in the consultation document, the Council must have regard to its significance and engagement policy, and the importance of other matters to the district and its communities.

We will need to understand how the Council has approached the task of applying its significance and engagement policy, and how it has considered the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the consultation document achieves its statutory purpose.

3.2 Adopting and auditing the underlying information

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4); and
- provides the basis for the preparation of the LTP.

The information to be prepared and adopted needs to be enough to enable the Council to prepare the consultation document.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of the Society of Local Government Managers (SOLGM), our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

We will work with management to understand the information proposed to be adopted and assess whether it will enable us to issue an audit report under section 93C(4).

In addition, the time frames to consider and adopt the LTP after the consultation process will be tight. From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise, you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that is able to be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

3.3 Control environment

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm, and assess the Council's key processes and controls over the underlying information and the production of both the consultation document and the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the consultation document and LTP, develop expectations of what should be included in the consultation document and LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below) and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

3.4. Project management, reporting deadlines, and audit progress

The development of the consultation document and LTP is a significant and complex project, and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions, and information from throughout the Council and its community. We recognise that the Council will be doing its LTP preparation over an extended period. A more efficient and cost-effective audit can be achieved when audit work and feedback is provided in "real time" or on an "auditing as you go" basis as the underlying information is developed.

Consequently, we will discuss with you and your staff the Council's approach to preparing and completing the LTP. We expect that the Council is approaching its preparation on a project basis and recognise that our audit work should "shadow" that project timetable. The success of this "auditing as you go" approach will depend on the Council's project management of the overall LTP process, which should include time for audit work at appropriate points in the process.

3.5 Self-assessment

To assist our audit planning, we intend to use a self-assessment process to assist with our risk assessment process. The self-assessment requires you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

We will shortly be forwarding the self-assessment to you under a separate cover. We ask for your co-operation in completing this assessment for return to us by 1 December 2017.

The self-assessment is similar to those used with our audit of previous LTPs. The information provided through the self-assessment will be confirmed with you through discussion after its completion.

4. OUR PARTICULAR AREAS OF AUDIT EMPHASIS

4.1 Financial strategy and infrastructure strategy

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy.

The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

The Act expects close alignment between the two strategies, and section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy, the principles of ISO 55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

The overall key challenges identified from the previous LTP period included the following:

- Most local authorities spend is on maintaining and renewing assets, in particular roads and water systems. Decisions about investing in infrastructure needs are not easy for local authorities, particularly as they consider demographic changes in their communities.
- Growth puts pressure on existing infrastructure. Although many local authorities face continued population growth and the demands associated with it, some face population declines in the near future. When an increasing proportion of the population is on a fixed income, local authorities with older populations are likely to face increasing challenges in providing community services, which rely on infrastructure.
- Local authorities need to attempt to strike a careful balance between the need to fund services while maintaining debt levels and rates rises at acceptable and prudent levels.

Our focus when reviewing both strategies is to assess whether the Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned;
- understand the effect of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
 - understanding how the Council has applied the effect of its assumptions (for example, allowing for changing demographics) and levels of service on expenditure decisions and outlined the implications of these decisions in the strategies;
 - reviewing the Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
 - checking that the infrastructure strategy is appropriately inflated.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options, and implications presented in the consultation document.

4.2 Assumptions

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). *Prospective Financial Statements* (PBE FRS 42) also requires the disclosure of significant assumptions.

We will review the Council's list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:

- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

We consider that the significant forecasting assumptions are crucial to the underlying information for the consultation document and will complete our review during our audit of the consultation document.

4.3 Quality of asset-related forecasting information

A significant portion of the Council's operations relates to the management of its infrastructure: the roading network and the "three-waters" of water supply, sewerage, and stormwater drainage. These activities typically make up about 54% of operational expenditure and 87% of capital expenditure.

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the Council's asset-related forecasting information, we will:

- assess the Council's type asset management planning systems and processes;
- understand what changes the Council proposes to its forecast levels of service;
- understand the Council's assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the Council's asset-related information.

4.4 Council-specific matters

A key aspect of the LTP process is clearly articulating the strategy and intended direction of the Council to the district. The identification of key focus areas, options, implications and impacts is essential for effective consultation with the community. It is important that the Council does not simply adopt a "business as usual" approach to consultation.

5. OTHER MATTERS

5.1 Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of the Council (including being independent of management personnel and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

5.2 Publication of the consultation document and adopted long-term plan on the Council's website

The Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report, before their inclusion on the website.

We need to do this to ensure consistency with the paper-based documents that have been subject to audit.

6. AUDIT LOGISTICS

6.1 Audit timing

The key dates in the audit timetable are as follows:

Self-assessment provided to Council	13 November 2017
Self-assessment returned to audit team for consideration	1 December 2017
First interim visit (initial assessment) (likely offsite)	13 – 17 November 2017 TBC
Second interim visit (see project plan for key dates & number of visits)	5 – 14 March 2018 TBC
Proposed consultation document available	5 March 2018
Audit opinion on consultation document required	27 March 2018
Draft management report on consultation document engagement	19 March 2018
Finalised management report on consultation document engagement	27 March 2018
Proposed LTP for adoption available	4 or 11 June 2018
Third interim visit (see project plan for key dates & number of visits)	4 – 18 June 2018 TBC
Audit opinion on adopted LTP required	26 June 2018
Draft management report on LTP engagement	21 June 2018
Finalised management report on LTP engagement	26 June 2018

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

We have an electronic audit management system. This means that our auditors will complete most of their work on their laptops. Therefore, we would appreciate it if the following could be made available during our audit:

- a suitable workspace for computer use (in keeping with the health and safety requirements discussed in Appendix 1); and
- electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit. To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

7. PROFESSIONAL FEES

Our audit fee, covering both the consultation document and the LTP for the period commencing 1 July 2018, is \$88,330 (excluding GST and disbursements), as outlined in Appendix 2.

The proposed fee is based on the following assumptions:

- Information required to conduct the audit is complete and provided in accordance with the agreed timelines, including the draft consultation document and the full draft financial strategy and draft infrastructure strategy that supports it.
- There will be an appropriate level of assistance from your staff.
- All documentation (consultation document, LTP, and all other underlying documentation) provided will be subject to appropriate levels of quality review before submission for audit.
- The consultation document and LTP will include all relevant disclosures.
- We will review, at most, two drafts of each of the consultation document and LTP during our audit.
- We will also review one printer’s proof copy of the consultation document and LTP and one copy of the electronic version of the consultation document and LTP (for publication on your website).
- There are no significant changes in the structure or level of operations of the Council.
- The local authority is preparing forecast financial statements for the “Council parent” only, rather than including consolidated forecast financial statements for the Council and any controlled entities in the adopted LTP.

If the scope and/or amount of work changes significantly (such as a change in direction during the development of the consultation document or between the development of the consultation document and the LTP), we will discuss the issues with you at the time.

If information is not available for the visits as agreed, or the systems and controls the Council use to prepare the underlying information and assumptions cannot be relied on, we will seek to recover all additional costs incurred as a result. We will endeavour to inform you as soon as possible should such a situation arise.

This fee is exclusive of any subsequent amendments the Council might make to the adopted LTP under section 93D.

We wish to interim bill as work progresses. We propose the following billing arrangements:

	\$
February	30,000
March	40,000
June	<u>18,330</u> (plus disbursements)
	\$88,330

8. PERSONNEL

Our personnel involved in the management of the audit are:

Bruno Dente	Partner
Mike Hawken	Engagement Quality Control Review Partner
Matt Laing	Manager

We have endeavoured to maintain staff continuity as far as possible.

9. AGREEMENT

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the consultation document and LTP for the period commencing 1 July 2018; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the consultation document and LTP and supplement the existing audit engagement letter.

If there are any matters requiring further clarification, please do not hesitate to contact me.

Yours sincerely



Bruno Dente
On behalf of the Auditor General
Deloitte Limited
Partner

cc Chris Ryan, Chief Executive
Vibhuti Chopra, Group Manager Corporate Services

I acknowledge that this letter is in accordance with my understanding of the arrangements of the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the consultation document and LTP, and that supplement the existing audit engagement letter.

Signed: _____ Date: _____

Brian Hanna
Mayor

Appendix 1: Terms of the engagement that apply specifically to the audit of the consultation document and LTP

Objectives

The objectives of the audit of the consultation document and LTP are:

- to provide independent opinions on the consultation document (under section 93C(4) of the Act) and on the LTP (under section 94(1) of the Act) about:
 - whether each document gives effect to the relevant statutory purpose; and
 - the quality of the information and assumptions underlying the information included in each document; and
- to report on matters relevant to the Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts, and other disclosures in the consultation document and LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the consultation document and LTP to identify whether there are material inconsistencies with the audited consultation document and LTP.

Provision of a management report to the Council

At a minimum, we will report to the Council at the conclusion of the engagement. The management report communicates matters that come to our attention during the engagement and that we think are relevant to the Council. For example, we will report:

- any weaknesses in the Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

Materiality

Consistent with the annual audit, the audit engagement for the consultation document and LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the consultation document and LTP, and the information and assumptions underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the consultation document and LTP.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit opinion. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatements in our opinion.

The standards applied when conducting the audit of the consultation document and adopted long-term plan

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

Responsibilities

General responsibilities

The general responsibilities of the Council for preparing and completing the consultation document and LTP are consistent with those for the annual report, as set out in the existing audit engagement letter – but noting that the consultation document and LTP include forecast information.

These responsibilities include those set out in Appendices 1 and 2 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor:
 - responsibilities for compliance with laws and regulations; and
 - responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

Specific responsibilities

The Council is responsible for:

- maintaining accounting and other records that:
 - correctly record and explain the forecast transactions of the Council;
 - enable the Council to monitor the resources, activities, and entities under its control;
 - enable the Council's forecast financial position to be determined with reasonable accuracy at any time; and
 - enable the Council to prepare forecast financial statements and performance information that comply with legislation; and
- providing us with:
 - access to all information and assumptions relevant to preparing the consultation document and LTP, such as records, documentation, and other matters;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation of representations made to us in connection with the audit.

Health and safety of audit staff

The Auditor-General and Deloitte Limited take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises.

We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Appendix 2: Team mix and hours for the audit of the consultation document and LTP for the 10-year period commencing on 1 July 2018

	Total hours
Appointed Auditor	37
Engagement Quality Review Director	10
Audit Manager	75
Other CA staff	221
Staff not yet CA qualified	217
Other Expert or Specialist Assistance	10
Totals	570

FEE CALCULATIONS

	\$
Net fee	88,330
OAG overhead contribution*	NIL
Total fee (including overhead contribution)	88,330
GST	13,250
Audit fee for the LTP for the period commencing 1 July 2018	101,580

* No OAG overhead is charged in relation to the audit of the LTP.

We will charge disbursements, including travel, on an actual and reasonable basis.

Document No: A385166

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

Subject: Mastercard Expenditure Report
November 2017 to January 2018

Purpose of Report

- 1.1 The purpose of this business paper is to present for the Committee's information and consideration, details of expenditure incurred via WDC issued Corporate Mastercard.

Commentary

2.1 Introduction

2.2 In today's technological climate, the use of credit cards is an everyday norm. The issue of WDC Corporate Mastercards is also deemed a prudent and sometimes necessary form of currency.

2.3 Many purchases can be made online with discounts not applicable through other purchasing avenues, necessitating the use of a credit card. In other circumstances the only purchase method available is online. Online purchases also significantly reduce staff time in making purchases.

2.4 From time to time WDC's Senior Management Team incur work related expenses where the use of a WDC corporate credit card is the most expedient method of payment. The use of corporate credit cards avoids time consuming processes for the arranging pre-purchase cheques, petty cash or making payment personally and claiming back the expense after the fact.

2.5 Acknowledgement of Risk

2.6 However, it is also acknowledged that as with dealing with any type of cash equivalent, there is always a risk.

2.7 To mitigate the level of risk in WDC employees utilising credit cards, WDC has an implemented Credit Card Policy.

2.8 Policy

2.9 A copy of the **Credit Card Policy** is attached to and forms part of this business paper for information.

2.10 A summary of the Policy is as follows:

- Provides guidance on the use of a WDC Corporate Credit Card
- Limits approval of the issue of any credit card to the Chief Executive
- Requires a bi-annual review of both Cardholders and the Policy
- Details what is valid expenditure and what is not
- Makes an allowance for exceptional circumstances

- Requires all credit card purchases (both online and telephone) to reflect good security practice, to meet the criteria of WDC's Procurement Policy and comply with authorized Financial Delegations.
- Requires reimbursement of any unauthorized expenditure.
- Details the procedure for documenting monthly statements, monitoring by the Chief Executive and the approval (sign-off) of expenditure.
- Details card "limits" and the process for dealing with lost or stolen cards

2.11 **Presentation of Expenditure Details**

2.12 Copies of the monthly "Mastercard Statement Authorisation Forms" as explained in the Policy, will be presented to each Audit and Risk Committee Meeting.

2.13 Only copies of the actual signed Authorisation Form will be included. The supporting invoices/receipts will not be included in any Agendas, however should a Committee Member wish to view any of this supporting information, that information can be made available by arrangement.

2.14 Attached for the Committee's information are copies of signed Authorisation Forms for the period November 2017 to January 2018.

Suggested Resolution

The Mastercard Expenditure Report for the period November 2017 to January 2018 be received.



MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Attachments: Credit Card Policy (Doc A207793)

Mastercard Statement Authorisation Forms for:

- November 2017 (Doc A383673)
- December 2017 (Doc A383675)
- January 2018 (Doc A386163)



Credit Card Policy

Contents

1.0	POLICY BACKGROUND.....	1
2.0	ELIGIBILITY FOR CREDIT CARDS	1
3.0	ISSUANCE OF ADDITIONAL CARDS	1
4.0	MAINTENANCE AND REVIEW OF CARD HOLDER LIST	1
5.0	PROCEDURE FOR ISSUING CARDS.....	1
6.0	VALID EXPENDITURE	1
7.0	LIABILITY FOR INAPPROPRIATE EXPENDITURE	2
8.0	PROCEDURE WHEN MORE THAN ONE CARDHOLDER IS PRESENT	2
9.0	DOCUMENTATION TO ACCOMPANY MONTHLY STATEMENTS.....	2
10.0	MONITORING	3
11.0	APPROVAL OF EXPENDITURE	3
12.0	CARD LIMITS.....	3
13.0	PROCEDURE FOR THE SURRENDER OF CARDS	4
14.0	LOST OR STOLEN CARDS	4
15.0	BREACH OF POLICY	4
16.0	POLICY REVIEW	4
17.0	STAFF CONTACT	4
18.0	POLICY REVIEW DATE.....	4

1.0 Policy Background

1.1 This policy is intended to provide guidance on the use of Corporate Credit Cards.

2.0 Eligibility for Credit Cards

2.1 This policy authorises the issue of credit cards to:

- Members of the Executive Management Team
- The Executive Assistant to the Mayor and Chief Executive
- The Mayor

3.0 Issuance of Additional Cards

3.1 The Chief Executive may approve the issue of additional cards to staff where that is appropriate. Before authorising the issuing of additional cards the Chief Executive must be satisfied that they are strictly necessary and will provide administrative efficiencies.

3.2 In approving the issue of a card, the Chief Executive will also confirm the approved credit limit. The credit limit will be set based on the minimum amount necessary to enable the cardholder to undertake their Council duties.

4.0 Maintenance and Review of Card Holder List

4.1 The Human Resources Officer shall maintain a central register (Doc# 284155) of all cardholders and a review of the register will be undertaken in conjunction with the bi-annual Policy review, or as otherwise required, to ensure that those staff currently holding cards should still do so. This frequency of review is seen as adequate, given the unlikelihood of a staff member moving from a position where they were entitled to hold a credit card to one where they are not entitled to do so.

5.0 Procedure for Issuing Cards

5.1 Upon approval from the Chief Executive, the Human Resources Officer will arrange for the issue of a corporate credit card via the Group Manager - Corporate Services.

6.0 Valid expenditure

6.1 Corporate Credit cards are to be used:

- solely for the payment of business-related expenditure;
- subject to the limits in the appropriate annual operating expenditure budget; and
- in accordance with the Procurement Policy and Delegations Register.

6.2 Credit cards shall **not** be used for the following purposes:

- Personal purchases;
- Cash advances or cash reimbursement;
- Payment for any work attracting PAYE tax;
- Court costs or fines, tax payments, personal services or any other inappropriate spending.

6.3 Exceptional Circumstances

There may be circumstances that lend themselves to an exception to the above - e.g. emergencies where cash advances are required. In these cases an explanation is to be

provided to the Chief Executive, or in the case of the Chief Executive, the Mayor, within two days of the expenditure being incurred and the expenditure is to be fully reimbursed to WDC prior to the monthly credit card payment being due.

6.4 Internet Purchases

Purchasing over the internet (using a Credit card) is authorised but the purchase transaction process must reflect good internet security practice. Good security practice involves ensuring the internet site is secure and purchasing only from established reputable companies. Where internet purchases are made, the cardholder is required to keep a copy of any online order forms completed when purchasing, and any purchasing over the internet needs to be consistent with WDC's normal purchasing procedures.

6.5 Telephone Purchases

Purchasing over the telephone (using a Credit card) is authorised but the purchase transaction process must reflect good telephone security practice. Good security practice involves ensuring the purchase is via an established and reputable company. Where telephone purchases are made, the cardholder is required to keep a manual record of the transaction. Purchasing over the telephone needs to be consistent with WDC's normal purchasing procedures.

7.0 Liability for Inappropriate Expenditure

- 7.1 WDC will not be liable for any unauthorised transactions incurred by the cardholder. In all cases the cardholder will be liable for the reimbursement to WDC of any inappropriate or unauthorised expenditure charged to the credit/purchasing card. Inappropriate expenditure is deemed to be that specified in this policy.

8.0 Procedure When More Than One Cardholder is Present

- 8.1 Where more than one cardholder is present (for example, at a staff function), it is expected that the most senior staff member will use their card for the payment of expenses incurred.

9.0 Documentation to Accompany Monthly Statements

- 9.1 Each Cardholder must complete a "Mastercard Statement Authorisation Form" (Doc# 317041) for every monthly credit card statement.
- 9.2 All credit card transactions in excess of \$20.00 in value must be supported by original documentation (tax invoices and/or receipts) to corroborate transactions.
- 9.3 For credit card transactions less than \$20.00 in value, the preference is to include supporting documentation, however this is not mandatory.
- 9.4 For transactions less than \$20.00 in value which do not have supporting documentation, or where a transaction is in excess of \$20.00 in value and supporting documentation is not available or has been lost by the cardholder, a note explaining the nature of the transaction and verifying that the expenditure incurred was valid and work-related must be included on the Mastercard Statement Authorisation Form.
- 9.5 For all entertainment and travel transactions, the business reason and other parties (if any) must be recorded along with the purpose of the meeting. This is to ensure that all transactions can be appropriately reviewed by the authoriser, and to allow WDC to claim back the GST content of qualifying purchases. GST invoices (where relevant) shall be attached to the card statement prior to review by the authoriser.

10.0 Monitoring

- 10.1 Credit card use is monitored monthly by the Chief Executive. The approval process must be structured in accordance with the following clause 11.0 'Approval of Expenditure'.

11.0 Approval of Expenditure

- 11.1 An approval hierarchy for monthly credit card statement approval, based on a "one-up" procedure where possible, has been defined as part of this policy as follows:

- 1 Executive Management Team statements must be approved by the Chief Executive.
- 2 The Chief Executive's statements must be approved jointly by the Mayor and Executive Assistant.
- 3 The Mayor's statements must be approved jointly by the Executive Assistant and Chief Executive.
- 4 The Executive Assistant's statements must be approved jointly by the Mayor and Chief Executive.

Note: The OAG guidance on sensitive expenditure states that it is essential that there should be no reciprocal arrangement for approving sensitive expenditure – therefore the Chief Executive cannot approve the Mayor's statements alone and vice versa.

- 11.2 The Executive Assistant and the Chief Executive will jointly approve the Mayor's statements (i.e. with the Mayor there can be no true "one-up procedure" and by having a joint authorisation any "reciprocal" arrangement is removed).

- 11.3 The Executive Assistant to the Mayor and Chief Executive is also in the position of knowing the Mayor's daily activities/whereabouts and will know what claims are appropriate on his Mastercard.

- 11.4 The Executive Assistant's statements will be jointly approved by both the Chief Executive and Mayor as from time to time there are purchases made on behalf of both the Mayor and Chief Executive on the Executive Assistant's credit card (i.e. Airfares, Accommodation, etc.)

- 11.2 Items will be coded by the Cardholder for posting in the accounting system. Credit card payments must be authorised like other invoices and in accordance with the Procurement Policy and Delegations Register.

- 11.3 The approval hierarchy will be as follows:

Expenditure incurred by	Statements approved by
Mayor	Chief Executive and Executive Assistant
Chief Executive	Mayor (or Deputy Mayor in the Mayor's absence) and Executive Assistant
Executive Assistant	Mayor and Chief Executive
Executive Management Team	Chief Executive

12.0 Card Limits

- 12.1 Unless otherwise determined by the Chief Executive, the credit limit of cards shall be as follows:

- Chief Executive \$10,000
- Mayor \$5,000
- Executive Team Members \$5,000
- Executive Assistant to CE \$5,000

13.0 Procedure for the Surrender of Cards

- 13.1 All cards will be surrendered by the cardholder on termination of their employment with Council. The credit card is to be returned to the Human Resources Officer in the first instance who will then pass the card on to the Group Manager – Corporate Services for cancellation. This cancellation should be processed to the card issuer within 5 working days of the employee leaving Council and the card destroyed. All final wage/salary payments will be approved upon return of the credit card.

14.0 Lost or Stolen Cards

- 14.1 The cardholder is responsible for immediately reporting a card that is lost or stolen to the Westpac Bank Credit Cards division of the Westpac Bank. The hotline telephone number **0800 888 111** is given to each cardholder when uplifting the card. If a card is lost or stolen outside New Zealand, it must be reported to the nearest VISA member bank or by ringing **+64 09 914 8026 collect**.
- 14.2 Written confirmation of what happened when the card was lost or stolen must be provided to Westpac Bank within a reasonable timeframe. Full details (where, when, how) must be included, as the bank may need to relay these details to police.
- 14.3 Replacement of a lost or stolen card is to be arranged through the Human Resources Officer.

15.0 Breach of Policy

- 15.1 Any breach of this policy will be considered to be serious misconduct. When there is reason to believe that violation of policy or law has occurred disciplinary action may be taken. For repeat offenders, or where the breach of policy is significantly serious, the card will be automatically cancelled and formal disciplinary action taken.

16.0 Policy Review

- 16.1 The Human Resources Advisor is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed and revised where necessary every two years.

17.0 Staff Contact

Human Resource Advisor

18.0 Policy Review Date

Next Review: February 2020 (2 years)

Policy Approved:



Chris Ryan
Chief Executive

Date: 16 February 2018



53 GALWAY STREET, AUCKLAND CITY, 1010

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

Waitomo District Council
RETURN TO FILE
Date: -7 DEC 2017
3941
Doc #: A379791
File #:

Closing Date	Page
27/11/17	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	MR C J RYAN	0000 0030 1565 8580	700.10
\$5000	MR A B HANNA	0000 0030 2936 5529	42.60
\$5000	MS M D HIGGIE	0000 0030 2936 5933	1832.56
\$5000	MRS H M BEEVER	0000 0030 3956 2081	999.81
\$5000	MR S J DU TOIT	0000 0030 5022 0312	1346.80
\$5000	MISS T D KELLY	0000 0030 5326 1230	1445.33
TOTAL CARDHOLDER LIMIT	\$35000	NET BALANCE	6367.20

WE ADVISE THAT \$6,367.20 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
030449 0070201 00 ON 20/12/17, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

Mastercard Statement Authorisation Form






Name:	Chris Ryan		
Position:	Chief Executive		
Statement Date:	27 / 11 / 17		
(1)	Creditor:	Stoked Eatery	
	Date:	02/11/17	
✓	Amount:	\$89.50	
	GL Code:	811 20 700	
	Expenditure:	Management Team (x4) Lunch Meeting – Discuss outcomes of Annual Report Presentation to Council	
(2)	Creditor:	Stoked Eatery	
✓	Date:	09/11/17	
	Amount:	\$83.50	
	GL Code:	811 20 700	
	Expenditure:	Lunch – “Thank You” to Willem with CEO and GM-Compliance	
(3)	Creditor:	Wellington Combined Taxis	
✓	Date:	20/11/17	
	Amount:	\$37.70	
	GL Code:	111 42 710	
	Expenditure:	Taxi – Wellington Airport to CBD for Chief Executive, Deputy Mayor and Cr Brodie – Attendance at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017	
(4)	Creditor:	West Plaza Hotel	
AR	Date:	20/11/17 <i>Breakfast - no receipt</i>	
	Amount:	\$25.00 <i>Friday 17th November</i>	
	GL Code:	811 20 700 <i>refer to LGNZ R+P Mtg</i>	
	Expenditure:		
(5)	Creditor:	Hamilton International Airport	
✓	Date:	20/11/17 <i>Attached AR</i>	
	Amount:	\$40.00	
	GL Code:	111 42 710	
	Expenditure:	Airport Parking – Attendance at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017	
(6)	Creditor:	Shed 5 Restaurant and Bar (Wellington)	
✓	Date:	20/11/17 <i>Note: Partial reimbursement (\$88) from CEO - ANZ deposit receipt attached.</i>	
	Amount:	\$387.00	
	GL Code:	811 20 700	
	Expenditure:	Dinner (CEO, Mayor, Dep. Mayor & Cr Brodie) – Attendance at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017	

(7) Creditor: Green Cabs Ltd
 Date: 20/11/17
 Amount: \$37.40
 GL Code: 111 42 710
 Expenditure: Taxi – Wellington CBD to Airport for Chief Executive, Deputy Mayor and Cr Brodie – Attendance at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of Chief Executive:</p>  <p>Date: 12/12/17</p>	<p>Authorised by Mayor:</p>  <p>Date: 12/12/17</p>	<p>Authorised by Executive Assistant:</p>  <p>Date: 15/12/17</p>
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108

Mastercard Statement Authorisation Form



Name: **Brian Hanna**
Position: **Mayor**
Statement Date: **27/11/17**

(1) Creditor: **Oracles Towers**
Date: **13/11/17**
Amount: **42.60**
GL Code: **110 40 550**
Expenditure: **Tuia Wananga - Auckland Aut**

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of
Mayor:

Date:

12/12/17

Authorised by
Executive Assistant:

Date:

14/12/17

Authorised by
Chief Executive:

Date:

15/12/17

Mastercard Statement Authorisation Form

109



Name:	Helen Beever		
Position:	Group Manager – Customer Services		
Statement Date:	27 / 11 / 17		
(1) Creditor:	BP 2GO Te Kuiti	Reimburse Piana Waugh travel expenses to Gisborne and Auckland for Tuia Womaras	
Date:	10/11/17		
Amount:	\$202.50		
GL Code:	110 40 700	Helen Beever	
Expenditure:	Petrol Vouchers for WDC Tuia Representative		
(2) Creditor:	Orbit Groups & Events (LGNZ Rural & Provincial Sector Meeting)		
Date:	10 November 2017		
Amount:	\$194.56	Helen Beever	
GL Code:	111 42 700		
Expenditure:	Accommodation for Cr Brodie at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017		
(3) Creditor:	Orbit Groups & Events (LGNZ Rural & Provincial Sector Meeting)		
Date:	10 November 2017		
Amount:	\$194.56	Helen Beever	
GL Code:	111 42 700		
Expenditure:	Accommodation for Chief Executive at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017		
(4) Creditor:	Trademe	Helen Beever	
Date:	16/11/17		
Amount:	\$310.24		
GL Code:	222 40 725		
Expenditure:	Campground Cabins - Listing on Trademe		
(5) Creditor:	Trademe	Helen Beever	
Date:	16/11/17		
Amount:	\$10.00		
GL Code:	222 40 725		
Expenditure:	Campground Cabins - Listing on Trademe - Account Top-up		
(6) Creditor:	BP 2GO Te Kuiti	Helen Beever	
Date:	20/11/17		
Amount:	\$15.00		
GL Code:	820 27 727		
Expenditure:	Car Wash for JBL852		

(7) Creditor: Trademe
Date: 27/11/17
Amount: \$72.95
GL Code: 222 40 725
Expenditure: Campground cabins - Listing on Trademe

I certify that:
1 I have attached the necessary supplementary docket or receipt.
2 The account is payable.
3 The debt incurred is work related.
4 That any private component is identified and the amount has been reimbursed as follows:

Signature of ^{Community}
GM - Customer Services:

Date: 19/12/2017

Authorised by
Chief Executive:

Date: 19/12/2017

111 Mastercard Statement Authorisation Form



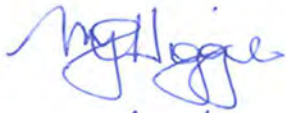


Name: Michelle Higgle
Position: Executive Assistant
Statement Date: 27 / 11 / 17

(1) **Creditor:** Air New Zealand
Date: 7 November 2017
Amount: Chris \$546.00 Guy \$546.00 Phil \$546.00
GL Code: *ad* Chris 817 38 700 Guy 111 42 700 Phil 111 42 700
Expenditure: Airfares for Chief Executive, Deputy Mayor and Cr Brodie to attend LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017

(2) **Creditor:** Orbit Groups & Events (LGNZ Rural & Provincial Sector Meeting)
Date: 10 November 2017
Amount: *ad* \$194.56
GL Code: 111 42 700
Expenditure: Accommodation for Deputy Mayor at LGNZ Rural & Provincial Section meeting in Wellington on 16/17 November 2017

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of Executive Assistant:  Date: 8/12/17</p>	<p>Authorised by Chief Executive:  Date: 12/12/17</p>	<p>Authorised by Mayor:  Date: 12/12/17</p>
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112 Mastercard Statement Authorisation Form



Name:	Kobus du Toit
Position:	Group Manager – Assets
Statement Date:	27 / 11 / 17

(1)	Creditor:	Huhu Café
	Date:	13/11/17
	Amount:	\$102.00
	GL Code:	820 27 787
	Expenditure:	Lunch Meeting re NZ Transport Agency on 10 November 2017 Attendees: Kobus du Toit, Wilma Joubert; Tina Hitchen; Hilary Walker

(2)	Creditor:	NZTA
	Date:	16 November 2017
	Amount:	\$1,244.80
	GL Code:	820 27 767
	Expenditure:	20,000km of Road User Charges for Mitsubishi Triton (Rego KBU340)

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Assets: <div style="text-align: center; font-size: 2em;">↑</div>	Authorised by Chief Executive: <div style="text-align: center; font-size: 2em;">[Signature]</div>
Date:	Date: 12/12/17

Mastercard Statement Authorisation Form

113



Name:	Terrena Kelly
Position:	Group Manager – Compliance
Statement Date:	27 / 11 / 17
(1) Creditor:	Heritage Auckland
Date:	18 September 2017
Amount:	\$834.33
GL Code:	817 38 700
Expenditure:	Accommodation - Willem Van Rooyen Environmental Compliance Conference
(1) Creditor:	Air NZ
Date:	17 November 2017
Amount:	\$526.00
GL Code:	817 38 700
Expenditure:	Cagney Gallagher - Flights to Wellington for National Dog Database Training
(1) Creditor:	Hamilton Airport
Date:	22 November 2017
Amount:	\$85.00
GL Code:	817 38 700
Expenditure:	Terrena Kelly - Carparking at Airport for Civil Defence Controller Course
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Compliance:	Authorised by Chief Executive:
Date: 8/12/17	Date:



114



MasterCard
BusinessCard

53 GALWAY STREET, AUCKLAND CITY, 1010

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

3941

Closing Date	Page
27/12/17	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
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***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	MR C J RYAN	0000 0030 1565 8580	121.00
\$5000	MR A B HANNA	0000 0030 2936 5529	20.00
\$5000	MS M D HIGGIE	0000 0030 2936 5933	3401.50
\$5000	MRS H M BEEVER	0000 0030 3956 2081	423.28
\$5000	MR S J DU TOIT	0000 0030 5022 0312	3285.60
\$5000	MISS T D KELLY	0000 0030 5326 1230	977.99
TOTAL CARDHOLDER LIMIT	\$35000	NET BALANCE	8229.37

Waitomo District Council
RETURN TO FILE
 Date: 04 JAN 2018
 Doc #: A381497
 File #:

WE ADVISE THAT \$8,229.37 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT
 030449 0070201 00 ON 20/01/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS
 PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES
 ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

Mastercard Statement Authorisation Form

115



Name: Chris Ryan
Position: Chief Executive
Statement Date: 27 / 12 / 17

(1) **Creditor:** The Fat Pigeon Cafe
Date: 20/12/17
Amount: \$121.00
GL Code: 811 20 700
Expenditure: Mokau and Mangaokewa Road Site Visits – Lunch for:-
 * Waikato Regional Council (x3 – Chair and 2 Councillors)
 * Waitomo District Council (x3 – Mayor, Cr Brodie, CEO)
 * Maniapoto Maori Trust Board (1 x Representative)

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Chief Executive:

Date: 25/1/18

Authorised by Mayor:

Date: 31/1/18

Authorised by Executive Assistant:

Date: 25/1/18

116 Mastercard Statement Authorisation Form



Name: Brian Hanna
Position: Mayor
Statement Date: 27 / 12 / 17

(1) Creditor: Hamilton International Airport
Date: 11 December 2017
Amount: \$20.00
GL Code: 110 42 705
Expenditure: Airport Parking – Attendance at LGNZ National Council Meeting in Wellington on Friday 8 December 2017

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of Mayor:</p>  <p>Date: 10-1-18</p>	<p>Authorised by Executive Assistant:</p>  <p>Date: 10-1-18</p>	<p>Authorised by Chief Executive:</p>  <p>Date: 25/1/2018</p>
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117

Mastercard Statement Authorisation Form



Name:	Michelle Higgle	
Position:	Executive Assistant	
Statement Date:	27 / 12 / 17	

✓	(1)	Creditor:	NZTA
		Date:	1 December 2017
		Amount:	\$3,104.80
		GL Code:	820 27 764
		Expenditure:	50,000km of Road User Charges for Mitsi Challenger (Rego <u>JSN144</u>) (Chris Ryan)

✓	(2)	Creditor:	Abaco On Jervois
		Date:	15 November 2017
		Amount:	\$218.00
		GL Code:	81738700
		Expenditure:	Accommodation for Pandi in Auckland - Fortigatel 5.4 Training - 4 & 5 December

✓	(3)	Creditor:	Raglan Roast
		Date:	7 December 2017
		Amount:	\$72.00
		GL Code:	81120700
		Expenditure:	Coffee beans for Council Chambers

✓	(4)	Creditor:	NZTA
		Date:	7/12/17
		Amount:	\$6.70
		GL Code:	820 27 764
		Expenditure:	Toll Road Charges - Vehicle JSN144

I certify that:

- 1 I have attached the necessary supplementary docket or receipt.
- 2 The account is payable.
- 3 The debt incurred is work related.
- 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant: Date: 9/1/18	Authorised by Chief Executive: Date: 25/1/18	Authorised by Mayor: Date: 31/1/18
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118

Mastercard Statement Authorisation Form



Name: Helen Beever	
Position: Group Manager – Customer Services	
Statement Date: 27 / 12 / 17	
<hr/>	
X	(1) Creditor: NZ Post
	Date: 19 December 2017
	Amount: \$423.28
	GL Code: 817 39 705
	Expenditure: End of Year Staff Awards: Gifts
<hr/>	
I certify that:	
1 I have attached the necessary supplementary docket or receipt.	
2 The account is payable.	
3 The debt incurred is work related.	
4 That any private component is identified and the amount has been reimbursed as follows:	
Signature of GM – Customer Services:  Date: 21/12/18	Authorised by Chief Executive:  Date: 25/1/19

Mastercard Statement Authorisation Form

119



Name: Kobus du Toit
Position: Group Manager – Assets
Statement Date: 27 / 12 / 17

(1) **Creditor:** Ibis Hotels, Auckland
Date: 4 December 2017
Amount: \$796.00
GL Code: 817 38 700
Expenditure: Accommodation - Venelyn - Asset Finda Training Course

Training Course cancelled. Accommodation refunded on 25 January 2017. Copy of Refund details attached.

✓

(2) **Creditor:** NZTA
Date: 7 December 2017
Amount: \$1,244.80
GL Code: 820 27 70
Expenditure: 20,000km of Road User Charges for Holden Colorado (Rego FCQ413)

✓

(3) **Creditor:** NZTA
Date: 12 December 2017
Amount: \$1,244.80
GL Code: 820 27 761
Expenditure: 20,000km of Road User Charges for Mitsi Triton (Rego JHR356)

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

<p>Signature of GM – Assets:</p> <p>Date: 26/01/2018</p>	<p>Authorised by Chief Executive:</p> <p>Date: 29/1/18</p>
--	--

Mastercard Statement Authorisation Form

120



Name: Terrena Kelly
Position: Group Manager – Compliance
Statement Date: 27 / 12 / 17

✓

(1) **Creditor:** Caribe Latin Kitchen
Date: 27 November 2017
Amount: \$15.50
GL Code: 817 38 700
Expenditure: Terrena Kelly - Dinner during Civil Defence Controller Course

✓

(2) **Creditor:** Lower 9th Diner
Date: 28 November 2017
Amount: \$16.00
GL Code: 817 38 700
Expenditure: Terrena Kelly - Dinner during Civil Defence Controller Course

✓

(3) **Creditor:** Breakfree on Cashel
Date: 29 November 2017
Amount: \$36.72
GL Code: 817 38 700
Expenditure: Terrena Kelly - Dinner during Civil Defence Controller Course

✓

(4) **Creditor:** Ingham Hyundai
Date: 5 December 2017
Amount: \$909.77 *mgk/jea*
GL Code: 820 27 736
Expenditure: Hyundai Santa Fee (Rego KEF968)
 * Cargo Blind (\$427.50)
 * Cargo Liner (\$193.50)
 * Deep Dish Floor Mats (\$170.10)

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of GM – Compliance: *[Signature]*
Date: 9/1/18

Authorised by Chief Executive: *[Signature]*
Date: 25/1/18



53 GALWAY STREET, AUCKLAND CITY, 1010

THE DIRECTOR
WAITOMO DISTRICT COUNCIL
P O BOX 404
TE KUITI

Waitomo District Council
RETURN TO FILE
 Date: - 1 FEB 2018
 Doc #: A383745
 File #: 3941

Closing Date	Page
28/01/18	1

Current Annual Percentage Rate	Current Monthly Rate
19.950	1.6625

Card/ Customer No.	0000 0000 0860 2564
--------------------	---------------------



***** CONSOLIDATED SUMMARY *****

LIMIT	CARDHOLDER NAME	ACCOUNT NUMBER	BALANCE
\$10000	MR C J RYAN	0000 0030 1565 8580	0.00
\$5000	MR A B HANNA	0000 0030 2936 5529	0.00
\$5000	✓ MS M D HIGGIE	0000 0030 2936 5933	1372.34
\$5000	✓ MRS H M BEEVER	0000 0030 3956 2081	80.00
\$5000	MR S J DU TOIT	0000 0030 5022 0312	0.00
\$5000	MISS T D KELLY	0000 0030 5326 1230	0.00
TOTAL CARDHOLDER LIMIT	\$35000	NET BALANCE	1452.34

WE ADVISE THAT \$1,452.34 WILL BE DIRECTLY CHARGED TO YOUR ACCOUNT 030449 0070201 00 ON 20/02/18, PLEASE NOTE THIS TRANSACTION FOR YOUR RECORDS PLEASE DIRECT ALL ENQUIRIES TO WESTPAC CARD SERVICES ON 0800 888 111, AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.



Name: **Michelle Higgle**
 Position: **Executive Assistant**
 Statement Date: **28 / 01 / 18**

(1) Creditor: Facebook
 Date: 1 January 2018
 Amount: \$59.79
 GL Code: 511 24 515
 Expenditure: Promotion of Waitomo District Animal Control *AMM*

(2) Creditor: NZTA
 Date: 11 January 2018
 Amount: \$13.40
 GL Code: 820 27 764
 Expenditure: CEOs Travel - Toll Road Expenses (x2)

(3) Creditor: NZTA
 Date: 11 January 2018
 Amount: \$1,244.80
 GL Code: 820 27 769
 Expenditure: 20,000km Road User Charges for Mitsubishi Triton (Rego KBU342)

(4) Creditor: Event Finder
 Date: 17 January 2018
 Amount: \$39.95
 GL Code: 43224515
 Expenditure: Promotion of the Great NZ Muster 2018 *AMM*

(5) Creditor: NZTA
 Date: 17 January 2018
 Amount: \$14.40
 GL Code: 110 42 705
 Expenditure: Mayor's Travel - Toll Road Expenses (x2)
*Albino - reimbursed
 Receipt No. 266982 attached.*

I certify that:
 1 I have attached the necessary supplementary docket or receipt.
 2 The account is payable.
 3 The debt incurred is work related.
 4 That any private component is identified and the amount has been reimbursed as follows:

Signature of Executive Assistant: <i>Michelle Higgle</i> Date: <i>7/2/18</i>	Authorised by Chief Executive: <i>AMM</i> Date: <i>8/2/18</i>	Authorised by Mayor: <i>Albino</i> Date: <i>8/2/18</i>
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123

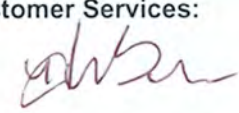
Mastercard Statement Authorisation Form



Name: Helen Beever
Position: Group Manager – Community Services
Statement Date: 28 / 01 / 18

(1) **Creditor:** Oops a Daisy
Date: 19 January 2018
Amount: \$80.00
GL Code: 817 39 705
Expenditure: Farewell Gift - Melissa Van Den Heuvel

I certify that:
1 I have attached the necessary supplementary docket or receipt.
2 The account is payable.
3 The debt incurred is work related.
4 That any private component is identified and the amount has been reimbursed as follows:

**Signature of
GM – Customer Services:**

Date: 31/2/2018

**Authorised by
Chief Executive:**

Date: 9/2/18

Document No: A385562

Report To: Risk and Audit Committee



Meeting Date: 27 February 2018

Subject: Progress Report: 2017 NZTA Investment Audit

Purpose of Report

- 1.1 The purpose of this business paper is to brief Council on the findings of the New Zealand Transport Agency's (NZTA) Investment Audit carried out onsite over the period 24 – 27 October 2017.

Background

- 2.1 The objective of the Audit is to provide assurance that the NZTA's investment in WDC's Land Transport Programme is being well managed and delivering value for money.
- 2.2 The Audit Test can provide assurance that WDC is appropriately managing risk associated with NZTA's investment.
- 2.3 The previous Audit identified significant risks affecting WDC's funding allocation.

NZTA Audit

- 3.1 In October 2017, the NZTA Investment Audit was carried out. The Audit canvassed five areas, namely:
- i. Issues, if any, unresolved from the previous procedural Audit
 - ii. WDC financial systems to effectively manage the NZTA investment in the delivery of WDC's Land Transport Programme
 - iii. Compliance with WDC's Procurement Strategy and NZTA's procurement requirements
 - iv. Contract Management practices
 - v. Value for money from WDC's Professional Services
- 3.2 A full copy of the final NZTA Audit Report and WDC's responses to all five areas of the Audit are attached to and form part of this business paper.
- 3.3 NZTA's final Audit Report concluded in the Executive Summary that WDC has made considerable improvement to its procedures and management practices since the previous audit in December 2015.
- 3.4 The 2015 Audit identified significant risks affecting WDC's funding allocation, there are now effective management controls in place with widespread performance improvements, attributable to increased capacity and capability development.

- 3.5 NZTA commend WDC on its prompt response in addressing all previous issues.
- 3.6 One low risk exception was identified where WDC did not engage a Qualified Tender Evaluator for a procurement, but overall, this Investment Audit confirmed WDC is consistently meeting NZTA requirements and is well positioned to successfully deliver on its agreed Land Transport Programme.

Suggested Resolution

The Progress Report: 2017 NZTA Investment Audit be received.



KOBUS DU TOIT
GENERAL MANAGER – INFRASTRUCTURE SERVICES

February 2018

Attachment: Doc A385420 – WDC 2017 NZTA Land Transport Audit response - Final

November 2017

NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

Approved Organisation (AO):	Waitomo District Council
NZ Transport Agency Investment (2015 - 2018 NLTP)	\$19,544,680 (budgeted programme value)
Date of investment audit:	24 - 27 October 2017
Investment Auditors:	Ron Wheeler / Glenn McGregor
Report No:	RARWI-1791

OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in Waitomo District Council's land transport programme is being well managed and delivering value for money. We also sought assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix B).

EXECUTIVE SUMMARY

Waitomo District Council has made considerable improvements to its procedures and management practices since the previous audit in December 2015.

The previous audit identified significant risks affecting Council's funding allocation. Effective management controls are now in place and widespread performance improvements, attributable to increased capacity and capability development, were noted. We commend Council on their prompt response in addressing all previous issues.

With one low risk exception, not engaging a qualified tender evaluator, this investment audit confirmed Council is consistently meeting Transport Agency requirements. Council is also reminded of road safety audit requirements.

Council is well positioned to successfully deliver on its agreed land transport programme.

DISCLAIMER

While every effort has been made to ensure the accuracy of this report, the findings, opinions, and recommendations are based on an examination of a sample only and may not address all issues existing at the time of the audit. The report is made available strictly on the basis that anyone relying on it does so at their own risk, therefore readers are advised to seek advice on specific content.

AUDIT RATING ASSESSMENT

	Issue	Rating Assessment*
Q.1	Previous audit issues	Effective
Q.2	Financial management	Effective
Q.3	Procurement	Some Improvement Needed
Q.4	Contract Management	Effective
Q.5	Professional Services	Effective

* Key to rating assessment – refer appendix C

Note: Before being finalised this report was referred to Waitomo District Council for comment. Council's response is included in appendix A.

RECOMMENDATIONS SUMMARY

That Waitomo District Council:

	Recommendations	Implementation Target Date
Q.3	Confirms it understands the road safety audit requirements and ensures the procedures will be followed for future improvement and renewal activities.	07/11/2017
	This matter has been addressed, a staff member from WDC will be upskilled to become a qualified tender evaluator, however the RBU will also engage the services of an independent consultant to carry out RSA's on the capital projects for large contracts.	

FINDINGS

Question 1:	What issues, if any, remain unresolved from the previous audit?	Effective
Findings	The previous procedural audit in December 2015 made eleven recommendations. These related to management of procurement procedures, account coding, expenditure claims, contract retentions account, in-house professional services, and administration. These issues were reviewed as part of this audit and all matters had been appropriately addressed to meet Transport Agency requirements.	
Waitomo DC response	WDC continue to follow the same principles and procedures which have been implemented since 2015.	

* * *

Question 2:	Does Waitomo District Council have good financial systems in place to effectively manage the NZ Transport Agency's investment in the delivery of its land transport programme?	Effective
Findings	<p>Council's financial systems are correctly structured and effectively managed to support the delivery of its planned transport outcomes.</p> <p>Council's claims for financial assistance for the two years ending 30 June 2017 were successfully reconciled to the general ledger.</p> <p>Testing on a sample of 2016/17 expenditure transactions found claims totalling \$12,710 for a parking and pricing review, which is not an Agency approved activity. Council has since corrected these claims in its land transport disbursement account. This will correct as an offset in the next claim for financial assistance.</p> <p>Activity on a sample of contract retentions was reviewed and confirmed to source records. The account is monitored and well managed.</p>	
Waitomo DC response	<p>Rigorous financial management will be applied with all transactions scrutinised to ensure that costing are allocated to the correct cost code.</p>	

* * *

Question 3:	Has Waitomo District Council acted in accordance with its endorsed procurement strategy and the NZ Transport Agency's procurement requirements?	Some Improvement Needed
Findings	<p>Waitomo District Council has good procedures in place to meet the Transport Agency's procurement procedure requirements. Six physical works contracts and five professional services contracts were reviewed for compliance with the Transport Agency's approved procurement procedures (refer appendix D). All complied with the exception of contract 500/16/006B - Street Light Maintenance which attracted one tender. A Qualified Proposal Evaluator was not engaged for the tender evaluation. This is a Transport Agency requirement for all contracts with an estimated total value exceeding \$200,000. In this case the contract estimate was \$479,275.</p> <p>The contract review sample was consistent with Council's Procurement Strategy and good documentation was provided to support the review.</p> <p>There was no evidence to support whether road safety audits are being considered. The Transport Agency requires, "that a safety audit procedure must be applied to the development of any improvement or renewal activity that involves vehicular traffic, and/or walking and/or cycling, proposed for funding assistance from the NLTP." If Council considers there is justification</p>	

	for not conducting road safety audits at key stages of a project, then an 'Exemption Declaration' must be completed and filed for audit purposes.
Recommendation	That Waitomo District Council confirms it understands the road safety audit requirements and ensures the procedures will be followed for future improvement and renewal activities.
Waitomo DC response	<p>The NZTA Procurement policy and strategy already forms the basis and guidelines for all procurement of contracts and professional services. Due diligence will be taken to ensure that all procurements are evaluated as per those guidelines.</p> <p>This matter has already been addressed, a staff member from WDC will be upskilled to become a qualified tender evaluator, however the RBU will also engage the services of an independent consultant to carry out RSA's on our capital projects for large contracts.</p>

* * *

Question 4:	Has Waitomo District Council contract management practices in place to ensure contracts are managed effectively?	Effective
Findings	<p>Council has established good procedures for ensuring contracts are effectively managed. Good processes were evident for monitoring and managing the delivery of professional services and physical works contracts. Minutes from scheduled supplier and consultant meetings and regular progress reports were all well documented. One suggested improvement is that when an action is agreed with a contractor or consultant, the time for implementation is also agreed and recorded. This can help avoid misunderstandings and can highlight both good and poor performance.</p> <p>Contract approval and variations procedures are both well managed. Contract administration and recordkeeping is of a high standard. A sample of Annual Achievement Return data from Transport Investment Online was confirmed to source records.</p>	
Suggestion	That Waitomo District Council includes agreed times for the implementation of agreed actions with its consultants and contractors.	
Waitomo DC response	Noted.	

* * *

Question 5:	Are Waitomo District Council's professional services providing value for money?	Effective
Findings	<p>Council's professional services are providing value for money by delivering professional services activities through its in-house business unit. A current service level agreement is in place between Council and the business unit. Time costing is employed for charging actual costs including administration activities. There is clear separation of these two activities tabled in the service level agreement. The cost recovery multiplier calculated for the business unit's overheads in the 2016/17 financial year was 1.79. Supplementary and specialist services requirements are outsourced and procured using expedited direct appointment procedures.</p> <p>Council's Procurement Strategy addresses all the Transport Agency's requirements for claiming subsidy for delivering professional services in-house.</p>	
Waitomo DC response	Noted.	

* * *

From: Kobus du Toit [<mailto:Kobus.duToit@waitomo.govt.nz>]
Sent: Tuesday, 7 November 2017 12:30 p.m.
To: Ron Wheeler
Cc: Chris Ryan; Vibhuti Chopra; Wilma Joubert
Subject: RE: Waitomo DC DRAFT Audit Report 2017

Hi Ron

The Waitomo DC DRAFT Audit Report 2017 was reviewed and found to be accurate.

Kind regards

Kobus du Toit | General Manager - Infrastructure Services
Waitomo District Council

Queen Street, Te Kuiti 3910

PO Box 404, Te Kuiti 3941

Phone 07 878 0800 | Fax: 07 878 7771 | Mobile 027 8072 285 | DDI 07 8780822

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Audit Programme

1. Previous audit December 2015
2. Land Transport Disbursement Account
3. Final Claims for 2015/16, and 2016/17
4. Transactions (accounts payable) - 2016/17
5. Retentions Account
6. Reconciliation between ledgers supporting final claim and the audited financial statements
7. Procurement Procedures
8. Contract Variations
9. Contract Management & Administration
10. Professional Services
11. Transport Investment On-line (TIO) Reporting
12. Other issues that may be raised during the audit
13. Close out meeting

AUDIT RATING TABLE

Rating	Definition
Effective	<p>Investment management – effective systems, processes and management practices used.</p> <p>Compliance – Transport Agency and legislative requirements met.</p> <p>Findings/deficiencies – opportunities for improvement may be identified for consideration.</p>
Some Improvement Needed	<p>Investment management – acceptable systems, processes and management practices but opportunities for improvement.</p> <p>Compliance – some omissions with Transport Agency requirements. No known breaches of legislative requirements.</p> <p>Findings/deficiencies - error and omission issues identified which need to be addressed</p>
Significant Improvement Needed	<p>Investment management – systems, processes and management practices require improvement.</p> <p>Compliance – significant breaches of Transport Agency and/or legislative requirements.</p> <p>Findings/deficiencies – issues and/or breaches must be addressed or on-going Transport Agency funding may be at risk.</p>
Unsatisfactory	<p>Investment management – inadequate systems, processes and management practices.</p> <p>Compliance – multiple and/or serious breaches of Transport Agency or legislative requirements.</p> <p>Findings/deficiencies – systemic and/or serious issues must be urgently addressed or on-going Transport Agency funding will be at risk.</p>

APPENDIX D

(From Question 3)

CONTRACTS AUDITED

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Professional Services			
500/15/019A	Direct Appoint	Sep 2015	Structural bridge maintenance 2016	Calibre Consulting	Estimate Let Price Final Cost	\$ 38,000 \$ 38,000 \$ 22,082
500/15/026A	Direct Appoint	Dec 2016	Mangatoa Rd Rp 3.042 underslip – design phase.	BCD Group	Estimate Let Price Final Cost	\$ 25,000 \$ 15,575 Ongoing
500/16/0007A	Direct Appoint	May 2016	Maraeroa Rd seal extension	Opus	Estimate Let Price Final Cost	\$ 31,875 \$ 31,875 \$ 30,743
500/16/043	Direct Appoint (sole supplier)	Jul 2016	Novice Driver training programme	Te Kuiti Community House	Estimate Let Price Final Cost	\$ 124,750 \$ 124,750 Ongoing
500/17/001	4	May 2017	Bridge Inspections- RATA	Opus	Estimate Let Price Final Cost	\$ 378,891 \$ 378,891* Ongoing
			Physical Works			
500/15/13B	2	Jan 2017	Pavement rehabilitation Totoro Rd.	Inframax	Estimate Let Price Final Cost	\$ 949,000 \$ 1,147,666 Ongoing
500/15/019B	1	Apr 2016	Structural bridge maintenance	Whitaker Civil Engineering	Estimate Let Price Final Cost	\$ 216,953 \$ 249,839 \$ 231,383
500/16/006B	1	Mar 2016	Street light maintenance	Alf Downs	Estimate Let Price Final Cost	\$ 479,275 \$ 472,552 Ongoing
500/16/007B	1	Nov 2016	Maraeroa Rd. seal extension	Inframax	Estimate Let Price Final Cost	\$ 657,085 \$ 816,976 \$ 865,410
500/16/28	4	Dec 2016	Waitomo DC road maintenance and reseals 2017-2020	Inframax	Estimate Let Price Final Cost	\$24,677,196 \$15,797,334 Ongoing
500/16/029	4	Dec 2016	Waitomo DC reseals 2016-17	Higgins	Estimate Let Price Final Cost	\$ 1,261,519 \$ 914,698 Ongoing

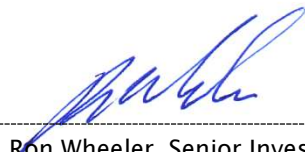
*Waitomo DC share of larger joint principal contract (total value \$1,475,000)

Investment Audit of Waitomo District Council

Report Number: RARWI - 1791

November 2017

Prepared by:



Ron Wheeler, Senior Investment Auditor



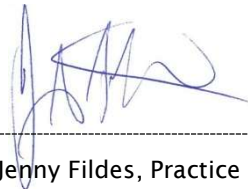
Glenn McGregor, Senior Investment Auditor

Reviewed by:




Tony Pinn, Senior Investment Auditor

Approved by:



Jenny Fildes, Practice Manager Audit and Assurance

Document No: A385665	
Report To:	Audit and Risk Committee
	Meeting Date: 27 February 2018
	Subject: Progress Report: WDC Resource Consent – Compliance Monitoring
	Type: Information Only

1.0 Purpose of Report

- 1.1 The purpose of this business paper is to brief Council on compliance reporting against Resource Consent conditions.

2.0 Local Government Act S.11A Considerations

- 2.1 Section 11A of the LGA reads as follows:

11A Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- (a) *network infrastructure;*
- (b) *public transport services;*
- (c) *solid waste collection and disposal;*
- (d) *the avoidance or mitigation of natural hazards;*
- (e) *libraries, museums, reserves, and other recreational facilities and community amenities.*

- 2.2 Compliance and monitoring against Resource Consent conditions is consistent with Section 11A of the Local Government Act 2002.

3.0 Risk Considerations

- 3.1 This is a progress report only, and as such no risks have been identified in regards to the information contained in this business paper.

4.0 Commentary

- 4.1 WDC is required to report on Resource Consent compliance to the Waikato Regional Council (WRC) in accordance with the conditions that regulate the various Resource Consents held by WDC.
- 4.2 The following tables set out details of the compliance reporting requirements for WDC's Resource Consents.

RESOURCE CONSENT	REPORT DUE
Monthly	
No. 112639 - Te Kuiti Wastewater Treatment Plant Conditions 7 to 19 (Discharge) Condition 30 (Reasonable Mixing)	Monthly
No. 116844 - Benneydale Water Treatment Plant Condition 9 (Surface Water Take)	Monthly
No. 117290 - Piopio Wastewater Treatment Plant Condition 26 (Discharge)	Monthly
Quarterly	
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 11 TEKLR 20	February, May, August, November
No. 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Conditions 7 and 14 (SW2) TEKLR 32	February, May, August, November
Six Monthly	
No. 133317 - Te Kuiti Water Treatment Plant Condition 11 (Water Take)	January/July
No. 118813 - Benneydale Wastewater Treatment Plant Condition 16 to 23	January/July
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 6 (Groundwater b1 to b7)	February and August <i>(also include in Annual Report 30th September)</i>
No. 117945 - Benneydale Water Treatment Plant (Backwash)	April/October
No. 124718 - Te Kuiti Landfill (William Street) Condition 6 and 14 DH2/3/4/7 (Oct to March, April to Nov)	April/October
No. 107477 - Piopio Water Treatment Plant Conditions 6 and 9 (Water Take) (Nov-April, May-Oct)	May/November
No. 107478 - Piopio Water Treatment Plant (Backwash) (Nov-April, May-Oct)	May/November
No. 101753 - Rangitoto Quarry Landfill, William Street, Te Kuiti Condition 10 TEKLR10 (*)	May/October

RESOURCE CONSENT	REPORT DUE
Annually	
No. 118813 - Benneydale Wastewater Treatment Plant Condition 26 (Discharge to Land and Water)	31st March
No. 124718 - William Street, Te Kuiti Conditions 7 & 14 (SW1,SW2, SW3, SW4, SW5)	April or May
No. 120340 - Mokau Closed Landfill Condition 3, 6 & 10	May
No. 113038 - Te Kuiti Water Treatment Plant Conditions 1 & 2 (Ground Water Take)	1st of May
No. 105054/55/56/57/58/59/60 - Waitomo Stormwater Schedule A (22) Conditions 4,5 & 6	31st May
No. 105054 - Te Kuiti Stormwater Condition 6	31st May
No. 116274 - Benneydale Water Treatment Plant Conditions 2, 3, 4 & 7 (Groundwater Take)	1st of June
No. 113544 - Mokau Water Treatment Plant (Water Take)	July
No. 113545 - Mokau Water Treatment Plant (Backwash)	July
No. 101753, 101754 and 124718 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Condition Schedule 1(5) and 13	1st August
No. 101753, 101754 - Rangitoto Quarry Landfill, William Street, Te Kuiti Annual Report Consents Schedule 1 (6) <i>Independent Peer Reviewer</i>	1st September
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 20 (Discharge)	September 30th
No. 103287, 103288 and 103289 - Te Kuiti Walker Road - Closed Landfill Discharge to Land, Air and Divert (Nov, Jun)	November <i>(within two months of sampling)</i>
No. 103193 - Benneydale Closed Landfill SH30 Conditions 2, 3 and 5	November <i>(within two months of sampling)</i>
No. 103194 - Conditions 2 and 3	

RESOURCE CONSENT	REPORT DUE
No. 103196 - Piopio Closed Landfill Condition 2, 3 and 4	November <i>(within two months of sampling)</i>
No. 103198 - Aria Closed Landfill Conditions 2 and 4	November <i>(within two months of sampling)</i>
Biennial	
No. 120048 - Te Kuiti Wastewater Treatment Plant Condition 7 (Groundwater b1 to b7)	December 2016
No. 117290 - Piopio Wastewater Treatment Plant Condition No 7 and 9 (Discharge) (Operations and Management)	September 2014, 2016, 2018, etc.
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 24	June 2015 <i>(and every two years after)</i>
No. 118813 - Benneydale Wastewater Treatment Plant Condition 27 (Management Plan Review)	from 2010 every two years
Other	
No. 112639 - Te Kuiti Wastewater Treatment Plant Condition 28 (after 3 years Fish Passage/Migration Barrier Assessment)	Monday, 18 December 2017
No. 133317 - Te Kuiti Water Treatment Plant Condition 10 (Telemeter)	1st July 2018

4.3 The following Resource Consent Compliance Reports have been made to WRC:

1. RC 107477 – Piopio water Treatment Plant – Surface water take – 1st May 2017 to 31st October 2017 (Doc A346165).
 - Partial compliance achieved.
 - There were two exceedances of the 450 m³ water take limit during this reporting period. This was mostly likely due to the higher than usual rain fall over the winter/spring period resulting in higher raw water turbidity necessitating more frequent filters backwash and the necessity to clean the clarifier more often.
 - Piopio Water Supply serves a population of less than 500 people. The water treatment plant capacity is 600 m³ per day, although the consent is for 450 m³ per day.
2. RC 107478 – Piopio Water Treatment, Backwash Discharge to water, 1st May 2017 to 31st October 2017 (Doc A376352).
 - Partial Compliance achieved.
 - The Backwash discharge exceeded 100 m³ /day several times between May and August 2017. Condition 7 has changed from the 16th August 2017, allowing 95 m³ daily backwash discharge. From the 16th August 2017 the limit was exceeded three times, although the maximum recorded volume of backwash discharge was 101 m³, well below the 195 m³ allowance for a monthly clarifier cleaning.
 - The higher rainfall increased the suspended solids in the raw water, impeding settlement, the increased raw water turbidity requires more frequent filter backwash and cleaning of the clarifier, increasing the volume of the backwash discharges.
3. RC 117290 – Piopio Wastewater Treatment Plant effluent discharge – October 2017 (Doc A376667).
 - Full compliance achieved.
4. RC 103196 and 103197 – Piopio Closed Landfill, Discharge to land and air (Doc A377856)
 - Full compliance achieved.
5. RC 103198 and 103199 – Aria Closed Landfill, Discharge to land and air (Doc A377660).
 - Full compliance achieved.
6. RC 103193 and 103194 – Benneydale Closed Landfill, Discharge to land and air (Doc A377817).
 - Full compliance achieved.

- 7.** RC 103287, 103288 and 103289 – Te Kuiti Closed Landfill, Discharge to land and air (Doc A377978).

 - Full compliance achieved.
- 8.** RC 105054 - Stormwater discharge – Sewage Manhole overflow, 04/12/2017 (Doc A379461).

 - On Monday 4th December at approximately 9:17 am, Waitomo District Council received a complaint from Te Kuiti Primary regarding a sewage leakage between Mangaokewa Stream and the school boundary.
 - WDC assigned a contractor to investigate. The contractor proceeded to clean up the affected area and sand bags were laid at the top of the bank to prevent any more sewage flowing into the stream.
 - Another contractor was instructed to use a sucker truck to immediately empty the manhole and suck up all the sewage that ponded in the surroundings. The clean-up, including sanitation with hydrated lime and clear up of the manhole was completed at 11:00 am, as recorded by contractor.
- 9.** RC 116844 –Benneydale Water Treatment Plant – surface water take – November 2017 (Doc A379344).

 - Full compliance achieved
- 10.** RC 112639 - Te Kuiti Wastewater Treatment Plant (TKWWTP) – Discharge to water – November 2017 (Doc A380167).

 - Full compliance achieved.
- 11.** RC 117290 – Piopio Wastewater Treatment Plant, Effluent Discharge November 2017 (Doc A380448).

 - Full compliance achieved.
- 12.** RC 116844 –Benneydale Water Treatment Plant – surface water take – December 2017 (Doc A381424).

 - Full compliance achieved.
- 13.** RC 117290 – Piopio Wastewater Treatment Plant, Effluent Discharge November 2017 (Doc A381835).

 - Partial compliance. Overall, most of the quality parameters were well below trigger limits.
 - The exceedance on Faecal Coliform was suspected to be due to a failure within the UV electrical connections, the issue was fixed as soon as it was detected by WDC.
 - A sample was taken 48 hrs after fixing the electrical connection.
- 14.** RC 117290 – Piopio WWTP, Exceedance report – January 2018 (Doc A383152).

 - Partial compliance achieved.

- Most parameters remained of good quality, except faecal coliform which exceeded WRC trigger limits.
 - WDC has scheduled another full maintenance for the coming days. In addition all lamps, sleeves and the UV intensity sensor will be replaced. WDC is in negotiations with the service contractor to do this work as soon as all the parts and spares have arrived.
 - It is expected that future samples should be fully compliant.
- 15.** RC 101753 – Te Kuiti Landfill, leachate monitoring within the ring drain, 1st October 2017 to 31st December 2017 (Doc A382786).
- Partial compliance achieved. Most of the parameters showed exceedances to the trigger limits during the current reporting period.
 - The ring drain flow, meets the stormwater reticulation at the landfill and the discharges into the retention ponds, where it receives pre-treatment before it continues towards the stormwater reticulation system outside landfill boundaries which discharges into the river.
 - Nevertheless, during December 2017, the stormwater discharge from the retention ponds was dry; therefore, the minimal flow from the stormwater and ring drain within the landfill was fully treated and no flow was being discharge to the river during December 2017.
- 16.** RC 124718 – Te Kuiti Landfill, Discharge to land (Doc A382860)
- Full compliance achieved
- 17.** RC 112639 - Te Kuiti Wastewater Treatment Plant (TKWWTP) Discharge – December 2017 (Doc A381978).
- Full compliance achieved.
- 18.** RC 112639 - Te Kuiti Wastewater Treatment Plant (TKWWTP) Discharge – Exceedance report (Doc A382317).
- E.coli results showed an exceedance during the first week of January 2018. The weekly sample was taken on Friday 5th January 2018, and final results were received Monday 15th January from the Certified Laboratory with an E.coli value of 330 MPN/100 ml.
 - An interim report was requested by WDC that correspond to the sample taken on the following week, which showed a high quality result, with E.coli values of <1.6 MPN/100 ml, which are drinking water standards.
- 19.** RC 118813 – Benneydale Wastewater Treatment Plant Discharge, 1st July 2017 to 31st December 2017 (Doc A381610).
- Partial compliance achieved.

- Total suspended solids exceeded condition 18: "Wastewater discharges to land or water shall be of better quality than Total Suspended solids 42 mg/l as a 90th percentile, and maximum of 55 mg/l in any sample."
 - TSS results showed an irregular trend between July and December 2017, exceeding the consent limits after obtaining suspended Solids results of 42 mg/l in August and October 2017. There were no exceedances to the maximum trigger limit of 55 mg/l.
 - WDC performed a de-sludge of the wetland as a remedial action, after which results returned of good quality below trigger limits, at 15 mg/l in November 2017 and 28 mg/l in December 2017.
- 20.** RC 112639 - Te Kuiti Wastewater Treatment Plant (TKWWTP) Discharge, January 2018 (Doc A385012).
- Partial compliance achieved.
 - E.coli results showed an exceedance during the first week of January 2018 at 330 MPN/100 ml, decreasing values the following weeks and remaining below the trigger limits of 235 MPN/100 ml at <1.6 for the rest of the month.
 - Condition 8 states: "The concentration of Escherichia coli (E.coli) in the discharge shall not exceed the 200 MPN/100 ml in more than 2 of 20 consecutive samples AND over December to March inclusive, no consecutive sample shall exceed 235 MPN/100ml", therefore the TKWWTP discharge quality is still within compliance.
- 21.** RC 116844 – Benneydale Water Treatment Plant Surface water take, January 2018 (Doc A384914).
- Partial Compliance achieved.
 - There was one exceedance to the water extraction limits on the 10th January, this was due to a clarifier draining and cleaning, which required more volume than usual.

Suggested Resolution

The Progress Report: Resource Consent – Compliance Monitoring be received.



KOBUS DU TOIT
GROUP MANAGER – ASSETS

Document No: A385167

Report To: Audit and Risk Committee



Meeting Date: 27 February 2018

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

Purpose of Report

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

Commentary

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

Suggested Resolutions

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree the following staff, having relevant knowledge, remain in attendance to assist Council with its decision making: ...
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Health and Safety	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Risk Management – Procurement/Contract Schedule (November 2017 to February 2018)	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
3. Progress Report: No 5 Trust - Offer of Service for ongoing provision of Exhibition Space	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

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



MICHELLE HIGGIE
EXECUTIVE ASSISTANT