

# Audit & Risk Committee Public Agenda 30 September 2022

Kaipaki Room  
Cambridge Service Centre  
23 Wilson Street  
Cambridge



Chairperson  
Bruce Robertson

Members  
His Worship the Mayor JB Mylchreest, Councillors AW Brown, RDB Gordon,  
SC O'Regan and CS St Pierre.

30 September 2022 10:00 AM

<b>Agenda Topic</b>	<b>Presenter</b>	<b>Time</b>	<b>Page</b>
1. Apologies	Chairperson	10:00 AM-10:01 AM	3
2. Disclosure of Members' Interests	Chairperson	10:01 AM-10:02 AM	4
3. Late Items	Chairperson	10:02 AM-10:03 AM	5
4. Confirmation of Order Of Meeting	Chairperson	10:03 AM-10:04 AM	6
5. Confirmation of Minutes	Chairperson	10:04 AM-10:05 AM	7
5.1 Unconfirmed Audit and Risk Committee Open Minutes - 13 June 2022	Governance		8
6. Risk Management Update	Genny Wilson	10:05 AM-10:45 AM	17
7. Project Management and Governance Improvement Plan	Georgina Knapp	10:45 AM-10:55 AM	65
8. Sensitive Expenditure and Fraud Corruption Policy / Procedure Review	Adele Bird	10:55 AM-11:10 AM	83
9. Insurance Renewal and Update 2022	Aimee Turner	11:10 AM-11:30 AM	122
10. Annual Report 2021/ 2022 Update	Nada Milne	11:30 AM-12:10 PM	127
11. Outstanding Management Report Matters	Jolanda Hechter	12:10 PM-12:15 PM	313

12.	Review of Performance of Effectiveness of ARC / Recommendation to incoming Council	Genny Wilson	12:15 PM-12:35 PM	320
Lunch			12:35 PM-12:55 PM	
13.	Risk reporting on Ahu Ake - Waipā Community Spatial Plan project	Kirsty Downey	12:55 PM-01:00 PM	340
14.	Deep Dive into Risks	Kirsty Downey and Wayne Allan	01:00 PM-01:20 PM	352
15.	Outcome of Emergency Management EOC Audit	Dave Simes	01:20 PM-01:25 PM	361
16.	MBIE Performance Monitoring Assessment Report	Karl Tutty	01:25 PM-01:30 PM	364
17.	Capital Programme Update End of Financial Year Report 2022 and Update on 2022-2023 Capital Programme	Peter Thomson	01:30 PM-01:40 PM	381
18.	Resolution to Exclude the Public	Chairperson	01:40 PM-01:41 PM	386



## **APOLOGIES**

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*That the apology for lateness from His Worship the Mayor be received.*



## **DISCLOSURE OF MEMBERS' INTERESTS**

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Members are reminded to declare and stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they may have.



## LATE ITEMS

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Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.



## CONFIRMATION OF ORDER OF MEETING

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**Recommendation**

*That the order of the meeting be confirmed.*

# COMMITTEE AGENDA



**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Governance  
**Subject:** **CONFIRMATION OF MINUTES**  
**Meeting Date:** 30 September 2022

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## **1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA**

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The local authority, its committees, subcommittees and any local and community boards must keep minutes of their proceedings. These minutes must be kept in hard or electronic copy, authorised by a Chairperson's manual or electronic signature once confirmed by resolution at a subsequent meeting. Once authorised the minutes are the prima facie evidence of the proceedings they relate to.

The only topic that may be discussed at a subsequent meeting, with respect to the minutes, is their correctness.

## **2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI**

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*That the open minutes of the Audit and Risk Committee meeting held on 13 June 2022, having been circulated, be taken as read and confirmed as a true and correct record of that meeting.*

## **3 ATTACHMENT - ĀPITITANGA**

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Audit and Risk Open Minutes – 13 June 2022

# COMMITTEE MINUTES



**Committee:** Audit and Risk Committee  
**Time:** 11am  
**Date:** Monday 13 June 2022  
**Venue:** Council Chambers, Waipā District Council  
101 Bank Street, Te Awamutu

## PRESENT

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### Chairperson

Bruce Robertson

### Members

His Worship the Mayor JB Mylchreest, Councillors AW Brown (via Zoom), RDB Gordon, SC O'Regan [departed 12.25pm], and CS St Pierre.

## 1 APOLOGIES

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*That the apology from Councillor O'Regan departing the meeting early be received.*

Chairperson Robertson / Mayor Mylchreest

## 2 DISCLOSURE OF MEMBERS' INTERESTS

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There were no new disclosures.

## 3 LATE ITEMS

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There were no late items.



## AUDIT AND RISK COMMITTEE MINUTES



### 4 CONFIRMATION OF ORDER OF MEETING

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**RESOLVED**

14/22/17

*That the order of the meeting be confirmed.*

Councillor St Pierre / Mayor Mylchreest

### 5 CONFIRMATION OF MINUTES

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**RESOLVED**

14/22/18

*That the open minutes of the Audit and Risk Committee meeting held on 14 March 2022 having been circulated, be taken as read and confirmed as a true and correct record of that meeting.*

Councillor St Pierre / Councillor O'Regan

### 6 PAYROLL FOLLOW UP REVIEW AND HOLIDAYS ACT COMPLIANCE

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Manager Human Resources, Stephanie Shores spoke to the Payroll Follow-up report and was joined by KPMG Directors, Murtaza Ali and Nav Deo who provided additional comment to the Committee.

There was discussion on the revised timing of the Holidays Act Compliance audit with Group Manager Morris and KPMG indicating that they expected this work would be complete by the end of July.

Questions were raised on the need and cost of PayGlobal providing the required transaction data in a specific format. Group Manager Morris and KPMG provided the appropriate explanations.

**RESOLVED**

14/22/19

*That the Payroll follow up review report (document number 10817272) of Stephanie Shores, Manager Human Resources be received.*

Councillor St Pierre / Chairperson Robertson

## AUDIT AND RISK COMMITTEE MINUTES



### 7 BUSINESS CONTINUITY MANAGEMENT FOLLOW UP REVIEW

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Business Resilience and Risk Advisor, Genny Wilson highlighted points from the Business Continuity follow up review. Ms Wilson commented that the result was pleasing and reflected the efforts across the organisation.

KPMG Director, Murtaza Ali commented that this was a very pleasing effort by management to address the recommendations in this important area of work.

#### **RESOLVED**

14/22/20

*That the Business Continuity follow up review report (document number 10808385) of Genny Wilson, Business Resilience and Risk Advisor be received.*

Mayor Mylchreest / Councillor A Brown

### 8 RISK MANAGEMENT UPDATE

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Business Resilience and Risk Advisor, Genny Wilson provided a summary of the Risk Management Update report.

#### **RESOLVED**

14/22/21

*That the 'Risk Management Update' report (document number 10808384), including the 'Quarterly Risk Report for February to April 2022' (document number 10818276), of Genny Wilson, Business Resilience and Risk Advisor be received.*

Chairperson Robertson / Councillor St Pierre

### 9 ASSET MANAGEMENT PLANNING AUDIT – IMPROVEMENT PROGRAMME

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Group Manager Service Delivery, Dawn Inglis provided an update on progress achieved since the last report to the Audit and Risk Committee in September 2021.

#### **RESOLVED**

14/22/22

*That the report titled 'Asset Management Planning Audit Improvement Programme'*



*(document number 10809756), of Dawn Inglis, Group Manager Service Delivery, be received.*

Chairperson Robertson / Councillor St Pierre

## **10 RISK REPORTING ON THE WAIPĀ COMMUNITY SPATIAL PLAN PROJECT**

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Group Manager Strategy, Kirsty Downey provided an overview of the report.

**RESOLVED**

14/22/23

*That the report titled Risk reporting on the Waipā Community Spatial Plan project (document number 10821510) of Vanessa Honore, Senior Strategic Planner, be received.*

Councillor O'Regan / Mayor Mylchreest

## **11 ANNUAL PLAN 2022/23 PROJECT UPDATE AND KEY RISKS**

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Strategic Projects Driver, Haven Walsh advised the Committee that the Annual Plan 2022/23 report was taken to the Strategic Planning and Policy Committee meeting on 7 June 2022. The Annual Plan is now recommended for Council adoption on 28 June 2022.

**RESOLVED**

14/22/24

*That the 'Annual Plan 2022/2023 project update and key risks' report (document number 10819607) of Haven Walsh, Strategic Projects Driver, be received.*

Councillor O'Regan / Councillor Gordon

## **12 CHANGES TO AUDIT PLAN 2021/22 AUDIT**

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[Councillor O'Regan left the meeting at 12.25pm]

Group Manager Morris took the report as read.

Audit New Zealand, Auditor Director, Leon Pieterse spoke to the report and advised that with the extended legislative time frame in place to 31 December 2022, the audit should be completed and signed off for adoption by Council in either the November or December 2022 Council meeting.

## AUDIT AND RISK COMMITTEE MINUTES



### RESOLVED

14/22/25

*That the 'Change to Audit Plan for 2021/22 Audit' report (document number 10822601), of Jolanda Hechter, Manager Finance, be received.*

Chairperson Robertson / Mayor Mylchreest

### 13 REVIEW OF ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND PROPOSED REVALUATION APPROACH

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Group Manager Morris presented the report to the Committee, highlighting a concern that Council may be required to complete an out-of-cycle valuation. Audit New Zealand, Auditor Director, Leon Pieterse provided further commentary to the Committee on this matter.

The Committee asked a series of questions to Mssrs Morris and Pieterse.

### RESOLVED

14/22/26

*That the information contained in the 'Review of Accounting Policies, Key Accounting Estimates and Proposed Revaluation Approach' report (document number 10828351), of Nada Milne, Financial Accountant, be received, with staff to work on finalising the policies taking into account the Audit and Risk Committee's questions.*

Councillor St Pierre / Chairperson Robertson

### 14 OUTSTANDING MANAGEMENT REPORT MATTERS

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Group Manager Morris took the report as read and noted that there had been no change from the March 2022 report, due to delays in the timing of the interim audit visit meaning no items could be removed.

Audit New Zealand, Auditor Director, Leon Pieterse remained for this item but was not required to make comment or answer questions from the Committee.



**RESOLVED**

14/22/27

*That the information contained in the 'Outstanding Management Report Matters' report (document number 10816927), of Jolanda Hechter, Manager Finance, be received.*

Chairperson Robertson / Mayor Mylchreest

**15 BUILDING CONSENT AUTHORITY ACCREDITATION ASSESSMENT REPORT**

Compliance Manager, Karl Tutty and Building Compliance Team Leader, Leanne Beal jointly spoke to the Building Consent Authority Assessment Report 2022 which covered the recent bi-annual IANZ assessment of Waipā District Councils BCA (building consent authority) functions, and its subsequent findings.

The Committee acknowledged the good work undertaken by the Building Consent team.

**RESOLVED**

14/22/28

*That the Building Consent Authority Assessment Report 2022 be received with the Audit and Risk Committee noting their appreciation to the Building Consent team for a good result.*

Councillor Gordon / Councillor St Pierre

**16 CAPITAL PROGRAMME UPDATE TO 30 APRIL 2022**

Manager Project Delivery, Peter Thomson spoke to his report to 30 April 2022.

**RESOLVED**

14/22/29

*That the report titled 'Capital Programme Update to 30 April 2022' (document number 10816848), of Peter Thomson, Manager Project Delivery, be received.*

Chairperson Robertson / Councillor Mylchreest

# AUDIT AND RISK COMMITTEE MINUTES



## 17 RESOLUTION TO EXCLUDE THE PUBLIC

### RESOLVED

14/22/30

(Section 48, Local Government Official Information and Meetings Act 1987)

**THAT the public be excluded from the following parts of the proceedings of this meeting.**

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
18. Confirmation of PE Minutes – 14 March 2022 19. Capital Programme Risks to 30 April 2022 20. Cyber Security Audit Reassessment 21. Deep Dive into Risks 22. Litigation Update 23. Group Risk Discussion – Group Manager Customer Service and Community Services 24. Organisational Risk Discussion with the Chief Executive	<i>Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987</i>	<i>Section 48(1)(a)</i>

*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 Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:*

# AUDIT AND RISK COMMITTEE MINUTES



Item No.	Section	Interest
18,23,24	Section 7(2)(a) and Section 7 (2)(b)	<i>To protect the privacy of natural persons, including that of deceased natural persons; and  To protect the information which if public would; i. disclose a trade secret; or ii. unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</i>
18	Section 7(2)(b)(ii)	<i>To protect information if public would unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</i>
21	Section 7(2)(c)(i)	<i>To protect information which is subject to an obligation of confidence where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, where it is in the public interest that such information should continue to be supplied.</i>
18,21	Section 7(2)(c)(ii)	<i>To protect information which is subject to an obligation of confidence where the making available of the information would be likely otherwise to damage the public interest.</i>
18,22	Section 7(2)(g)	<i>To maintain legal professional privilege</i>
18,19	Section 7(2)(h)	<i>To enable the council to carry out, without prejudice or disadvantage, commercial activities.</i>
20	Section 7(2)(j)	<i>To prevent the disclosure or use of information for improper gain or advantage.</i>

Chairperson Robertson / Councillor St Pierre

The meeting went into Public Excluded at 1.49pm

There being no further business the meeting closed at 3.34pm



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**CONFIRMED AS A TRUE AND CORRECT RECORD**

**CHAIRPERSON:** \_\_\_\_\_

**DATE:** \_\_\_\_\_



UNCONFIRMED



# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Business Resilience and Risk Advisor  
**Subject:** **Risk Management Update**  
**Meeting Date:** 30 September 2022

### 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

Robust risk management is essential to Waipā District Council to support the achievement of its strategic objectives.

Council is currently in the final year of the improvement programme with the objective of raising Council's risk management maturity level from 'sustainable' to 'mature'.

This report outlines initiatives that in staff's view should provide members of the Committee with confidence that risks are being well managed across the organisation and there is continuous improvement in the management of risk at Council.

This formal reporting sits alongside the less formal Chief Executive and Group Manager risk discussions, and the 'Deep Dive' discussions, that generally take place at each meeting of the Committee.

### 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee*

- a) Receive the report of Genny Wilson, Business Resilience and Risk Advisor titled Risk Management Update (ECM 10862308), including the Quarterly Risk Report for May to July 2022 (ECM 10876341);*
- b) Approve the Top Risks 2022/23 document (ECM 10854729) for Council endorsement; and*
- c) Approve the Risk Appetite Statement 2022/23 (ECM 10863494) for Council endorsement.*

### 3 COMMENTARY - KŌRERO

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The systematic management of risk is important for any organisation and in particular to a business as large and diverse as Council's. Ensuring an appropriate risk management framework is in place is an important function of the Audit and Risk Committee.

#### **Actions, Initiatives and Plans Since Last Report**

##### **Quarterly Risk Management Report**

The Quarterly Risk Management report has been developed in line with Council's current Risk and Compliance Management Policy and feedback from previous Audit and Risk Committee meetings. The report for the May to July 2022 period is attached as Appendix 1.

The key purpose of the report is to provide a base for discussion and to trigger effective risk conversations by the Committee. The report provides the Committee with the results of the quarterly review of risks; an update on the status of the mitigation measures; as well as an update on the implementation of the risk management strategy. It provides a base for discussion at every meeting of this Committee.

The Executive also conduct a quarterly review of the report in the lead-in to the Audit and Risk Committee review. The report continues to evolve. The dashboard for Key Risk Indicators (KRIs) for the Top Risks that involve the assumptions in the Long Term Plan is included for the period ending 8 June 2022. This report is included in the monthly Finance and Corporate Committee agenda, with the latest snapshot included in the quarterly risk report.

The evolution of risk management reporting will continue as mechanisms for gathering the necessary data are developed for the remaining placeholders/gaps. Staff welcome feedback and ideas from this Committee to improve the usefulness of the information provided.

##### **Top Risks 2022/23 and Risk Appetite Statement 2022/23**

The Top Risks 2022/23 document has been further developed following the workshop completed prior to the June Audit and Risk Committee. The draft Top Risks have been further workshopped with Council's Leadership Team to agree the risks as documented and the appropriate mitigant actions from this year's Group and Department Business Plans.

The Executive Team have agreed these Top Risks and the Risk Appetite Statement for this financial year which are now included as appendices 2 and 3 of this report for approval. These will then be reported to the first practical Council business meeting of the new term for endorsement, with any updates from ARC provided verbally. The deferment of this Committee meeting due to the unanticipated public holiday to commemorate the passing of Her Majesty the Queen, meant these documents could not go to the last Council meeting of the term.

## **Risk Management Improvement Programme Update**

The risk management improvement programme is in the final year of implementation with progress being made against all remaining activities after delays due to COVID-19.

The risk management training development is now well progressed. Council recently procured a training content writing tool that has allowed enhanced interactivity and reinforcement of learning for online content. The risk training content has been updated to utilise this functionality which will give a better user experience and training product that meets adult learning principles.

The modules completed to date are:

- An introduction to Risk Management
- Risk Management Process
- Rating Risks and the Risk Matrices
- Writing Risk Statements.

These form the foundation of the risk management training for staff and will be delivered via e-learning and tracked for participation. Implementation of the prepared modules is planned for the next quarter.

In addition training modules on general fraud management awareness and prevention, protected disclosures, and conflict of interest are in development. A plan for further risk management modules is also in place.

Planning for the implementation of the Promapp risk management module for operational risks has progressed. Learnings from other Councils have been utilised and the module is on track for implementation third quarter of this financial year.

## **ComplyWith Implementation**

The compliance management software, ComplyWith, has been configured with the agreed obligations and our organisational structure. The first survey for attestation has also been set up by the vendor who will provide support to run and report on this survey.

At the time of writing the report training for impacted staff is being developed and the implementation and change management activities scheduled.

The project is on track to implement the first attestation survey in October 2022.

## **Internal Audit Programme**

The internal audit programme is on track. The Holidays Act Compliance review has been completed and further analysis is underway.

Due to workloads within the District Growth and Regulatory Services team the fieldwork for Council's fees and charges audit has been spread over a longer period

and will still be completed this quarter. The report is planned to be provided to the December 2022 Audit and Risk Committee meeting.

**Policy Rationalisation Project Update**

The implementation plan for Pou Tātaki has been developed and is on track to launch in November.

The rationalisation of policies continues to make good progress with reconciliation of the policy and procedures manual and Waipa 101 being completed. Agreed policies have been moved to a new centralised index within ECM.

A separate agenda item covers the reviewed policies that require approval by Audit and Risk Committee.

**4 APPENDICES - ĀPITITANGA**

No:	Appendix Title
1	Quarterly Risk Report for May to July 2022 ECM 10876341
2	Top Risks 2022/23 ECM 10854729
3	Risk Appetite Statement 2022/23 ECM 10863494



Genny Wilson  
**BUSINESS RESILIENCE AND RISK ADVISOR**



Reviewed by Georgina Knapp  
**MANAGER BUSINESS IMPROVEMENT AND RISK MANAGEMENT**



Approved by Ken Morris  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**

## APPENDIX 1

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### Quarterly Risk Report May to July 2022 (ECM 10876341)

# QUARTERLY RISK MANAGEMENT REPORT FOR MAY TO JULY 2022

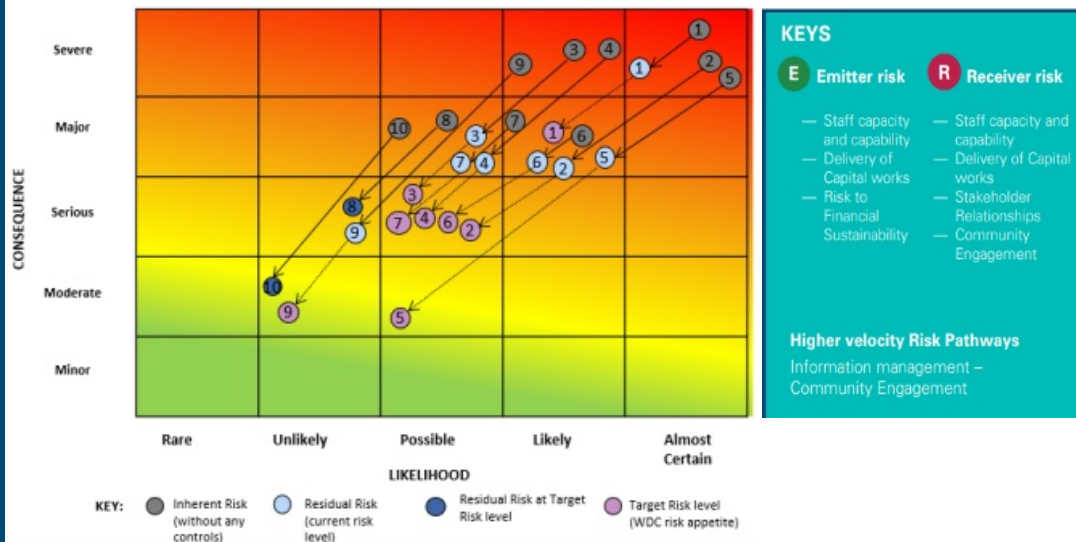
## KEY INSIGHTS

- The Top Risks for 2022/23 and the Risk Appetite Statement for 2022/23 have been updated and are presented for approval.
- Mitigant actions for the Top Risks have been taken from the yearly Business Plans and agreed at a Leadership Team workshop. Progress against these actions will be reported from the December meeting, after formal approval of the Top Risks.
- The ratings of the Top Risks have been set for the current environment and where the target residual risk is higher than the aspirational risk appetite for the relevant portfolio an explanation has been provided in the Risk Appetite Statement.
- Risk management training (four foundation modules) are ready for roll out through Council’s new Learning Management System.
- Further modules for Fraud Awareness and Prevention and Conflict of Interest are in development and will be rolled out next quarter.
- The compliance software ComplyWith is being implemented with the first annual attestation survey being run in October. ComplyWith will allow Council to monitor compliance against legislatively required obligations across the organisation and be kept up to date with relevant legislative changes.
- An updated action plan is being developed for the Business Resilience Improvement Programme based on the recommendations from the follow up internal audit.
- Top Risk 7: Failure to manage response to and the impacts of central government reforms is trending up with the likely impacts of Plan Change 26.

## SUMMARY OF TOP RISKS

#	Risk Area and Statement	Residual (current) level	Trend
1	<b>Inadequate staffing capacity and capability to deliver Council’s objectives:</b> If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Extreme	➡
2	<b>Failure to deliver the programme of capital works:</b> If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	Very High	➡
3	<b>Risk to Financial Sustainability:</b> If Council does not have sufficient liquidity and/or funding or debt levels are at a limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unseen event such as a disaster required funding then delivery of service levels and key projects may be significantly impacted.	Very High	➡
4	<b>Failure to effectively engage with the community:</b> If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council’s reputation and community engagement may be negatively impacted.	Very High	➡
5	<b>Failure to manage an effective response to climate change impacts:</b> If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High	➡
6	<b>Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships:</b> If Council fails to give effect to Te Tiriti and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua, then Council will fail to meet its governance obligations and the ability to operate and deliver key projects will be significantly impacted.	Very High	➡
7	<b>Failure of relationships with key stakeholders:</b> If Council has a breakdown in relationships with key stakeholders, then Council’s ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	Very High	➡
8	<b>Failure to manage response to and the impacts of central government reforms:</b> If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community.	High	⬆
9	<b>Failure to manage Health and Safety and Wellbeing:</b> If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.	High	➡
10	<b>Failure to protect information management assets:</b> If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council’s delivery of services and reputation will be negatively impacted.	Medium	➡

## TOP RISKS HEAT MAP – 10 TOP RISKS



• A total of 10 Top Risks identified and assessed for this financial year.

# QUARTERLY RISK MANAGEMENT REPORT FOR MAY TO JULY 2022

## FINANCIAL SUSTAINABILITY – TRACKING AGAINST LTP ASSUMPTIONS to 30 JUNE 22

### Key Risk Indicator Report

Status = Not started - On track - Off track - At risk - Complete

Risk Title	KRI	Status
Risk to Financial Sustainability	Value of Building Consents issued against same time last year	On track
Risk to Financial Sustainability	Resource Consents: Number of consents issued against same time last year	On track
Risk to Financial Sustainability	Rates collection rates against same time last year	On track
Delivery of the capex programme against the Annual Plan budget	Projects 100%: Renewal	At risk
Risk to Financial Sustainability	Growth - Impact on rates	At risk
Monitoring of assumptions used in preparing Annual Plan as year progresses	Capex 80%: LOS	At risk
Risk to Financial Sustainability	Building Consents: Number of consents issued against same time last year	On track
Monitoring of assumptions used in preparing Annual Plan as year progresses	Borrowing interest rates	At risk
Monitoring of assumptions used in preparing Annual Plan as year progresses	Annual Plan 70%: Growth	At risk

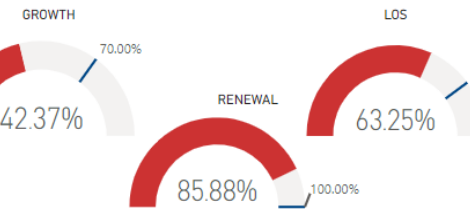
#### Budget vs actual variance for capex:

Budget	Actual
\$183.7M	\$97.76M

#### Budget vs actual variance for operations:

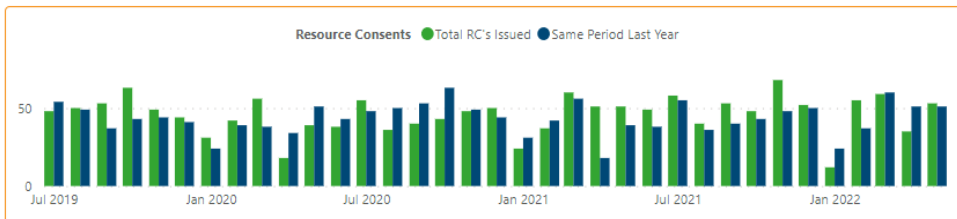
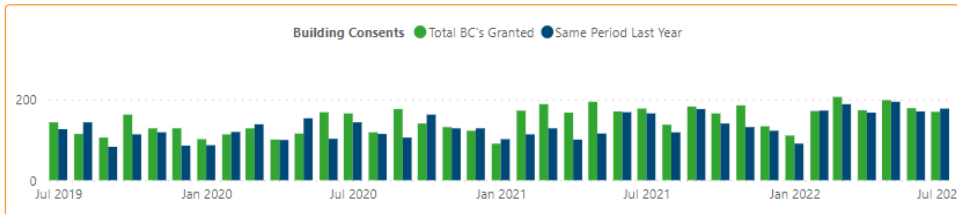
Budget	Actual
\$102.42M	\$100.61M

#### Delivery of the capex programme against the Annual Plan budget:

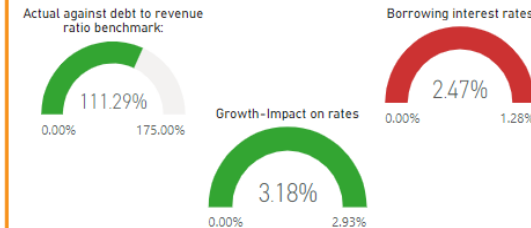


#### YTD vs Same Period LY:

BC's granted	BC value of work	Resource Consents Issued
<b>2027</b>	<b>\$596.22M</b>	<b>319</b>
Year Prior: 1845 (+9.86%)	Year Prior: \$476.97M (+25%)	Year Prior: 272 (+17.28%)



#### Monitoring of assumptions used in preparing Annual Plan as year progresses:



### EMERGING RISKS

An emerging risk has been identified after health and safety concerns were raised about unsupervised access to the Council buildings after hours. Whilst the original issue for the Community Board meetings has been resolved it highlighted a wider risk where external parties are using meeting rooms. The risk was detailed as:

*If the current practice of allowing external parties meeting in Council offices after hours, including double swipe access of doors, continues then there is potential for a security breach that may impact staff safety and have reputational or legal impacts on Council.*

A deep dive of the risk has been completed and following discussion by Chief Executive and GM Business Support an action plan will be implemented.

### ADDITIONAL RISK REPORTING (as per Risk and Compliance Management Policy)

#### PROJECT DELIVERY RISKS (Capital Work)

Project Delivery Risks (Capital Works) will be discussed under Project Delivery Report agenda item (may be Public Excluded).

#### OPERATIONAL RISKS

Planning for implementation of the Promapp Risk module is underway with an expected implementation date of third quarter 22/23.

## QUARTERLY RISK MANAGEMENT REPORT FOR MAY TO JULY 2022

### TOP RISK MITIGATION ACTION MONITORING EXCEPTIONS

Exception reporting of additional planned mitigant actions will commence from the Dec 2022 report for Top Risks after approval of Council’s revised top risks at the September ARC meeting.

#### INTERNAL AUDIT UPDATE

- The internal audit improvement programmes are largely on track. The dates have been updated to include the actions planned to implement the recommendations from the follow up reviews.
- Due to workloads the building consent, resource consent and development contribution fees and charges audit field work is being completed this quarter and will be reported to the December meeting.
- An action plan for the business continuity follow up review recommendations is being completed.
- The Holidays Act compliance audit draft report has been received and further analytics are being completed.
- Improvement programs completed:
  - Payroll (including follow up)
  - Health and Safety
  - Capex procurement (PSP)

Audit	Type of Audit	Year audit completed	Expected programme completion	RAG status
Business Continuity Management Gap Analysis	Maturity	May-2017	Jun-2024	Follow up audit completed May 2022. New action plan
Procure to Pay	Internal control	May-2017	Jun-2024	Follow up audit completed. New action plan
Contract Management	Internal control	Mar-2018	Jun-2024	Follow up audit completed. New action plan
Risk Management Maturity	Maturity	Jun-2018	Jun-2023	On track after COVID delays
Legislative Compliance Framework	Maturity	Mar-2019	Jun-2023	On track after COVID delays
Asset Management Planning Framework	Internal control	May-2020	Jun-2023	Progressing
Fraud Risk Management Gap Analysis	Internal control	Mar-2021	Jun-2023	On track
Project and Programme Management	Maturity	Oct-2021	Jun-2024	See separate report

#### OTHER PROGRAMME AND PROJECT RISKS

Project	Description	Risk Reduction Measure & Treatment Type	Residual Risk Rating
Digital programme	If there is a reprioritisation of priorities and in particular significant increase in BAU activity which takes pre-planned project resources away from projects then projects will be delayed.	Project planning including resource requirements completed for all projects. Conservative worst case scenario applied. Backfilling considered where significant resource is required.	Very High Risk
Digital programme	If the vendor lead time for booking resources continues to extend then there will be significant delays getting issues attended to in a reasonable timeframe	Monthly program discussions held between WDC and TechOne to plan well in advance. Early escalation of issues. Some elements of this outside of WDC control.	Very High Risk
Digital programme	If supply chain delays means it is difficult to get hardware in a timely manner, then projects which require new hardware will be delayed.	Project scoping used to indicate hardware requirements earlier to provide more time for acquiring equipment. Some elements outside of WDC control.	Very High Risk
Waipa Community Spatial Plan	If COVID-19 is not successfully contained within Waipā District, then the number of those who contract the virus will increase and morbidity rates may also rise; there will be adverse impacts on the way we undertake our daily lives; there may be high rates of absenteeism in the workplace as people become unwell and/or are required to isolate; there will be restrictions on our ability to connect in person; and people will prioritise what is important to them.	Detailed project plan developed and implemented. In-house and external resourcing of core project team, with ability to bring in additional resources from within the current providers and wider if required to ensure business continuity. Regular and robust reporting to the PCG, SP & P and ARC. Ensuring access to a range of on-line tools. Monitor partners, staff and stakeholders ability to participate in the project. An organisational recovery programme, incorporating COVID-19 information sharing, is in place. The Western Waikato Civil Defence Emergency Management arrangements provide ongoing capability, monitoring and management. Council also has sound Crisis Management, and Business Continuity Planning frameworks in place.	Very High Risk

#### CYBERSECURITY RISK UPDATE

- Council’s third-party security vendor has acknowledged the good work being completed by the IS team in this quarter’s report  
*“The Information Services team are particularly proactive and have a very mature attitude to cybersecurity. It is not uncommon for IT teams in New Zealand based organisations to be purely focused on delivering functionality (after all, that is what they are often measured on). The team at Waipa District Council seem to have found what many IT teams find extremely difficult - the pragmatic balance between user functionality and security - the sweet spot that enables the organisation to function, safely.”*
- External threat trends show PowerShell, a scripting language by Microsoft for system administrators, is being exploited by opponents. WDC has existing controls and will review the advisory from the National Cyber Security Centre (NCSC) for any further controls.
- Phishing and credential harvesting continue to be most prevalent incidents.
- IS continue to implement recommended improvements.

#### LITIGATION RISK UPDATE

There are currently three legal proceedings initiated in the Courts against Council relating to allegations of negligence. The claims seek damages of over \$5 million, \$2.5 million and \$1 million respectively.

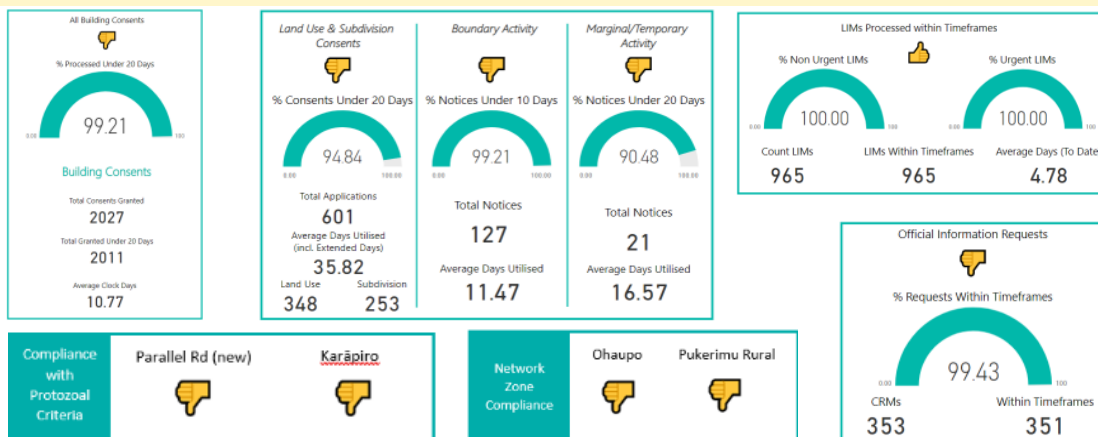
Further information is provided in the Litigation update elsewhere in the agenda.



# QUARTERLY RISK MANAGEMENT REPORT FOR MAY TO JULY 2022

## COMPLIANCE REPORTING

### STATUTORY TIMEFRAME COMPLIANCE (1 July 2021 to 30 June 2022)



### OMBUDSMAN COMPLAINTS

No Ombudsman complaints have been notified to Council this quarter. There are two outstanding complaints to the Ombudsman from previous quarters where we have not yet been notified of the outcome.

### PRIVACY

One minor privacy breach occurred on 24 June. This involved a Zoom webinar invitation being sent to members of the public which mistakenly showed other participants' names and email addresses. This was rectified on discovery and a new invitation sent. The Privacy Commission was notified and no further action was needed to be taken.

#### Commentary for those compliance performance measures not meeting target 2021/22:

##### Official Information Act Requests

- There was a total of 353 LGOIMA requests for the 2021/22 year, two of which did not meet target for the following reasons:
  - For a cross departmental LGOIMA, due to the volume of information requested, the full 20 working days were required. Staff were in touch with the requester, however, due to technical issues the response missed the 5pm cut off and was sent the following morning. The requester acknowledged the apology.
  - An initial response was provided which met the statutory timeframe, however due to an error a corrective response was issued 13 June which Waipā considers to be the official response and exceeded timeframes by one day. The requester was satisfied with the response.

##### Building Consents

- There have been 2,027 consents granted, of which 2,011 were granted within statutory timeframes. There were a number of contributing factors for this result. The unexpected and unprecedented growth in the District has seen a significant increase in building consents submitted, despite anticipating a drop in business post COVID. The significant increase in the volume of consent applications within the Waipā District and New Zealand wide has put a strain on the capacity of staff and availability of contractors. Due to the COVID Alert Level changes and technology issues along with consent numbers still exceeding our projected level we have not achieved the target of 100%.

##### Resource Consents

- There has been a total of 749 resource consents and notices issued throughout the 2021/22 year, 34 of which have not met the statutory timeframes. This is a result of increased workload and reduced resourcing throughout the year. Recruitment processes were carried out to fill vacancies and contractors were also used to assist with consent processing.

##### Drinking Water Compliance

- The Membrane Plant experienced a PLC programming issue while it was still in the defects phase of the contract. The non-compliance was highlighted as an item for priority to fix and amendment, the work being dependent on the contractors/consultants engaged to rectify, as a technical non-compliance there was no risk to public. The programming issue has now been rectified.
- The Karāpiro water treatment plant failed to meet the required log credits due to a programming issue in May 2022, as a technical non-compliance there was no risk to public. The programming issue has now been rectified.
- E.coli was detected during routine sampling. Extensive sampling and continuous data leading up to the incident, suggested that contamination of drinking water was highly unlikely at point of leaving the treatment plant and therefore that it occurred in the zone.

### STATUTORY TIMEFRAME COMPLIANCE (YTD to 31 July 2022)



Drinking Water Compliance – All Compliant

#### Commentary for those compliance performance measures not meeting target YTD:

##### Official Information Requests

One LGOIMA request was issued outside of the statutory timeframes due to a miscommunication internally regarding who was to issue the response, the response was sent immediately once the delay was notified.

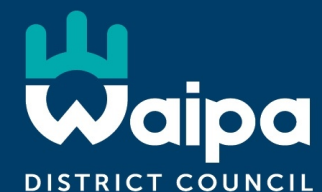
## APPENDIX 2

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### Top Risks 2022/23 (ECM 10854729)

# WAIPA DISTRICT COUNCIL 2022/23 YEAR TOP RISKS

July 2022



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- Top Risks.....5
- Appendix 1: Risk Assessment at Waipa.....15



# SUMMARY OF TOP RISKS

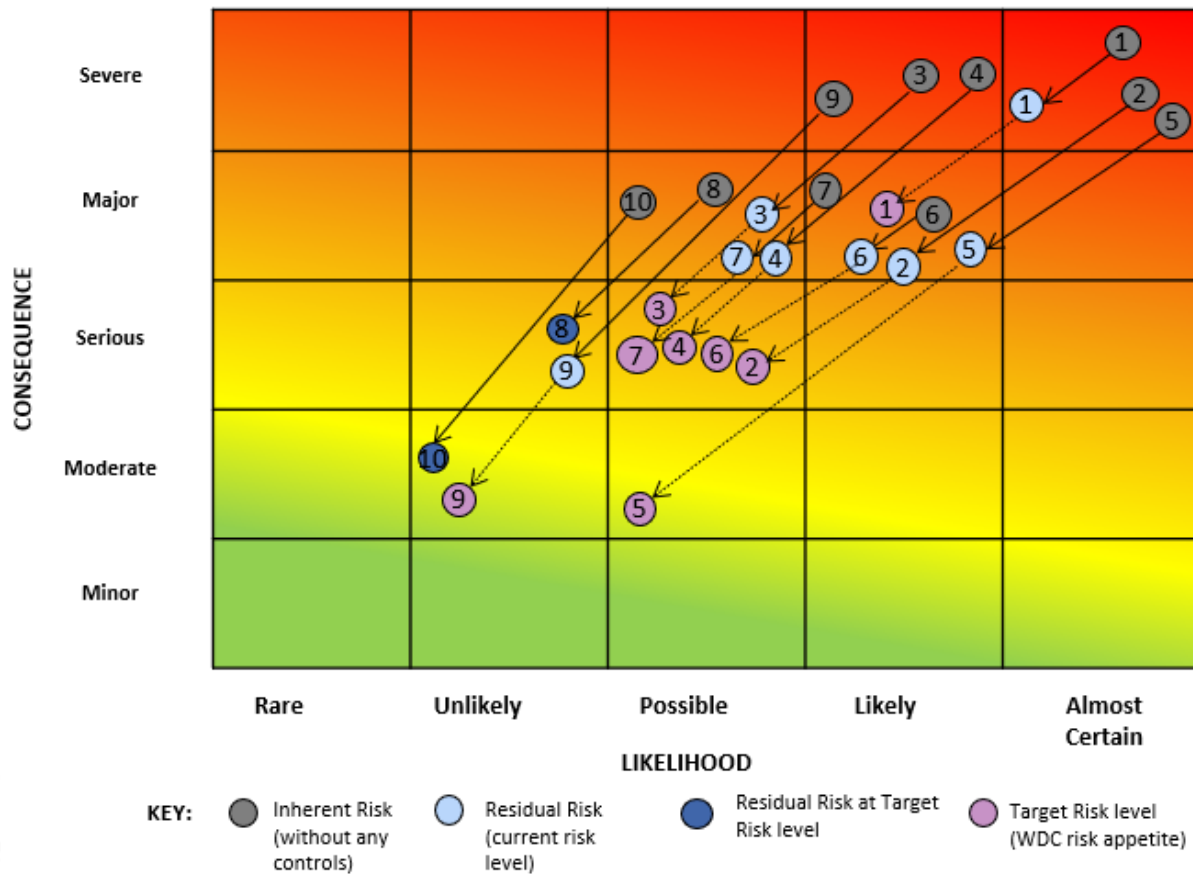
The following are the top risks to the achievement of Waipa District Council's 2022/23 strategic priorities.

Detail on each risk is set out on subsequent pages.

Monitoring and Review:

- Planned activity monitoring will occur through the existing business plan monitoring mechanism.
- Quarterly Executive Team and Audit and Risk Committee reporting on risk management.

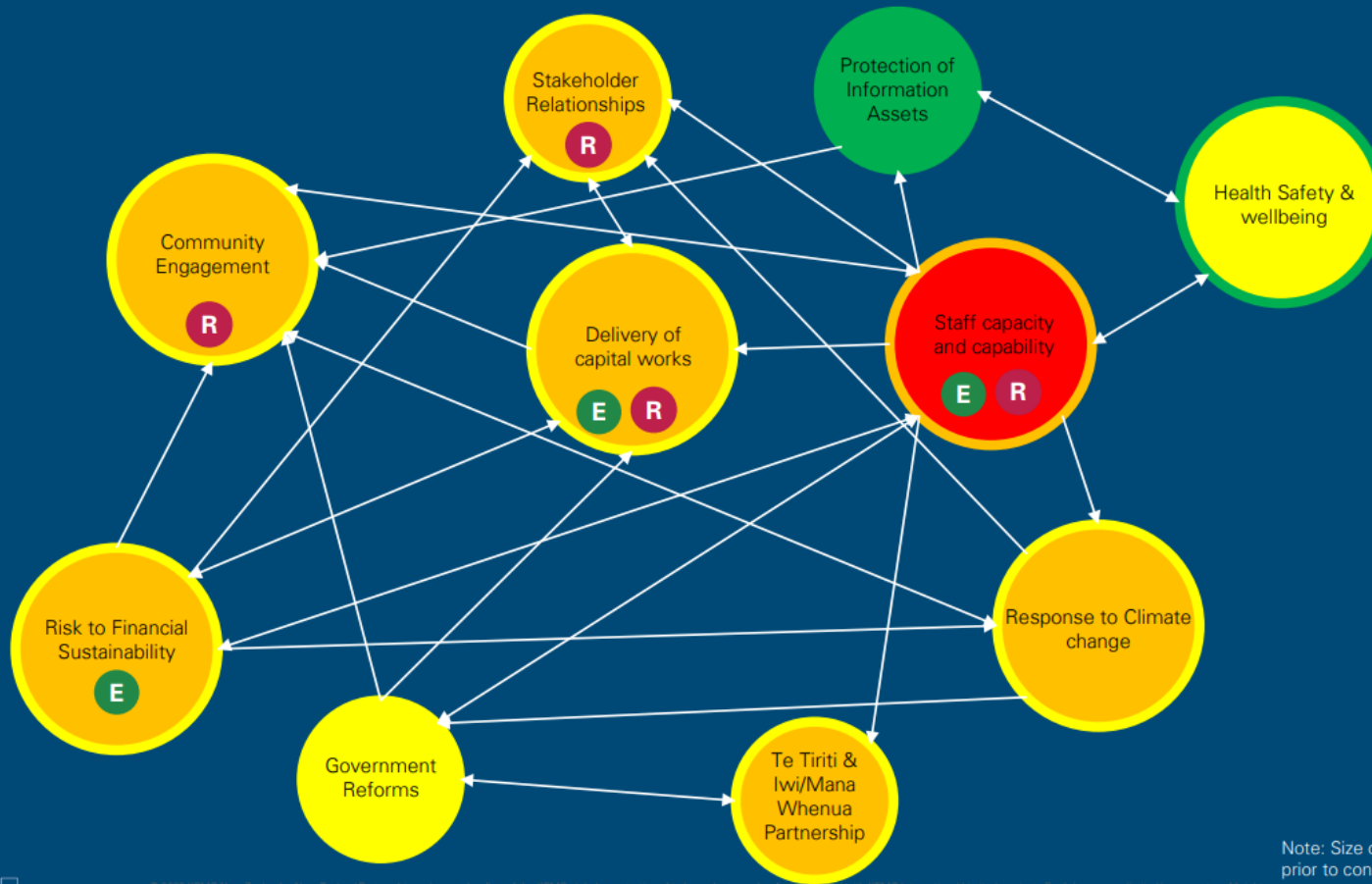
Note: that the Current Residual Risk Level for the majority of risks has been raised compared to last year's Top Risk profile to more accurately reflect the current environment.



#	Risk Area and Statement	Residual (current) level	Trend
1	<b>Inadequate staffing capacity and capability to deliver Council's objectives:</b> If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Extreme	➡
2	<b>Failure to deliver the programme of capital works:</b> If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	Very High	➡
3	<b>Risk to Financial Sustainability:</b> If Council does not have sufficient liquidity and/or funding or debt levels are at a limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unseen event such as a disaster required funding then delivery of service levels and key projects may be significantly impacted.	Very High	➡
4	<b>Failure to effectively engage with the community:</b> If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council's reputation and community engagement may be negatively impacted.	Very High	➡
5	<b>Failure to manage an effective response to climate change impacts:</b> If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High	➡
6	<b>Failure to give effect to Te Tiriti and build successful Iwi/Mana Whenua partnerships:</b> If Council fails to give effect to Te Tiriti and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua, then Council will fail to meet its governance obligations and the ability to operate and deliver key projects will be significantly impacted.	Very High	➡
7	<b>Failure of relationships with key stakeholders:</b> If Council has a breakdown in relationships with key stakeholders, then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	Very High	➡
8	<b>Failure to manage response to and the impacts of central government reforms:</b> If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community	High	⬆
9	<b>Failure to manage Health and Safety and Wellbeing:</b> If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.	High	➡
10	<b>Failure to protect information management assets:</b> If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.	Medium	➡



# Waipā's risk networking



**KEYS**

**E** Emitter risk      **R** Receiver risk

- Staff capacity and capability
- Delivery of Capital works
- Risk to Financial Sustainability
- Staff capacity and capability
- Delivery of Capital works
- Stakeholder Relationships
- Community Engagement

**Higher velocity Risk Pathways**  
Information management – Community Engagement

Size of circle = Inherent Risk  
Colour of circle = Residual Risk  
Outline of circle = Risk Appetite

**KEY**

- Extreme risk
- Very high risk
- High risk
- Moderate risk
- Low risk

Note: Size of bubbles indicate the individual risk impact and probability prior to considering the "domino" effect of the risk cluster.



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**Supporting comments:**

Risk networks assists with more holistic risk management by illuminating an additional dimension which shows the impact risks have on each other. Groups of strongly related risks are called risk "clusters. These are relevant because key failures are seldom the result of a single risk event but are more typically the consequence of a number of related risks materialising at the same time. Whilst individual risks may not be regarded as significant due to their assessed likelihood and impact, it may change when the risks are considered in combination considering clusters. Identifying and understanding these risk clusters drives the prioritisation and actions for risk mitigation measures to be implemented. Emitter risks are critical risks to be managed as these could trigger some of the other risks within a risk cluster. Therefore, adequate assurance should be obtained to ensure these risks are managed in an effective manner.

**ENTERPRISE RISK OWNER - Manager Human Resources**

**RISK DESCRIPTION**

If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.

**KEY RISK DRIVERS**

<p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>• Staff turnover</li> <li>• Salary expectations</li> <li>• Workload imbalances</li> <li>• Calibre and volume of applicants</li> </ul>	
<p><b>PROCESS</b></p> <ul style="list-style-type: none"> <li>• Workflow and workload balancing</li> <li>• Right sizing of workforce</li> <li>• Recruitment options and mix of internal and external appointments</li> <li>• Alternative benefits to attract and retain staff</li> </ul>	
<p><b>EXTERNAL</b></p> <ul style="list-style-type: none"> <li>• Establishment of new water agencies</li> <li>• Constrained labour market</li> <li>• Low unemployment rate</li> <li>• Immigration settings</li> <li>• Movement between Councils in Waikato Region</li> </ul>	



**RISK IMPACTS**

- Staff wellbeing, health and safety compromised
- Non delivery of services, and/or projects
- Dependence on external contractor support
- Additional workload for existing staff to cover vacancies
- Negative financial impacts
- Equity disparity between new recruits and existing staff
- Reputational damage

**RISK APPETITE**

WDC appreciates the challenge of attracting and retaining the right employees to Council, consequently it is willing to accept a **very high** level of target residual risk in the current labour market. Retention is also more important in the current environment.

Effort is currently underway to reinforce the existing alternative strategies to attract new staff and retain existing talent as part of Council's employee value proposition to mitigate this risk.

The risk appetite is driven by the potential for non-delivery and reputational damage of Council's objectives as well as the potential financial impacts.

**RISK ASSESSMENT**

Inherent Risk	Extreme
Residual Risk	Extreme
Target risk	Very High

**CURRENT MITIGATIONS AND CONTROLS**

- Current business model takes an account management approach for HR; each business unit is allocated an HR advisor to support addressing capacity and capability challenges, including workforce planning considerations: impending retirements, exits, cadetships, interns, identifying successors/leaders, and development and/or career progression needs
- Ongoing conversations on staffing through the regular ET and Managers' meeting forums.
- The organisation ensures department redesigns are based on the most appropriate department structure to achieve respective workloads
- Where required external resource is contracted in when internal resourcing is inadequate to deliver key outcomes
- Alternative remuneration and benefits for employees part of Council's EVP
- Values feeding into policy rationalisation for managing staff behaviours and decision making
- Leadership team using PDR to identify personal development for staff

**KEY RISK INDICATORS**

- Staff turnover
- Percentage of recruitment internal appointments

**SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year**

Action	Owner
Enhance Council's Employee Value Proposition to support staff retention	Mgr HR
Advance flexible working arrangements policy	Mgr HR
Pou Tataki implementation with policy rationalization	Mgr HR/GM BS
HRP TechOne project – progress implementation and roll out of LMS	Mgr HR
Departments look holistically across the organisation for skills/resources when restructuring	Leadership Team
Resource constraints reported early to Executive Team so allocation decisions are made	Leadership Team

## ENTERPRISE RISK OWNER - Group Manager Service Delivery

### RISK DESCRIPTION

If Council fails to plan for and deliver the proposed programme of capital works as prioritised then this will impact on the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.

### KEY RISK DRIVERS

#### PEOPLE

- Specialist role shortages
- Capacity gaps



#### PROCESS

- Timing and prioritisation of projects
- Resourcing to deliver within planned timeframes
- Adequacy of planning
- Quality of business cases and application of project management framework
- Ambitions quantum that can be delivered – capacity constraints



#### EXTERNAL

- Market constraints
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Immigration settings
- Supply chain and economic impacts of COVID
- Accelerated planning and unplanned expectations from Govt/Council



### RISK IMPACTS

- Non delivery of planned projects
- Negative financial outcome
- Reputation damage
- Community outcomes not delivered



### RISK APPETITE

WDC appreciates the challenge of delivering the ambitious capital works programme in the current Long Term Plan and is willing to accept a **high level** of risk. There are capacity, supply chain and economic constraints that may impact the quantum that can be delivered versus the programme planned.

The level of uncertainty for the delivery of projects in the current environment given the impacts of COVID on the economy, supply chain, labour market, and overall work programme also leads to the acceptance of a **very high** level of current residual risk. A number of risk drivers are out of Council's direct control. There are also increased expectations from accelerating unplanned projects from government and Council placing more pressure on delivery.

The risk appetite is driven by the potential for non-delivery, reputational damage and financial impacts.

### RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

- Clear key capital project programme governance structure and reporting has been implemented to support best practice project delivery
- Planning across financial years to provide more certainty of resource requirements and pipeline for developers
- Where required external resources contracted in where internal resourcing is inadequate to deliver key outcomes
- Monthly reporting to the executive, and quarterly reporting to ARC on capital project delivery including tracking of spend against the Annual Plan/LTP and approved reforecast
- BI PCG established to provide governance to the digital change projects

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of assumptions used in preparing LTP
- The 22/23 Annual Plan is delivered within budget, capex projects targets and 75% of level of service

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Cycling – Te Awamutu/ Nga Roto/ Pirongia connection	GM SD
Urban Mobility Network – confirm and commence	GM SD
Complete upgrades of Te Awamutu and Cambridge skate parks. Confirm location and concept for Kihikihi and Pirongia Skate Parks	GM C&CS
Progress the development of the 2024-34 LTP i	GM Strategy
Western Arterial Designation (northern section) uplifting underway	Mgr Transport
Cambridge Strategic Transport Network Review Business case	Mgr Transport
Kihikihi township – stormwater enabling works	Mgr Water
Southern Sub Regional W WTP – Land purchase and designation	Mgr Water
Monitoring of the LTP assumptions and highlighting subsequent actions	GM BS
Progressing and enabling the urban development in growth cells	GM DG&R



## ENTERPRISE RISK OWNER - Group Manager Business Support

### RISK DESCRIPTION

If Council does not have sufficient liquidity and/or funding or debt levels are at limit; has not planned effectively for growth, including timing of infrastructure; has not completed planned asset sales; or if an unforeseen event such as a disaster requires funding then delivery of service levels and key projects may be significantly impacted.

### KEY RISK DRIVERS

**PEOPLE**

- Capacity gaps
- Workload imbalances and overload

**PROCESS**

- Rates remission levels
- Rates collection levels
- Debt levels
- Cash flow

**EXTERNAL**

- Economic and market factors
- Developer financial viability and revenue from Development Contributions
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Unforeseen event
- Potential exposure for liability from legal claims



### RISK IMPACTS

- Non delivery of projects
- Negative financial outcome
- Reputation damage
- Lowered levels of service
- Staffing reduced

### RISK APPETITE

WDC appreciates the challenge of delivering services and projects in a time of growth but also in a time of uncertainty due to the long-term effects of COVID.

As per the Long Term Plan Council's debt levels are steadily increasing therefore there are less financial contingencies in place. There is limited control by Council of the financial impacts of COVID.

Council is willing to accept a **high** level of risk as reinforced by the financial parameters approved through the 2021-31 LTP. Focus is on ensuring council services are run prudently.

### RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

- Current Key Mitigations in place on an ongoing basis:
- Robust discussion and assessment of the assumptions contained within the Annual and 10-Year plans.
  - Monitoring and reporting of assumptions for LTP
  - Financial policies adopted during LTP inform decision making
  - Modular design for expansion of treatment plants
  - Improved financial reporting through technology investments
  - Monthly KRI reporting to the Finance and Corporate Committee

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Actual against debt benchmark
- Budget vs actual variance for operations and capex
- Expected Revenue drops by 15% or more to trigger activation of Business Continuity Plan – monitored through
  - number of building and resource consents
  - rates collection rates
  - development contributions actual vs budget variance
- Monitoring that 80% of growth cell is full before next cell opened

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Monitoring of the LTP assumptions and highlighting subsequent actions	Mgr Finance
Internal audit programme completed as per the audit plan: and improvement plan / Strategies implementation monitored and reported	GM BS
Commence the development of the 2023/24 Annual Plan	Mgr Strategy
Property sales are achieved in line with the Property Strategy which sets the course for realising asset sales revenue and ensuring the highest best use and optimised returns from council owned properties	Mgr Property Projects
Progressing and enabling the urban development in growth cells	GM DG&R Mgr DP&G PRENG
Implement the council approved work programme for the Waipā District Plan Changes and process private plan change requests	Mgr DP&G
Manage legal claims closely to limit liability	GM BS

## ENTERPRISE RISK OWNER - Group Manager Customer and Community Services

### RISK DESCRIPTION

If Council does not effectively engage with the community, then the impacts of Council decisions will not be understood, and with the current level of change fatigue Council's reputation and community engagement may be negatively impacted.

### KEY RISK DRIVERS

#### PEOPLE

- Customers' knowledge of and engagement with Council
- Staff response to customers – timeliness and quality of interaction
- Customer is not front of mind
- Capacity and capability of staff
- Bad behaviour by some customers



#### PROCESS

- Inconsistent customer experience
- Transparency of decision making
- Communication channels and uptake of messaging



#### SYSTEM

- Increased use of social media, including spread of misinformation



#### EXTERNAL

- Market constraints
- Changes by third parties blamed on Council e.g. removal of cheques, some mandates
- Volume and tone of messages from central government
- Future of Local Government reform



### RISK IMPACTS

- Reputation damage and trust in the organisation
- Dissatisfied residents/customers

### RISK APPETITE

WDC recognises the need to take a proactive approach to understanding our customer and community requirements and issues, to enable Council to engage and listen to the community.

Council recognises the challenge of effective community engagement including explaining what Council provides and being transparent with decision making. The environment of increasing mistrust in authorities, amount of misinformation and the level of change fatigue within the community has increased the level of inherent risk.

Council accepts a **high** target residual risk as engagement with the Community is critical to achieving its objectives, but lowering the risk further includes some factors outside of Council's control.

### RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Ongoing resident satisfaction surveying
- One-off customer surveying where further information is sought e.g. communication styles, post transaction surveying
- Community vision, outcomes and external strategic priorities confirmed with community consultation
- Ongoing investment in Community engagement activity for key activities and decisions
- Multiple avenues for the Community to engage with Council on an ongoing basis
- Community concept plans developed with communities

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Number of views of streamed meetings

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Support response to the Future of Local Government Reform	GM C&CS
Leading the development of Ahu Ake (Waipā Community Spatial Plan) in partnership with Mana Whenua and Iwi, including: the evaluation of possible future scenarios: the identification of an emerging preferred scenario: and adopting the best practice approach to stakeholder engagement and community consultation	GM Strategy
Advance external communication plan	Mgr C&E
Advance internal communication strategy	Mgr C&E
Advance and adopt a customer experience strategy	Mgr C&E
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Promote a successful local government election and induction programme	Mgr Governance
Complete stakeholder mapping	Mgr SP
Implement Community Board Review	GM BS

## ENTERPRISE RISK OWNER - Group Manager Strategy

### RISK DESCRIPTION

If Council does not actively understand climate change impacts and manage an effective response to these impacts then this may have significant financial and reputational effects as well as adverse economic and social impacts on the community.

### KEY RISK DRIVERS

#### PEOPLE

- Lack of understanding of impacts of climate change on the organisation and the district
- Capacity and capability to analyse impacts of climate change when planning



#### PROCESS

- Requires significant cross organisational collaboration
- Assessing WDC carbon footprint
- Legislative compliance with risk reporting
- Financial pressures resulting from Covid-19 impact on ability to complete climate change projects
- Clarity of governance



#### EXTERNAL

- Highlighted as an issue by the community – increasing expectations
- Central Government response and requirements increasing
- Peer Councils response and planning
- Expert opinions and global knowledge of impacts
- Projected growth and developments
- Impact on assets being experienced now
- Impact on vulnerable communities



### RISK IMPACTS

- Negative financial outcome
- Reputation damage
- Social and economic, cultural and environmental wellbeing reduced
- Legislative non-compliance



### RISK APPETITE

Climate change events could have a substantial effect on WDC and its community and impacts are now being experienced. With increasing expectations from central government and community the option of delaying an effective response to climate change is no longer viable.

Council will include climate change in planning for infrastructure and the community and make some investment and resource to start lowering the appetite over the next year. This includes responding to reporting requirements.

The activity to mitigate against climate change is increasing within Council who has an aspirational target residual risk level of **high** given the current constraints and ability to achieve a lower risk appetite.

### RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Monitoring reputable available information and collaborating with other Councils and Local Government organisations to provide an informed response
- Assess impact of risk reporting requirements from the Climate Change Response (Zero Carbon) Amendment Act 2019 (CCRA)
- Flood view finder released to allow residents to understand potential flooding impacts.
- Carbon emission baselining and monitoring in place
- Carbon reduction working group is in place and actively researching ideas for future implementation
- Workstreams established to progress carbon emission reduction workplans

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Changes in baseline carbon footprint
- Projects delivering climate change response or future proofing
- Climate change reporting requests from Ministry for Environment

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Advance carbon reduction work	GM SD
Food waste collection feasibility study outcomes implemented in preparation for 2024 LTP	Mgr Transport
Business Case template updated to provide for carbon assessments	GM SD
Waipā DC Carbon Emissions report to 30 June 2022 prepared and reported	GM SD
Lead the development of the Environment Strategy (including implementation plan) for adoption by 30 June 2023	Mgr Strategy
Implementation of the Transport Strategy	Mgr Transport
Emissions Reduction Plan implementation	GM SD
Carbon reduction targets agreed by Council	GM Strategy

## ENTERPRISE RISK OWNER - Group Manager Strategy

### RISK DESCRIPTION

If Council fails to give effect to Te Tiriti o Waitangi and build and sustain partnerships with Iwi/Mana Whenua, including support of developing capability and capacity internally and within Mana Whenua and Iwi, then Council will fail to meet its legislative and governance obligations and the ability to operate and deliver key projects will be significantly impacted.

### KEY RISK DRIVERS

#### PEOPLE

- Capacity and capability of staff to engage
- Limited understanding by staff of Te Tiriti o Waitangi, Tikanga and Tangata Whenua
- Resourcing and affordability to engage
- Capacity and capability of Mana Whenua and Iwi



#### PROCESS

- Time taken to build relationships
- Inclusion/Omission of Iwi/Mana Whenua in planning of projects
- Resource consent requirements



#### EXTERNAL

- Treaty Settlements
- Central government reforms
- COVID-19 recovery disproportionately impacting Iwi



### RISK IMPACTS

- Non delivery or delayed delivery of projects
- Reputation damage
- Judicial challenge

### RISK APPETITE

As Council's Mana Whenua and Iwi partnerships are so critical WDC has a medium appetite for the impacts of this risk but acknowledges that this an aspirational target residual risk level that may not be obtained.

Building capacity and capability internally and within Mana Whenua is required for sustainable partnerships that also drive a **medium** target risk level.

The mitigations are based on strengthening the relationships with Iwi within current resourcing/environment which will equate to a Council Target Residual Risk level of **high** as being more realistically achievable this year.

### RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key partners including Iwi
- Council has established a number of partnership forums including NITOW and the Iwi Consultative Committee and also has ongoing involvement (as an interested party) with Treaty negotiations
- Engagement with Iwi incorporated into Council's communication plan for key projects where the project is of interest to Iwi.
- Te Ara Wai Governance Committee representation
- At risk projects identified and planned for appropriately
- Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios
- Active partner in JMAs with Waikato Tainui, Raukawa and Maniapoto
- Te Kanohi are appointed and participate in all major committees
- Māori Ward representation from 2022

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Ad hoc sentiment

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Liaise with central government representatives and local philanthropic funders to determine potential funding avenues for the fit out of Te Ara Wai	GM C&CS
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Leading the development of Ahu Ake (Waipā Community Spatial Plan) in partnership with Mana Whenua and Iwi, including: the evaluation of possible future scenarios: the identification of an emerging preferred scenario: and adopting a best practice approach to stakeholder engagement and community consultation	GM Strategy
Continue to grow tikanga and cultural awareness in the organisation through the delivery of Tikanga and TE Reo training and practice	Mgr SP
Advance the Tangata Whenua partnership model, adopting a principle based approach to engagement	Mgr SP
Complete stakeholder mapping	Mgr SP

## ENTERPRISE RISK OWNER - Group Manager Strategy

### RISK DESCRIPTION

If Council has a breakdown in relationships with key stakeholders, then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.

### KEY RISK DRIVERS

#### PEOPLE

- Lack of understanding of who key stakeholders and partners are
- Capacity and capability of staff to respond
- Availability of key stakeholders to engage
- Constraints within teams leading consultation



#### PROCESS

- Time taken to build relationships
- Lack of visibility of all interactions with key stakeholders across the organisation
- Lack of engagement with key stakeholders across Council
- Resourcing and affordability to collaborate
- Lack of communication and engagement strategy



#### EXTERNAL

- Key stakeholders commitment to relationship



### RISK IMPACTS

- Delivery of projects and services that don't meet stakeholder expectations
- Negative financial outcome
- Reputation damaged
- Decision making is inappropriate

### RISK APPETITE

Council's relationships are so critical WDC has an aspirational low appetite for the impacts of this risk.

The level of change being driven by central government and need for effective relationships has increased the current residual risk this year.

Continued capacity constraints also drive the increase in residual risk.

However, the time and cost of managing and sustaining these relationships mean that the target residual risk level is more realistically **high**.

### RISK ASSESSMENT

Inherent Risk	Very High
Residual Risk	Very High
Target risk	High

### CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key stakeholders and partners
- Te Ara Wai Governance Committee has been established supported by an engagement programme
- At risk projects identified and planned for appropriately
- Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios
- Input into Co-Lab services and performance, including invite to Co-Lab CE to visit Executive Team every six months to build relationship
- Business Development Manager role focused on building relationships for economic growth initiatives
- Community Advisors have been made permanent to develop deep, lasting community relationships

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators
- Ad hoc sentiment
- Engagement plans for high risk projects identified and adopted

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action`	Owner
Advance external communication plan	Mgr C&E
Advance and adopt a customer experience strategy	Mgr C&E
Community advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being	GM C&CS
Liaise with central government representatives and local philanthropic funders to determine potential funding avenues for the fit out of Te Ara Wai.	GM S, Mgr SP
Provide strategic input into the induction programme for the new council	GM S, Mgr SP
Complete the review and commence the implementation of the Economic Wellbeing Strategy	Mgr Strat
A Transition plan is agreed and implemented with newly created Cambridge Town Hall Community Trust to enable the ongoing partnership that activates the Cambridge Town Hall Society	Mgr PS
Opportunities to advance affordable and social housing in the Waipā district progressed with the support of the Housing Working Groups	Mgr PP
Complete Stakeholder mapping	Mgr SP

**ENTERPRISE RISK OWNER - Chief Executive**

**RISK DESCRIPTION**

If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community.

**KEY RISK DRIVERS**

**PEOPLE**

- Lack of understanding of impacts of local government review and proposed reforms on the organisation and the district
- Capacity and capability to analyse impacts of review
- Uncertainty for staff



**PROCESS**

- Requires significant cross organisational collaboration
- Uncertainty for strategy and plan development



**EXTERNAL**

- Increased emphasis on 4 well beings
- Community expectations
- Central Government response and requirements increasing
- Peer Councils response and planning
- Expert opinions and sector knowledge of impacts
- Projected growth and developments



**RISK IMPACTS**

- Negative financial outcome
- Reputation damage
- Community wellbeing reduced (4 well beings)
- External relationships affected
- Staff reduction or redeployment

**RISK APPETITE**

The level of uncertainty around future of local government once 3-waters is removed is very high with the current review timed to take two years. WDC recognises the challenges facing the sector with these changes and will proactively manage what this means for the organisation and district..

Council will undertake ongoing monitoring of the situation and be proactive in planning for any changes.

Due to the level of uncertainty and that the changes are largely outside of Council's control it will accept a **high** level of risk appetite. This will be reviewed as further clarity of the reforms is received.

**RISK ASSESSMENT**

Inherent Risk	Very High
Residual Risk	High
Target risk	High

**CURRENT MITIGATIONS AND CONTROLS**

Current Key Mitigations in place on an ongoing basis:

- Agreement to be part of response unit to manage Council's response to reforms and inform decision making
- Stranded asset identification and response management with Co-Lab

**KEY RISK INDICATORS**

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of stranded asset progress with Co-Lab

**SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year**

Action	Owner
Manage response and transition to three waters reform – funding approved by Government	GM SD
Decision by Elected Members on use of Better Off (Water Reform) funding determined by September 2022	GM SD
Manage response to the Future of Local Government Reform	Executive Team
Providing strategic input to three waters reform, RMA reform, and the Future of Local Government review	GM Strategy
Preparation of a Future Development Strategy to meet the requirements of the NPS-UD	Mgr Str
Commence the review of Waipā 2050 Growth Strategy following the development of Ahu Ake (Waipā Community Spatial Plan) and the Future Development Strategy	Mgr Str
Managing Council's response to the proposed RMA reforms and understanding the impact on the organisation including any National Directions or the Protection of High Quality Soils and Indigenous Biodiversity	GM DG&R & Mgr DP&G
Role established for managing Future of Local Government reforms	GM Strategy

## ENTERPRISE RISK OWNER - Manager Human Resources

### RISK DESCRIPTION

If Council does not have a strong health and safety and wellbeing culture and commitment to keeping staff, contractors and members of the public safe and well for Council controlled activities then there will be unacceptable injuries, poor mental wellbeing and potentially fatalities with legal consequences.

### KEY RISK DRIVERS

#### PEOPLE

- Human error
- Lack of training
- Inadequate management/leadership
- Ineffective H&S committee
- Ongoing impact of COVID and pace of change on staff, including rising aggression levels from customers
- Workloads



#### PROCESS

- Inconsistent or poor SoPs and documented processes
- Inadequate H&S plans
- Contractor pre-qualification process



#### EXTERNAL

- WorkSafe requirements
- Contractors – inadequate safety protocols in place
- Personal stressors outside of work environment



### RISK IMPACTS

- Reputational damage
- Prosecution if serious injury/fatality
- Social and economic consequence to injured
- Poor Mental wellbeing

### RISK APPETITE

WDC has an objective to minimize the risk that may result in serious injury or harm any staff member or Council controlled activity.

Minimizing harm is part of Council's culture, due to the impact of serious injury or a fatality the target residual risk is **medium**. Whilst Council supports a zero harm goal it recognises that the cost of driving the target risk to low is not sustainable.

Current strategies and efforts are implemented to embed and sustain a health and safety culture. The emphasis this year is on staff wellbeing which has increased the current residual risk to reflect the ongoing impact of COVID and the pace of change within Council.

### RISK ASSESSMENT

Inherent Risk	Extreme
Residual Risk	High
Target risk	Medium

### CURRENT MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Due Diligence Plan in place – monitoring through Executive Team meetings and reported on at Finance & Corporate Committee meetings
- Two experienced H&S advisors; each aligned to respective business units
- “Garry’s Health and Safety Commitment” and “H&S, it’s Vital” brand
- Annual H&S Committee objectives; Committee meetings held on a quarterly basis with representation from across the organisation
- H&S electronic reporting and recording system (TRAX)
- Staff health monitoring programme in place
- Formal H&S reporting to the Executive Team (monthly), Finance & Corporate Committee (four-month report)
- Staff H&S pulse assessed through the annual staff engagement survey
- H&S related policies, training and implementation
- WLASS Health & Safety Management Framework adopted
- Organisation-wide top health and safety risks identified; mitigation measures incorporated into H&S business plan
- Updated internal audit shows improvement to overall rating

### SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year

Action	Owner
Advance staff well-being programme	Mgr HR
Review and reinforce processes for dealing with bullying and intimidating behaviour	Mgr HR
Continuing Progress; SafePlus Recommendations	Mgr HR
Support the advancement of flexible working arrangement policy, staff well-being program, and embedding our values	Executive Team
Near miss reporting project to embed H&S culture	Mgr HR
Lone worker devices active and body camera trials	Mgr Compliance

### KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Lead and Lag indicators reported in Health and Safety report to Council
- KPMG SafePlus Follow up Audit Recommendations – Actions progressed as per workplan and reported to Council

**ENTERPRISE RISK OWNER - Group Manager Business Support**

**RISK DESCRIPTION**

If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council’s delivery of services and reputation will be negatively impacted.

**KEY RISK DRIVERS**

<p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>Human error or other actions of staff</li> <li>Privacy breach</li> <li>Non-compliance with process and policy</li> </ul>	
<p><b>PROCESS</b></p> <ul style="list-style-type: none"> <li>Insufficient controls</li> <li>Outdated controls</li> </ul>	
<p><b>SYSTEM</b></p> <ul style="list-style-type: none"> <li>Data loss or corruption</li> <li>Access compromised</li> </ul>	
<p><b>EXTERNAL</b></p> <ul style="list-style-type: none"> <li>Third party vendor requirements</li> <li>Cyber security attacks</li> <li>Global environment of increased state attacks</li> </ul>	



**RISK IMPACTS**

- Theft, ransom demands
- Loss of data or intellectual property
- Compromised service delivery
- Property Loss
- Legal repercussions
- Reputational damage

**RISK APPETITE**

WDC manages a range of information and data pertaining to its own activities and that of its stakeholders which is one of its most valuable assets. Investment in technology is ongoing and strategically driven by the digital roadmap. This investment is also a critical component of organisational resilience. Having secure and robust systems are critical to this.

Although it is deemed to be an unlikely target for information management breaches and cyber risk (compared to other organisations) Council has an aspirational low to medium appetite for cyber risks and compliance. However, the level of investment required to drive this risk down further drives acceptance of this risk at a target residual risk of **medium**.

**RISK ASSESSMENT**

Inherent Risk	Very High
Residual Risk	Medium
Target risk	Medium

**CURRENT MITIGATIONS AND CONTROLS**

- Council actively mitigates against information management risk on an ongoing basis. These mitigants include:
- The implementation of up-to-date firewalls, anti-virus software and operating system patching
  - Organisational internal and external policies aligned with best practice security controls
  - Policy awareness and education campaigns
  - Auditing and monitoring of systems and controls
  - Regular hardware, software and network renewal programme reduces the risk of vulnerability to attack.
  - Active testing programme in place with critical security vulnerabilities closed as identified
  - Security consulting partner contract in place
  - Cyber security improvement programme rolled out in conjunction with WLASS
  - Privacy impact assessments completed as part of each digital project
  - Training in Privacy and LGOIMA obligations with staff
  - Cross Council tabletop exercise to test response and resilience
  - High uptake of phishing training and test emails

**SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year**

Action	Owner
Delivery of the Digital Roadmap and continued focus on improving existing systems	GM BS
Cyber security compliance	Mgr IS
Everything in its Place initiative (EIIP) – moving from setting the groundwork up to more of a compliance and reporting focus	Mgr IS
ICT Vendor Roadmaps – 12 Month forward looking calendar	Mgr IS

**KEY RISK INDICATORS**

- The Key Risk Indicators identified are trends in the following measures:
- Number of security incidents and corrective actions identified
  - Trends in security risks and vulnerabilities as per quarterly compliance reporting (internal and external)



# APPENDIX 1: RISK ASSESSMENT AT WAIPA

## Likelihood Assessment

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Almost certain	AC	>95%	It is almost certain to occur in most circumstances in the next three years.	It is almost certain to occur in most circumstances in the next year. In relation to Health and Safety risks, definite probability, very limited or no controls. Has happened in the past and no compensating controls were implemented. Without additional controls the event is expected to occur in most circumstances. Is expected to occur again within a short period of time (likely to occur at least once in the next 3 months).	It is almost certain to occur in most circumstances during the life of the project.
Likely	L	75% - 95%	The event will likely occur sometime in the next three years	The event will likely occur sometime in the next year. In relation to Health and Safety risks, event will probably occur in most circumstances. Weak controls e.g. be careful. No auditing carried out to provide assurances. With existing controls in place this event will probably still occur with some certainty.	The event will likely occur sometime during the life of the project.

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Possible	P	25% - 75%	Possibly occur sometime in the next three years.	Possibly occur sometime in the next year. In relation to Health and Safety risks, event could occur in some circumstances. Minimal controls. Event has occurred in other Councils or industries with similar levels of controls in place. Is expected to occur within the next 1 - 2 years.	Possibly occur sometime during the life of the project.
Unlikely	U	5% - 25%	Unlikely to occur in the next three years	Unlikely to occur in the next year. In relation to Health and Safety risks, event could occur in some circumstances, however more likely through human error by not following the controls. Event has not occurred in the business, but could in some circumstances in the next 2 - 5 years.	Unlikely to occur during the life of the project.
Rare	R	0% – 5%	Would occur only in rare circumstances in the next three years	Would occur only in rare circumstances in the next year. In relation to Health and Safety risks, event may occur in some exceptional circumstances e.g. serious assault. Improbably: a very small chance of events occurring that may be caused by events not previously seen or certain conditions. Despite effective controls being used an external event or uncontrollable event could occur.	Would occur only in rare circumstances during the life of the project

## Matrix – Consequence if the risk occurs

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
<b>High level rating definitions</b>	Manageable through routine procedures, unlikely to require specific application of resources	Event with consequences which can be readily absorbed, but which require management effort to minimise the impact	Significant event which can be managed under normal circumstances	Critical event which can be endured with proper management	Disaster with potential to lead to business failure
<b>People and Culture - Health and Safety and Wellbeing</b>	First Aid injury. Injury not requiring medical treatment. Health - Infrequent contact with the hazard at low concentration.	Medical Treatment injury. Injury requiring short term medical treatment with some lost time. Health - Frequent (daily) contact with the hazard at low concentration.	Restricted duties injury. Injuries requiring extended treatment. Health - Moderate (weekly) contact with the hazard at moderate concentration.	Lost Time injury or illness. Health - Infrequent (monthly) contact with the hazard at very high concentration. Frequent contact with the hazard at moderate concentration.	Fatality or Permanent Disability. Health - Frequent (daily) contact with the hazard at very high concentration.
<b>Governance, reputation, legislative compliance and control</b>	No impact on public confidence or media attention	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the Council's performance	Major impact on public confidence resulting in some national media coverage	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner
<b>Environment</b>	Little or no impact on the environment	Short-term or minor impact on the environment	Serious damage of local importance with possible regulatory intervention	Serious damage of regional importance with possible regulatory intervention	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
<b>Planning and strategy including changes in central government policy</b>	Negligible impact on outcomes and handled within normal operations	Temporary impact on long- term levels of service, with limited community interest and media attention	Noticeable impact on long- term levels of service, being consistently below expectations in one or more outcome categories. Some community interest and media attention.	Levels of service significantly below expectations in one or more outcome categories, bringing significant negative community and media attention	Levels of service in significant decline across all outcome categories. Widespread negative commentary attracts Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.
<b>Financial Organisation</b>	Loss or overrun of less than \$100k	Loss or overrun of between \$100-250k	Loss or overrun of between \$250-500k	Loss or overrun of between \$500k-\$1m	Loss or overrun of over \$1m
<b>Financial Organisation - Projects</b>	1% project or programme budget overrun	2-5% project or programme budget overrun	5-10% project or programme budget overrun	>10% project or programme budget overrun	>30% project or programme budget overrun
<b>Information management</b>	Isolated equipment failure	Compromise of user password or information management processes impacting the confidentiality and integrity of data	Exploitation of application security flaws compromising the confidentiality and integrity of data	Loss or theft of USB/laptop/other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period
<b>Resilience – Operations and service delivery</b>	Temporary disruption in servicing a small number of customers	Disruption affecting some areas for less than a day	Disruption to a community for more than two hours or some areas for more than a day	Disruption to a community for more than a day or some areas for more than two weeks	Disruption to a community for more than a week
<b>Resilience – Property and assets</b>	Insignificant incident that causes no disruption to services	Isolated damage not requiring relocation of services to an alternative site	Damage to property that requires the relocation of some services to an alternative site	Damage to property that requires the relocation of all services for a short period	Damage to property that requires the relocation of all services for an extended period
<b>Resilience – Climate change</b>	Little or no impact on community plans for climate change	Localised impact on community plans for climate change	Some serious or long term impact on community plans for climate change	Significant impact on community plans for climate change	Extensive or catastrophic impacts on community plans for climate change



SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
<b>Fraud, bribery and corruption</b>	Near miss incident of fraud, bribery or corruption without financial or reputational damage	Fraud, bribery or corruption incident identified and managed internally without serious loss	Serious loss due to fraud, bribery or corruption impacting on reputation and in local media, requiring external assistance	Significant loss due to fraud, bribery or corruption with regional media attention and requiring external assistance	Extensive loss due to fraud, bribery or corruption resulting in national media coverage or regulatory intervention.

## Risk Matrix and Risk Significance Levels

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Severe
LIKELIHOOD	Almost certain	High	High	Very High	Extreme	Extreme
	Likely	Medium	High	Very High	Very High	Extreme
	Possible	Low	Medium	High	Very High	Very High
	Unlikely	Low	Medium	Medium	High	Very High
	Rare	Low	Low	Low	Medium	High

## APPENDIX 3

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### Risk Appetite Statement 2022/23 (ECM 10863494)

# Waipa District Council Year 2022/23 Risk Appetite Statement

July / 2022





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Issue	Reason for Issue	Author	Reviewer	Date
1	Draft for Review after refresh from ARC annual risk workshop	Genny Wilson	Georgina Knapp	25 July 2022
2	Draft for review by Leadership Team	Genny Wilson	Leadership Team	27 July 2022
3	Draft for approval by Executive Team and Audit and Risk Committee	Genny Wilson	Executive Team and ARC	19 August 2022

## **PART 1 - RISK APPETITE STATEMENT**

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### **1.1 Purpose**

Risk appetite is the conscious decision about the amount and type of risk that Waipā District Council (WDC) is willing to take in pursuit of its organisational objectives. Its purpose is to define and communicate to the organisation expectations regarding various risk types, and where it is to be pursued and where it will be avoided.

Council's risk appetite reflects its:

- Business model
- Risk maturity
- Internal risk management capabilities
- Culture.

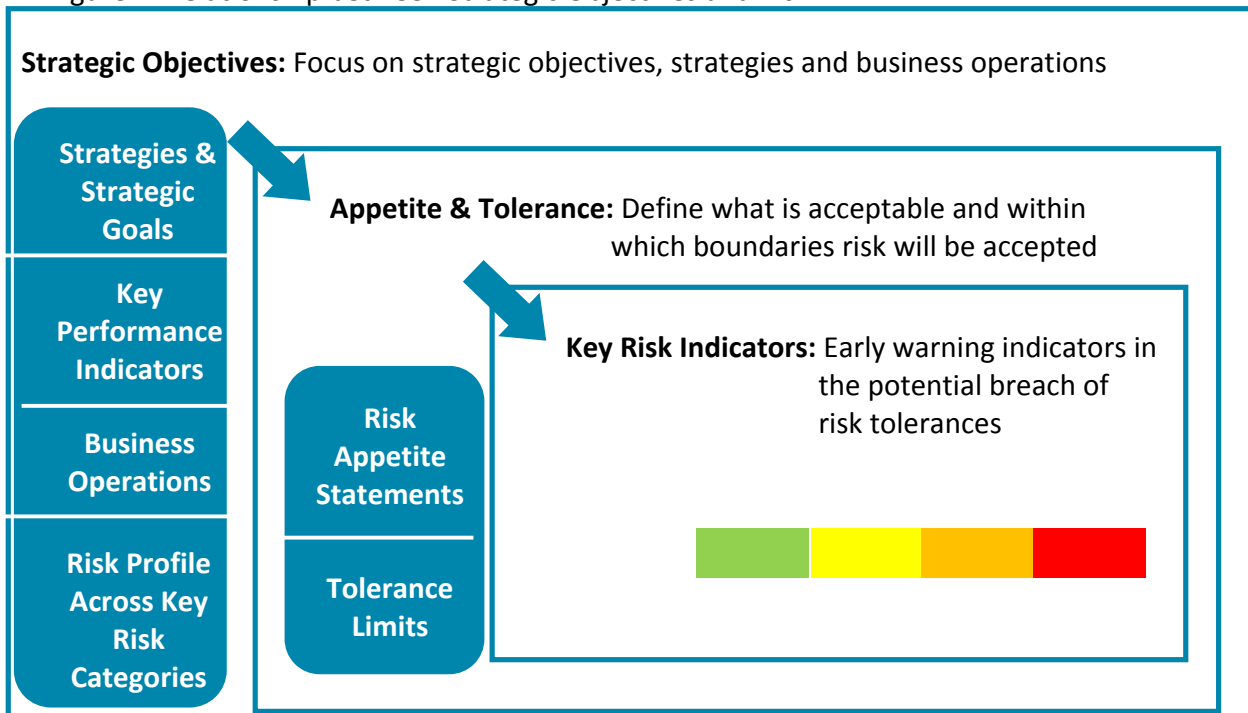
The appetite for risk is influenced by a number of factors including (but not limited to) the:

- Business environment
- People (employees)
- Community needs and wants
- Business systems
- Legislation and policies.

Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work. It is closely linked to defining the overall strategy of WDC therefore setting risk appetite is defined by the Executive Team and Council through the Audit and Risk Committee.

Appetite levels have been determined at the collective level of risk profile as opposed to the individual risk level. The portfolios are aligned with the WDC sources of risk as outlined in the Risk Management Matrices, with the addition of a specific portfolio for fraud, bribery and corruption. Where the level of appetite are different for different parts of the same portfolio e.g. people and health and safety the portfolio is split. Likewise where the risk portfolio covers more than one source of the risk but the appetite is aligned they are consolidated e.g. resilience.

Figure 1: Relationship between Strategic Objectives and Risk<sup>1</sup>



## 1.2 Target Risk Level/Risk Appetite

WDC employs the concept of **target risk level**; to describe the level of risk (as defined by likelihood and consequence) that WDC intends to attain. This level of risk is analogous to the more widely practiced concept of **risk appetite**. Both measures provide an indication of the amount and type of risk WDC is willing to take in pursuit of organisational objectives.

Target risk levels will differ across risk types; in some instances being very low/conservative where risk is to be avoided (e.g. health and safety) and higher/more open where an organisation needs to take on risk (e.g. financial returns). Consequently the measure can be used in decision making, monitoring, and building risk culture across an organisation.

The appetite statement, together with the ratings, provides an explanatory narrative to provide guidance to staff of where risk is to be avoided or pursued.

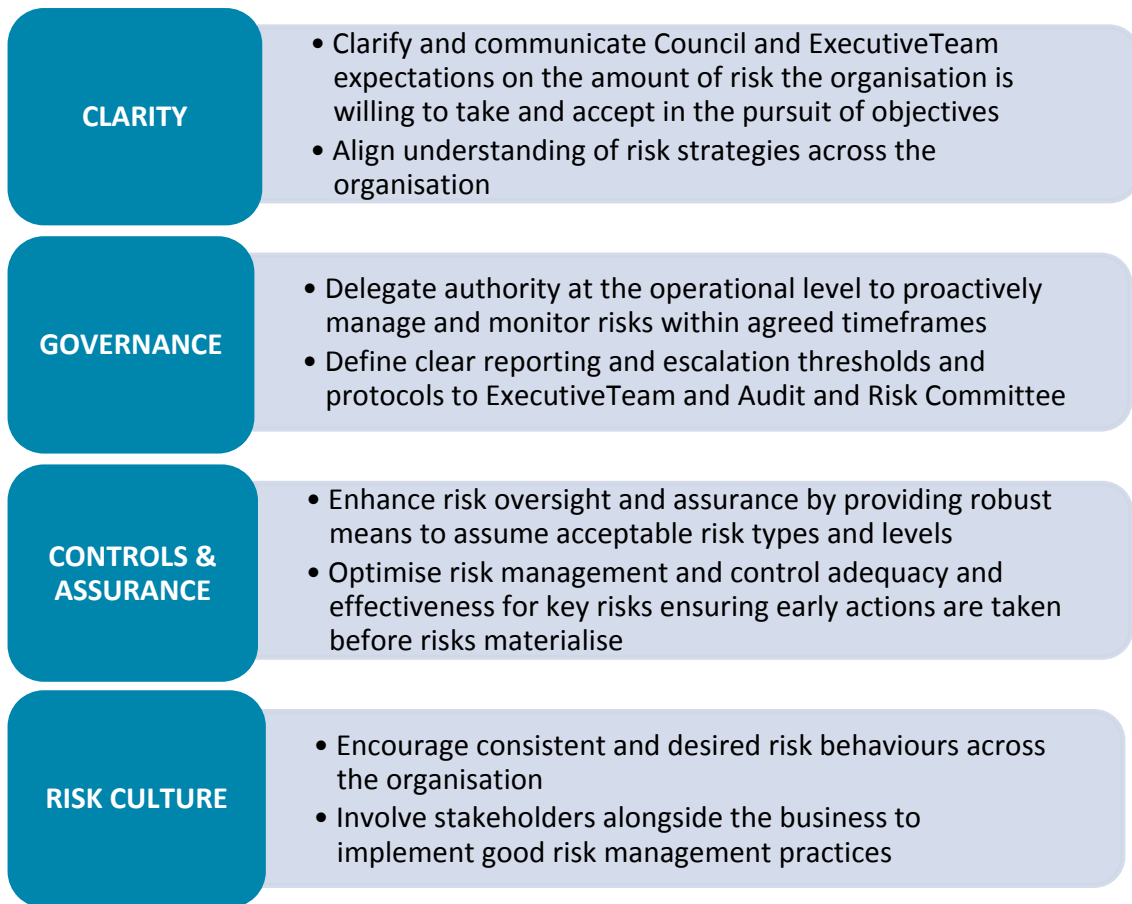
<sup>1</sup> Diagram courtesy of Waikato District Council

Therefore the risk appetite will also inform the targeted residual risk level for the Council’s Top Risks.

### 1.3 Communicating Organisational Risk Appetite

The benefits of communicating the organisation’s risk appetite are detailed in the diagram below.

Figure 3: Benefits of Communicating Risk Appetite<sup>2</sup>



Discrepancies between WDC’s agreed risk appetite and residual risk level determine whether more controls are required to appropriately manage a risk or whether there is room to exploit more opportunities.

<sup>2</sup> Diagram courtesy of Waikato District Council

### 1.4 Context

The WDC strategic framework is detailed in the diagram below.

Figure 3: Waipā District Council Strategic Framework



The revised Council vision and community outcomes were adopted as part of the 2021/31 Long Term Plan process.

The four community outcomes drive Council's Strategic Priorities:

- Socially Resilient
- Cultural Champions
- Environmental Champions
- Economically Progressive

Risk appetite is the conscious decision about the amount and type of risk that Waipā District Council (WDC) is willing to take in pursuit of the Council's vision and Community Outcomes.

### **1.5 Overall Risk Statement**

WDC accepts that it is willing to take well defined risks at a moderate to high level where it will result in the achievement of strategic objectives and provide opportunities. It also understands that the successful achievement of these objectives is significantly supported by its perceived reputation with its customers and stakeholders. Accordingly WDC is not willing to accept risks that would significantly adversely impact its reputation, nor where employee or customer wellbeing is compromised.

Where the adoption of strategies, initiatives or actions may exceed the stated risk appetite, the Executive Team and Council, through the Audit and Risk Committee, will be consulted prior to those activities commencing.






The risk statements in this document are for employees and elected members of WDC and any partners, contractors or participating associates.



The risk appetite has been developed for the following risk portfolios that align with the risk sources within the risk management matrices:

- People, including health and safety
- Governance, reputation, legislative compliance and control
- Environment
- Planning and Strategy including changes in central government policy
- Financial Organisation (including Projects and Programmes)
- Information Management
- Resilience including operations and service delivery, property and assets, and climate change
- Fraud, Bribery and Corruption

Further detail on risk portfolios are set out subsequently in this document.


The risk appetite tolerance range is defined as:




Range	Definition	Gauge
Low	Acceptable level is no risk to little residual risk. Controls in place to mitigate risks to as low as reasonably practicable.	
Moderate	Acceptable level of medium residual risk so that innovation and opportunities can be maximised to provide value and threats are reduced to a safe level appropriately and cost effectively.	
High	Acceptable level of residual risk is high as it is either outside Council’s control, provides opportunities that will result in rewards and value higher than the overall risk, or the investment required to mitigate the risk further is not prudent.	
Very High	Acceptable level of residual risk is very high as it is generally outside of Council’s control and impacted by wider macroeconomic or political factors and the ability to lower is not possible or financially prudent in the current environment.	
Extreme	Acceptable level of residual risk is at a maximum.	


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
<p><b>People and Culture</b></p>	<p>Risks associated with health and safety and wellbeing; or the capacity and capability of staff, elected members, contractors and partners; ability to attract and retain skilled staff; behaviour and/or performance of leaders and staff. Behaviour being guided by the values of the organisation.</p> <p>People risks typically result from staff constraints (not being able to fill positions with skilled staff); incompetence (lack skills and knowledge to do job correctly); or a corporate culture that does not cultivate risk awareness (lack of health and safety culture and/or risk awareness).</p>	 <p>Very High</p>	<p>WDC accepts that there is significant competition for talent and resource shortages for key skills required to deliver our services. The constraints of the current labour market and the immigration settings has impacted the number and calibre of applicants for roles across the organisation.</p> <p>Council also accepts that strong leadership and investment in staff is necessary to achieve its strategic objectives.</p> <p>WDC appreciates the challenge of attracting and retaining the right employees and building capable leadership and strong governance. Overall WDC accepts an appetite risk level of very high given the current labour market.</p> <p>The risk appetite is driven by the potential for non-delivery of Council's objectives and reputational damage.</p>	
<p><b>People Health and Safety and Wellbeing</b></p>		 <p>Low</p>	<p>WDC has an aspirational low appetite for risk resulting in serious injury or death related to any Council controlled activity.</p> <p>For the Top Risk whilst Council supports a zero harm goal it recognises the cost of driving the target risk to low is not sustainable and will accept a target of <b>medium</b>.</p>	<p>Lead and Lag indicators reported in Health and Safety report to Council</p>



<sup>3</sup> Please note that these are a work in progress





Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
<p><b>Governance, reputation, legislative compliance and control</b></p>	<p>Risks associated with significant adverse or damaging perception of the Council by the general public and Waipā residents.</p> <p>This risk portfolio also includes risks associated with relationships and the engagement and trust of key stakeholders, including Iwi/Mana Whenua, and community.</p> <p>Risks related to Council's exposure to liability and/or breaches of legislation and policy.</p>	 <p>Moderate</p>	<p>Relationships with stakeholders, including Council's Iwi / Mana Whenua partnerships, are critical to WDC. This includes building capacity and capability internally and within our partners.</p> <p>A significant component of Council operations is the obligation to comply with externally set regulations and statutory requirements. In addition staff are required to follow Council's internal policies and procedures.</p> <p>Non-compliance can introduce financial and reputational damage.</p> <p>In summary: A primary mandate of the WDC is to effectively serve its communities. WDC must comply with legislation. However due to the breadth of the risk a moderate level of risk will be tolerated. In some instances the consequence is low or realistically mitigating the risk lower is not economically feasible.</p> <p>Council has a moderate appetite for the risks associated with relationships with Iwi/Mana Whenua and other key stakeholders as it accepts that there are challenges in building and sustaining effective relationships and constraints with the capacity and capability internally and within Iwi partners.</p>	<p>Resident satisfaction survey results</p> <p>Number of non-compliances identified through audit programmes</p> <p>Instance of non-compliance raised by regulatory body</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
<b>Environment</b>	Risks associated with significant adverse or damaging effects on the environment.	 Low	Adverse impact made on the environment by Council operations, including non-compliance with resource consent conditions, may introduce financial and reputational damage.  WDC has a low appetite for the impacts of this risk portfolio.	Number of instances of reported non-compliance with resource consents held.
<b>Planning and Strategy</b>	Risks associated with strategic decisions made by Council; inability to deliver on vision; or the ability to deliver on strategic objectives.  This portfolio also considers risks due to the political environment within and external to Council.  This portfolio also considers the leadership shown by Council and the management of responses of the community to the decisions made.  This can include legislative and policy changes introduced by central government.	 Moderate to High	The risk appetite is driven by potential damage to reputation and the desire to ensure customers are receiving the best value services for money.  Council recognises the challenge of effective community engagement including explaining what Council provides and being transparent with decision making.  As a result WDC has a moderate to high appetite for this risk portfolio, given the need to make strategic decisions sometimes in the absence of full agreement by the community and the work required towards satisfying needs and expectations.	Resident satisfaction survey results  Uptake of online channels as rolled out  Levels of community engagement
<b>Planning and Strategy</b> Changes in central Government policy		 High	The risk appetite is high as Council has very limited ability to control this risk and appreciates the high level of uncertainty and ambiguity for proposed 3 waters, planning reforms and the review of the future of local government.  Council's proactive approach in staying abreast of potential changes and participation in forums/submissions, with peer Councils, influences	Number of changes of legislation proposed and impact analysed

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
			accepting this level of risk appetite.	
<p><b>Financial Organisation (includes Projects and Programmes)</b></p>	<p>Risks related to the financial management of the Council and ability to fund activities and operations now and in the future.</p> <p>It also includes risks related to the management of budgets (both opex and capex) through operations and projects. Liquidity management and debt levels are also factors.</p> <p>External economic factors and market conditions can also impact the financial capability of Council and are also sources of risk.</p> <p>The impact of COVID at all levels will continue to cause economic uncertainty over the short to medium term.</p>	 <p>High</p>	<p>As per the Long Term Plan Council's debt levels are steadily increasing therefore there are less financial contingencies in place. There is also limited control by Council of the long-term financial impacts of COVID.</p> <p>Financial sustainability of the 10-Year Plan assumes a level of growth which needs to be closely monitored. WDC recognises the rate and quantum of growth can have a significant impact on the organisation and community. Whilst the drivers of the rate of growth are largely outside of Council's control it understands the importance of forecasting, planning for and managing growth.</p> <p>There are continuing impacts to supply chain, rising inflation and increasing construction costs driving this risk portfolio appetite.</p> <p>The inability to effectively deliver due to financial consequences introduces both reputational and potential compliance risk to Council. Noting also that exceeding expenditure or not operating within financial policies may have an adverse impact on rate levels and/or audit outcomes</p> <p>Council is willing to accept a high level of risk as reinforced by the financial parameters approved through the 2021-31 LTP.</p>	<p>Actual against debt ratio benchmark</p> <p>Budget vs actual variance for operations and capex</p> <p>Rates collection rates</p> <p>Number of consents issued</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
			Focus is on ensuring council services are run prudently.	
<p><b>Information Management</b> Cyber-security risk / data protection / data use and opportunities</p>	<p>The risks in this portfolio are associated with the failure or compromise of processes, systems and data. This includes non-compliance with legislated obligations.</p> <p>They also include failure to utilise data and/or make the best opportunity of the data sets Council holds.</p>	 <p>Moderate</p>	<p>WDC manages a range of data pertaining to its own activities and that of its stakeholders. Although deemed to be an unlikely target for cyber risk (compared to other organisations) it has a moderate appetite. It is also working to ensure that legislative obligations are met.</p> <p>Information is one of the largest assets of Council and the increasing reliance on technology to deliver services and meet customer expectations are key drivers of this appetite.</p> <p>The investment in technology is required to maintain risk levels within this appetite with any further lowering requiring unsustainable levels of funding.</p> <p>The risk is driven by compromised cyber-security resulting in reputational damage and property loss.</p> <p>There is moderate appetite around the use of data and the opportunity to utilise data.</p>	<p>Number of security incidents and corrective actions identified</p> <p>Trends in security risks and vulnerabilities as per quarterly compliance reporting</p> <p>Compliance with legislative obligations.</p>
<p><b>Resilience (including Operations and Service Delivery and Property and Assets)</b></p>	<p>The risks in this portfolio are associated with business continuity; risks impacting the day to day business function and level of service delivery.</p> <p>It also covers risks associated with the immediate management and recovery of normal business operations after</p>	 <p>Low to Moderate</p>	<p>The ability to provide essential services following a natural disaster or other unforeseen event is a core function of Council. WDC has a low to moderate appetite for emergency management, crisis management, and business continuity risk.</p>	<p>Internal audit results for business continuity/crisis management and emergency management compliance and preparedness Programme of testing and reporting of</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
	<p>a disruptive event. These may be internal and/or external, and may impact only WDC or the District.</p>		<p>The higher level of risk appetite is for less disruptive events that can be managed to minimize the impact on the Council and District through the established response mechanisms, including the Crisis Management Team.</p> <p>This appetite is driven by potential failure for emergency management and core service delivery introducing significant financial and reputational risk to Council and significant social and economic risk to the District.</p>	<p>effectiveness of preparedness from simulated and actual incidents</p>
<p><b>Resilience (Climate Change)</b></p>	<p>It also includes risks associated with climate change as we build more resilience within Council and the Community.</p> <p>This portfolio also includes risks in how we manage our response to the impacts of climate change.</p>	 <p>Moderate</p>	<p>Climate change events could have a substantial effect on WDC and its community. With increasing expectations from central government and community the option of delaying preparations for climate change is no longer viable.</p> <p>Council includes climate change in planning for infrastructure and the community. An internal audit is programmed for this year to review climate change governance. The Environment Strategy is also being finalized. There are increasing expectations from the community to take action now.</p> <p>The activity to mitigate against climate change is increasing within Council who has an aspirational target residual risk level of moderate.</p> <p>Council accepts that for the Top Risk the target residual risk for this year is high.</p>	<p>Changes in baseline carbon footprint</p> <p>Projects delivering climate change response or future proofing.</p> <p>Climate change reporting requests from Ministry for Environment</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator <sup>3</sup>
<p><b>Fraud, Bribery and Corruption</b></p>	<p>The risks in this portfolio are associated with fraud, bribery and corruption.</p> <p>People risks include dishonesty (theft or fraud).</p>	 <p>Low</p>	<p>Non-compliance can introduce financial and reputational damage; this includes the risks associated with fraud and theft and/or bribery and corruption or lack of probity.</p> <p>In regard to fraud, bribery and corruption risk tolerance is low.</p>	

## PART 2 - GLOSSARY

TERM	DEFINITION
Council	Waipā District Council, elected members.
Strategic risks	Risks that could affect the achievement of our vision, purpose, strategic goals and objectives, and strategies.
Operational risks	Risk associated with day to day business operations of the organisation.
Project risks	Risk event which if it materialises could potentially have an impact on the project objectives, resources and timelines.
Risk/ risk event	The potential effect of a future event that, if it happens, is expected to affect the outcome or outputs of one or more business objectives in a positive or negative way.
Risk appetite	The amount and type of risk that the organisation is willing to take in pursuit of our organisational objectives
Risk culture	The behaviours, attitudes and practices associated with risk management, reflected by staff while performing the day to day business operations.
Risk management	The culture, processes, systems and activities that assist in making informed decisions, with regards to risks to be pursued and/or avoided, to achieve our business objectives.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating and consulting; understanding and defining the scope, content and criteria for risk management; identifying and assessing risks; exploring potential options for risk treatment; monitoring and reviewing the risks and risk management processes; recording and reporting on risk management.
Risk profile	Identifying, assessing and rating the top risks based on the effectiveness and efficiency of related control measures and understanding the impact of such risks on the business objectives.
Risk tolerance	The Council's readiness to bear risk after the risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Inherent Risk	The level of risk when there are no controls or treatment – i.e. if we were to do nothing
Residual Risk	The level of risk after controls are in place
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Waipa DC / WDC	Waipā District Council, the organisation.



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# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Manager Business Improvement and Risk Management  
**Subject:** **Project Management and Governance Improvement Plan**  
**Meeting Date:** 30 September 2022

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### 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

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As part of Council's Internal Audit Plan, Council's Internal Auditors, KPMG, completed an audit of Council's Project Management and Governance practices in November 2021.

The result of the audit rated the control environment relating to Waipā District Council's (WDC's) project management and governance as 'Good'. This is the highest possible rating.

In the spirit of continuous improvement, Council is committed to continually improve its practices. The purpose of this report is to provide the Committee with oversight of the Project Management and Governance Improvement Plan which has been developed to respond to the improvements that were identified as an outcome of the audit report and the appendix to the audit report which provided further general insights of future enhancements for Council to consider. These supplementary observations were in relation to the connections of the project management framework to organisational level project selection and portfolio monitoring.

Work has already commenced on implementing the improvement plan. Ownership of Council's Project Management Framework has been confirmed and Council's project management policy reviewed.

The Project Management and Governance Improvement Plan is included as Appendix 1. Council's reviewed Project Management at Waipā policy is included as Appendix 2.

## 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee receive the report of Georgina Knapp, Business Resilience and Risk Advisor titled Project Management and Governance Improvement Plan (ECM 10862306).*

## 3 COMMENTARY - KŌRERO

Waipā District Council has developed a project management and governance improvement plan in response to the KPMG internal audit carried out in November 2021.

The plan is based on the principle of continuous improvement and is cognisant of the links of project management across related organisation wide functions. Of particular relevance is the connection with Council’s Long Term Planning process whereby the plan has been prioritised to ensure those improvements which will be of most benefit to the development of the 2024-34 LTP are implemented first.

The improvement plan also responds to supplementary observations made by KPMG that while strictly outside of the scope of the audit, if considered, may offer significant value to Council’s project management practices.

As part of the improvement plan, ownership of the project management framework has been confirmed as the Group Manager Business Support and the project management policy reviewed and approved by the Executive. The revised policy ‘Project Management at Waipā’ is included in Appendix 2 for interest.

## 4 APPENDICES - ĀPITITANGA

No:	Appendix Title
1	Project Management and Governance Improvement Plan [ECM 10878527]
2	Project Management at Waipā policy 2022/23 [ECM 10852760]



Georgina Knapp

**MANAGER BUSINESS IMPROVEMENT AND RISK MANAGEMENT**



Approved by Ken Morris

**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**

## APPENDIX 1

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Project Management and Governance Improvement Plan [ECM 10878527]

# Waipā District Council

Project Management and Governance

Improvement Plan

August 2022



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Issue	Reason for Issue	Author	Reviewer	Date
1	First draft in response to Internal Audit recommendations and learnings from 2021-31 LTP	Manager Business Improvement and Risk Management	Project Improvement Working Group	August 2022
2	Executive Team review	Manager Business Improvement and	Executive Team	1 <sup>st</sup> September 2022

## **PART 1 - EXECUTIVE SUMMARY**

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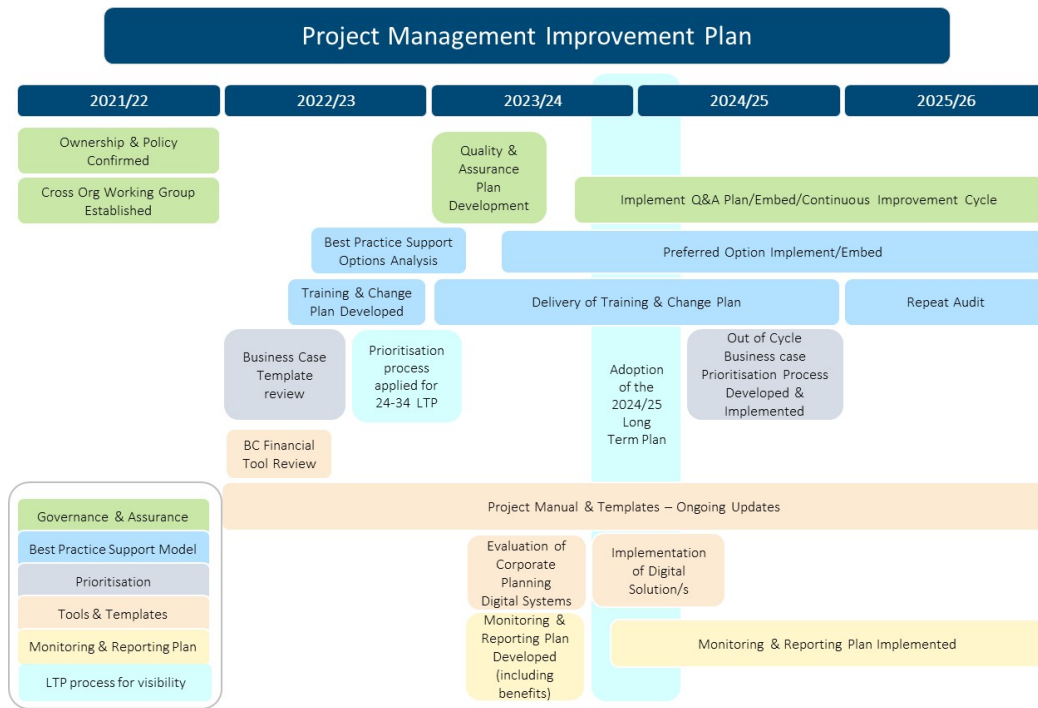
Waipā District Council (WDC) has developed a project management and governance improvement plan to continuously improve its project management practices over time. This has been developed from the outcomes of the project management framework internal audit carried out by KPMG in November 2021 and relevant opportunities for improvement identified through the development of the 2021-31 Long Term Plan (LTP).

The overarching objective of this plan is to continue to grow project management practices to support the effectiveness of Council's processes, tools, governance and people to select and deliver projects and programmes in the delivery of Council's community outcomes and priorities.

The plan is based on the principle of continuous improvement (versus transformation) as it is recognised that WDC's current project management practices are relatively strong. The plan is also focused on supporting and ensuring good and consistent project management practices across the wider organisation outside of the two identified centre of excellences (Project Delivery and Business Improvement).

The improvement plan is closely linked to Council's Long Term Planning cycle and has been developed to support the planning cycle and shorter-term components prioritised according to the initiatives which will add most value to the development of the 2024-34 LTP.

A summary of the initiatives, within each financial year is set out below:



DRAFT

## PART 2 - BACKGROUND

A review of Council’s Project Management Framework was carried out in November 2021. The result was a rating of “Good” indicating a relatively high level of maturity (figure 1) ([full report here](#)) and a solid foundation is in place. In the spirit of continuous improvement Council is committed to continue to improve its project management functions and develop and implement an improvement plan for implementation over the next three years.

**Audit rating**  
The audit ratings are defined as follows:

Rating	Definition
<b>GOOD</b>	The controls are fit for purpose and are being performed in a manner which effectively mitigates the identified risks.
<b>EFFECTIVE</b>	Despite the fact that some control weaknesses were identified, existing controls within the audited process are considered to be generally adequate, appropriate, and effective. They ensure that the audited business processes will achieve their control objectives.
<b>DEVELOPING</b>	Control weaknesses were identified which, if not appropriately addressed, could in the future result in the audited business processes not achieving their control objectives.
<b>NOT EFFECTIVE</b>	Existing controls are considered to be inadequate and ineffective to ensure that the audited business processes will achieve their control objectives. Significant improvements are required to improve the adequacy and effectiveness of the control environment.

Figure 1 – KPMG audit ratings and definitions

Based upon the findings the plan will focus on the continuous improvement of the following areas:

- **Governance and assurance:** Ownership, compliance with and assurance of the project management framework.
- **Best practice support model:** Supporting best practice across the whole of organisation’s project portfolio.
- **Prioritisation:** Focus on quantification of and benefit identification and realisation throughout the project lifecycle in support of investment prioritisation.
- **Templates and tools:** Further provision of tools to support best practice and identified areas of improvement.
- **Monitoring and Reporting:** Enhanced visibility of all aspects of the project lifecycle across the whole of organisation’s project portfolio.

This document outlines WDC’s plan to address the assessment findings as well as to further improve its project management practices.



## PART 3 – IMPROVEMENT PLAN

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This improvement plan has been tailored for WDC:

### A. Key factors:

- The plan focuses on continuous improvement (versus transformation) as it is acknowledged that Waipā has existing good practices.
- The focus of the first twelve months is adding value to the 2024-34 LTP project, in particular the completion and prioritization of business cases (but considering a long-term view of the framework).
- The initiatives are interrelated and may respond to a number of improvement opportunities. Therefore some of the actions proposed will straddle more than one component but they have not been replicated in the plan.
- Project management functions are interdependent with many other functions at Council such as procurement, financial planning, risk management and corporate planning therefore this plan will be cognisant of these functions and leverage best practice and expertise in these areas.
- Where certain practices are already in place in parts of the organisation, for example within the identified centre of excellences (Project Delivery and Business Improvement), the initiatives identified will seek to leverage from and expand best practice from these areas.
- Training plans will be developed based on change management principles to ensure staff engagement and adoption of the improvements are well supported.
- The plan will also leverage the Council’s new values, particularly “ We are better together”, “We do the right thing” and “We strive to improve”, in implementation.
- Where additional resources may be required to deliver improvements this will form part of an option analysis at relevant decision points.

### B. Work completed to date:

- Owner of the project management framework confirmed as the Group Manager Business Support.
- Project Improvement Working Group and Terms of Reference confirmed.
- Project Management Policy reviewed and drafted.
- “Is it a project?” tool reviewed and linked to policy.

TABLE 1: Detail of initiatives

Component	Description	Expected Outcomes	Tasks to Implement
Governance and Assurance	Governance and assurance includes the enterprise wide structure in support of the continuous improvement of Council’s project management framework. This includes the policy and the assurance of quality application of the policy across the organisation.	<ul style="list-style-type: none"> <li>• A Governance structure is in place with roles and responsibilities for project management clearly identified.</li> <li>• Project Management expectations are clearly set through policy and understood.</li> <li>• Waipā continues to build on its strong foundation with quality assurance that is applied across the organisation.</li> <li>• Managers understand when the project management policy and framework should be applied and take responsibility for doing so for their relevant projects.</li> </ul>	<p><b>FY 2021/22</b></p> <ul style="list-style-type: none"> <li>• Establish cross organisation project management improvement working group to respond to the audit findings and support the implementation an improvement plan.</li> <li>• Determine ownership of the PMF.</li> <li>• Review the project management policy.</li> <li>• Review the “is it a project tool” and link to policy.</li> </ul> <p><b>FY 2022/23</b></p> <ul style="list-style-type: none"> <li>• Short-term quality plan developed for assurance of business cases for the 2024-34 LTP.</li> </ul> <p><b>FY 2023/24</b></p> <ul style="list-style-type: none"> <li>• Quality and assurance plan developed for application across the organisation potentially leveraging existing processes.</li> <li>• More cohesive inclusion of project and programme governance requirements within the project management manual.</li> <li>• Implementation begun of project management portfolio quality and assurance plan including lessons learnt.</li> </ul> <p><b>FY 2024/25</b></p> <ul style="list-style-type: none"> <li>• Embedding of project management portfolio quality and assurance plan.</li> </ul>
Best practice support model	Council has a structure and processes in place to support the continuous improvement of project management practices across the organisation.	<ul style="list-style-type: none"> <li>• The project management policy and methodology are understood and valued and effectively used for all projects across Council.</li> </ul>	<p><b>FY 2022/23</b></p> <ul style="list-style-type: none"> <li>• Development of options for evaluation and potential business case preparation of how to support best practice across the organisation outside of the two current centre of excellences. Options could include,</li> </ul>

Component	Description	Expected Outcomes	Tasks to Implement
	<p>This includes staff awareness, culture and training in regards to project management practices.</p>	<ul style="list-style-type: none"> <li>Staff who are a part of and/or interact with Project Management functions at Council are supported and understand where to go for help.</li> <li>Council’s project management practices continuously improve over time.</li> </ul>	<p>status quo, project management office, community of practice, other.</p> <ul style="list-style-type: none"> <li>Training and change management plan developed.</li> <li>Delivery of basic training of project management policy and project awareness to relevant staff.</li> </ul> <p><b>FY 2023/4</b></p> <ul style="list-style-type: none"> <li>Implementation of preferred best practice support model.</li> <li>Delivery of training and change management plan.</li> </ul> <p><b>FY 2024/25</b></p> <ul style="list-style-type: none"> <li>Embed preferred best practice support model.</li> <li>Re-evaluation of training requirements.</li> </ul> <p><b>FY 2025/26</b></p> <ul style="list-style-type: none"> <li>Internal audit repeated to understand continuous improvement progress.</li> </ul>
<p>Prioritisation</p>	<p>The project management framework processes and tools support the effective prioritisation and thus investment decisions across the organisation’s project portfolio. This includes the use of benefit realisation evaluation to assess and drive prioritisation decisions at project inception.</p>	<ul style="list-style-type: none"> <li>Prioritisation of projects effectively linked to Waipā’s community outcomes, priorities, strategies and key plans.</li> <li>An understanding that a high-quality business case (and, particularly, emphasis on intended benefits and outcomes) are critical to good investment decisions.</li> <li>Sustained focus, through the project lifecycle, on benefits, leads to higher project performance.</li> </ul>	<p><b>FY 2022/23</b></p> <ul style="list-style-type: none"> <li>The business case template is reviewed to better enable project prioritisation and to enable project benefit monitoring throughout the project lifecycle.</li> </ul> <p><b>FY 2023/24</b></p> <ul style="list-style-type: none"> <li>Prioritisation process developed and applied for the development of the 2024-34 LTP.</li> <li>Mechanism for benefit realisation monitoring identified and implemented at an organisation level (linked to wider monitoring requirements). Linked to decision making processes.</li> <li>Prioritisation process for out of cycle business case development developed and implemented including external request.</li> </ul> <p><b>FY 2024/25</b></p>

Component	Description	Expected Outcomes	Tasks to Implement
			<ul style="list-style-type: none"> <li>• Prioritisation practices embedded and linked to the organisation wide project portfolio monitoring practices.</li> </ul> <p><b>FY 2025/26</b></p> <ul style="list-style-type: none"> <li>• Prioritisation practices further reviewed for inclusion in the development of the 2027-37 LTP.</li> </ul>
<p>Templates and Tools</p>	<p>This includes the project management manual and all supporting templates and documents. It includes any software based tools that supports the organisation at a holistic portfolio level and for project managers at a project level.</p>	<ul style="list-style-type: none"> <li>• Fit for purpose project management templates and tools are available to support project management organisation level and individual staff requirements.</li> <li>• Digital enablers meet organisational business requirements.</li> <li>• Mechanisms are in place to capture improvements and updates to tools and templates.</li> </ul>	<p><b>FY 2022/23</b></p> <ul style="list-style-type: none"> <li>• Review of the business case template to include improvement areas identified to date:             <ul style="list-style-type: none"> <li>- Financial planning</li> <li>- Resource planning</li> <li>- Linkages to outcomes, strategies and plans</li> <li>- Benefit realisation</li> <li>- Prioritisation</li> </ul> </li> <li>• Review financial tools to support business case writers.</li> <li>• Project management manual updated to reflect policy changes and improvements to date (note ongoing updates as required).</li> <li>• Te Kupenga foundation page developed.</li> </ul> <p><b>FY 2023/24</b></p> <ul style="list-style-type: none"> <li>• Evaluation of digital options to support project prioritisation practices, organisation wide visibility, planning and performance monitoring.</li> <li>• Implementation of preferred digital tools.</li> <li>• Further review tools and templates to better assist project managers including with risk management and health and safety and also capture of benefit</li> </ul>

Component	Description	Expected Outcomes	Tasks to Implement
			realisation post closure and handover to Business Owners. <b>FY 2024/25</b> <ul style="list-style-type: none"> <li>• Embed digital tools.</li> <li>• Review effectiveness of tools and template improvements.</li> </ul>
Monitoring and Reporting	This encompasses improvements to monitoring and reporting which considers the full organisational project portfolio. It includes all best practices metrics throughout the project lifecycle.	<ul style="list-style-type: none"> <li>• Visibility of key portfolio and project metrics across the organisation.</li> <li>• Effective cross organisation reporting to relevant groups and stakeholders to support investment decisions and decision making throughout the project lifecycle.</li> </ul>	<b>FY 2022/23</b> <ul style="list-style-type: none"> <li>• Lower priority.</li> </ul> <b>FY 2023/24</b> <ul style="list-style-type: none"> <li>• Monitoring and reporting plan developed incorporating whole of organisation reporting and monitoring requirements and options for delivery (linked to digital solution analysis) noting options to leverage existing practices</li> <li>• Implementation of monitoring and reporting plan begun.</li> </ul> <b>FY 2024/25</b> <ul style="list-style-type: none"> <li>• Further implementation and embedding of monitoring and reporting improvements.</li> </ul> <b>FY 2025/26</b> <ul style="list-style-type: none"> <li>• Ongoing continuous improvement of monitoring and reporting improvements.</li> </ul>

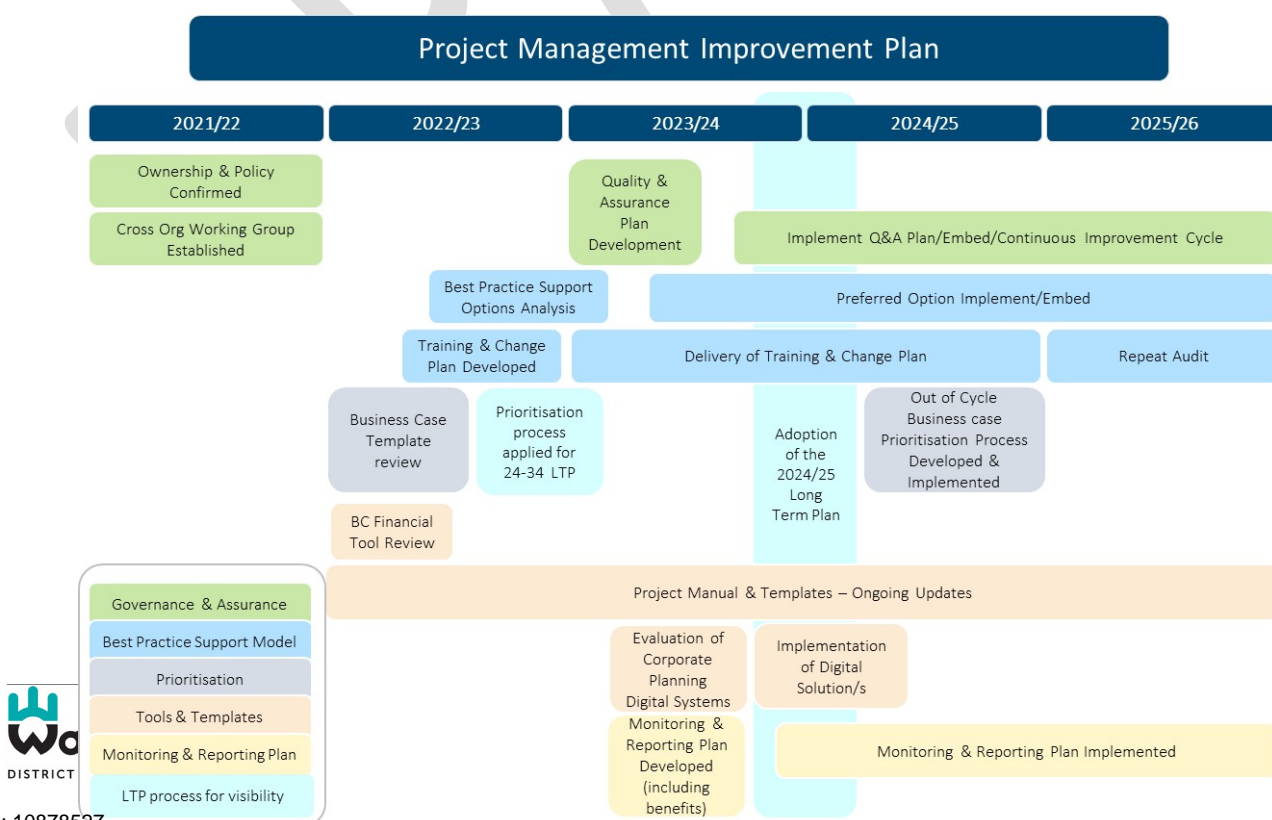
## PART 4 – MEASURES OF SUCCESS

The measures of success for this plan are:

- The improvement program is implemented according to time and identified outputs.
- The outputs of the improvement program are recognised and considered effectively implemented in the follow-up internal audit by Council’s internal auditors to be completed in approximately 3 years time.
- Increase in awareness of project management across the wider organisation. A baseline survey is planned prior to commencement of the substantive improvement actions that will be repeated to show progress.
- Benefits quantification and monitoring visible across the organisation and regularly reported.
- Consistent use of tools and templates across the organisation as evaluated through quality assurance checking.
- Positive trend of the use of (clicking through etc.) project tools and templates.
- Maturity at a department level is evaluated and raised where relevant.
- Future aspiration – inclusion of objective in relevant individual PDRs; delivering of allocated projects to scope, cost, quality and time.

## PART 5 – SUMMARY SCHEMATIC IMPROVEMENT PLAN

A summary schematic of the project management improvement plan is shown as Figure 2 below.






**TE AWAMUTU - HEAD OFFICE**

101 Bank Street, Private Bag 2402, Te Awamutu Ph 07 872 0030

**CAMBRIDGE - SERVICE CENTRE**

23 Wilson Street, Cambridge Ph 07 823 3800 

[/WaipaDistrictCouncil](#)  [/Waipa\\_NZ](#)  [/Waipa\\_DC](#)

## APPENDIX 2

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Project Management at Waipā policy 2022/23 [ECM 10852760]



# Project Management at Waipā

At Waipā delivering projects to improve our assets and services to the community is an important part of doing business. All projects at Waipā are required to follow our project management lifecycle and governance requirements.

We know by following our project management requirements we can support the organisation to make prudent investment decisions, realise project benefits including links to achieving our community outcomes and be flexible to make good decisions throughout each project’s lifecycle.



## Project Management at Waipā means:

1. Our project definition is: ‘A project has a start and end date and generally requires a team to be formed for the purpose of delivering one or more business products, change or services according to an agreed business case or project initiation”.
2. By following consistent project management practices across the organisation we manage project risks to ensure that we meet project objectives including links to our community outcomes; cost, scope, quality, time and benefits.
3. Every project will have an approved project initiation or business case and follow our project management lifecycle and governance requirements.
4. Each project will have a governance structure and as a minimum a clearly defined Sponsor, Business Owner and Project Manager who understand their roles and responsibilities, governance requirements and project documentation standards.
5. We identify and adequately fund our project resourcing requirements, including managing resource impacts on business as usual, in our business cases.
6. Forming strong project teams inclusive of the project’s key stakeholders and partners will reach better project outcomes.
7. In the interests of ‘striving to improve’ our project management practices will undergo compliance checking from time to time.
8. With appropriate consultation, it is acceptable to stop or halt a project if it is no longer viable in terms of benefit realisation versus project investment.
9. Projects must comply with associated policies such as risk management and compliance, procurement and activity management.
10. Some projects may be part of a broader program of work (a related number of projects) and they also need to meet program governance requirements.
11. We ensure our community stakeholders, partners and Te Tiriti o Waitangi obligations are understood and respected during our project lifecycle.

July 2022. This policy applies to all employees and will be reviewed by Business Support at least every 2 years.

## What does project management look like at Waipā?

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Working collaboratively in project teams that we may be members of.</li> <li>2. Understanding the documentation and reporting requirements for a project that are relevant to our project role.</li> <li>3. Reporting our current very high, or above, project risks through to the Audit and Risk Committee.</li> <li>4. Gaining Sponsor and Business Owner approval at each project gate before moving through to the next stage of the project lifecycle.</li> <li>5. Identifying and planning for project resource</li> </ol> | <p>requirements across all affected teams at project initiation.</p> <ol style="list-style-type: none"> <li>6. Understanding and planning for the cross organisational change impacts of our projects and engaging with those teams or staff from the start of the project.</li> <li>7. Identifying communication and community and stakeholder engagement requirements and seeking expert input as required at all parts of the lifecycle.</li> </ol> |
|---|--|

## And what doesn't project management look like at Waipā?

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Ignoring our project management lifecycle and governance requirements even when we know we are undertaking a project.</li> <li>2. Attempting to manage projects alongside business as usual activities meaning that resourcing is impacting on project progress.</li> <li>3. Not seeking advice when we are unsure what to do when working in a project team.</li> </ol> | <ol style="list-style-type: none"> <li>4. Not escalating risks or issues that will impact on project delivery including benefits.</li> <li>5. Not fully committing to a project when assigned to a team.</li> <li>6. Not considering impacts across the organisation and handover of the project to the business at completion.</li> </ol> |
|--|--|

## Things to consider:



Have I checked if what I am doing is a project?



Have I considered the cross organisational impacts of my project and who I need to talk to?



Do I have the right governance in place?



Have the necessary resources been committed for the duration of the project?



Do I understand who my stakeholders are?

Links to specific Promapp process and guides related to this policy, for example:

[Is it a project? - Identification tool.](#)

[Project Management Manual - Lifecycle and Governance.](#)

[Procurement Principles and Policy, and Manual.](#)

[Managing Risk and Compliance at Waipa - Policy.](#)

[Asset Management Planning Policy.](#)



**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Procurement Advisor  
**Subject:** **Sensitive Expenditure and Fraud and Corruption Policy/Procedure Review**  
**Meeting Date:** 30 September 2022

## 1 PURPOSE - TAKE

The purpose of this report is to seek the Committee’s endorsement of the following policies and procedures which will then be adopted by management:

- Protecting Against Fraud and Corruption Policy;
- Guide to Protecting Against Fraud and Corruption;
- Managing Our Sensitive Expenditure Policy; and
- Guide to Managing Our Sensitive Expenditure.

This report also notes the new Whistleblower Protection at Waipā procedure.

## 2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

The organisation is working through a rationalisation of our internal policies, adopting a new policy and guide template which uses plain English and has relevant links to supporting documents and processes.

The Sensitive Expenditure and Fraud and Corruption policies were due for review. Both have now been reviewed and updated into the new policy template, with supporting information provided in the guide documents.

The policy and guide documents have both been reviewed by the Executive Team and are now recommended to go through this Committee before final approval.

The report also brings to the Committee’s attention the new Whistleblower Protection at Waipā procedure, made under the new Protected Disclosures (Protection of Whistleblowers) Act 2022.

### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*That the Audit and Risk Committee*

- a) *Receives the report of Adele Bird, Procurement Advisor titled Sensitive Expenditure and Fraud and Corruption Policy/Procedure Review ECM document number 10862305;*
- b) *Endorses the Policy on Protecting Against Fraud and Corruption (ECM 10823736) and Guide to Protecting Against Fraud and Corruption (ECM 10823862) for adoption;*
- c) *Endorses the Managing Our Sensitive Expenditure Policy (ECM 10820187) and Guide to Managing Our Sensitive Expenditure (ECM 10820021) for adoption; and*
- d) *Notes the new Whistleblower Protection at Waipā procedure (ECM 10816779).*

### 4 BACKGROUND – KŌRERO WHAIMĀRAMA

---

The Sensitive Expenditure and Fraud and Corruption policies are due for review in 2022. Both policies have now had a full review, in line with current guidance available from the Office of the Auditor General and largely address the feedback provided by Audit New Zealand in their previous audit review.

In reviewing these policies the new policy template and guide have been used. This includes identifying above the line and below the line behaviours in relation to the policy, and linkage to the organisational values.

The Guide documents contain the specific processes to ensure that our policies are consistently applied and capture the must and should do actions. These are generally bullet points using simple and plain language.

The Protected Disclosures (Protection of Whistleblowers) Act 2022 came into force on 1 July 2022. It replaced the previous Protected Disclosures Act 2000. As with the previous Act, its purpose is to facilitate the disclosure and investigation of serious wrongdoing in the workplace, and to provide protection for employees and other workers who report concerns.

As with the previous Act, it is a requirement to have in place an internal procedure which sets out how disclosures may be made under that Act. The new Whistleblower Protection at Waipā procedure has been developed to align with the requirements of the new Act and our new style for procedures/policies. This procedure replaces Council's current protected disclosures procedure. The main difference between the old and the new procedure is that employees have the discretion of choosing between a list of individuals to whom they may make disclosures to (including the Chair of this Committee), rather than proceeding through a hierarchy for complaints.

## 5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

## 6 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
<b>Option 1:</b> Do nothing	<ul style="list-style-type: none"> <li>No staff resources required to review policies</li> </ul>	<ul style="list-style-type: none"> <li>Audit NZ continue to note Council is not meeting current guidance</li> </ul>
<b>Option 2:</b> Adopt policies in new format	<ul style="list-style-type: none"> <li>Policies and guidance are clear for staff to follow</li> <li>Comply with current guidance from Office of Auditor General</li> </ul>	<ul style="list-style-type: none"> <li>Staff resource required to review and adapt into new format</li> <li>Updated format and guidance will require internal communications to explain new format</li> </ul>
<b>Option 3:</b> Update policies and retain old format	<ul style="list-style-type: none"> <li>Simple updates required</li> </ul>	<ul style="list-style-type: none"> <li>Policies remain lengthy and contain a mix of principles and processes and require significant reading by staff to understand and remain compliant</li> </ul>

The recommended option is Option 2. The reason for this is that the new format makes the organisation's principles on sensitive expenditure and fraud and corruption clear and aligned with our values and best practice. The guides are clear, use plain English and explain the relevant processes needed to comply with the policy.

## 7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

### Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that the recommendations comply with Council's legal and policy requirements.

### Financial Considerations – Whaiwhakaaro ā-Pūtea

- There is no financial impact

### Risks - Tūraru

The following risks have been identified and will be treated as set out below:

Risk Description	Current Residual Risk Rating	Current Treatments	Target Residual Risk Rating – if different from current rating	Planned Additional Treatments
If the processes do not support the policy then Council will not comply with best practice and may experience financial or reputational damage.	Medium	Approved policy and supporting guides	Low	Confirm acceptance by Audit NZ Review policies and update every two years or as required by auditors

## 8 NEXT ACTIONS

Action	Responsibility	By When
Update Te Kupenga and advise staff of new policy and guide documents	Procurement Advisor	October

## 9 APPENDICES - ĀPITITANGA

No:	Appendix Title
1	Policy on Protecting Against Fraud and Corruption
2	Guide to Protecting Against Fraud and Corruption
3	Policy on Managing Our Sensitive Expenditure
4	Guide to Managing Our Sensitive Expenditure
5	Whistleblower Protection at Waipā



Adele Bird  
**PROCUREMENT ADVISOR**



Reviewed by Jolanda Hechter  
**MANAGER FINANCE**



Approved by Ken Morris  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER  
BUSINESS SUPPORT**

## APPENDIX 1

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### Policy on Protecting Against Fraud and Corruption ECM 10823736

# Protecting against Fraud and Corruption at Waipā District Council

The aim of this policy is to ensure the overall reputation and performance of the Council by having in place measures to prevent fraud and corruption in the organisation, raising awareness and to provide a clear approach to how we will investigate any allegations of fraud and/or corruption.

We need to protect the overall reputation and performance of the Council and provide guidance for the prevention, detection and response to fraud incidents in Council. We need to align our response to fraud or corruption with the value We Do The Right Thing.



**WE DO THE RIGHT THING**

Our actions are guided by a desire to do the right thing for our people, colleagues, community and assets.

## Protecting against Fraud and Corruption at Waipā District Council means:

1. We know that Council has zero tolerance towards fraud and corruption.
2. We know that Council aims to prevent fraud and corruption in the first instance.
3. This policy, and supporting guide, applies to all fraud or corruption, whether suspected or proven.
4. We understand fraud to mean:
  - Deception for financial or personal gain
  - Intentional and dishonest act
  - Misrepresentation to obtain an advantage
5. We understand corruption to include:
  - Failure to declare conflict of interest
  - Bribery/illegal gratuities
  - Favouritism in awarding contracts
  - Blackmail/threats
6. All staff, elected members, and representatives must have, and demonstrate, the highest standards of honesty, propriety and integrity.
7. We understand that Council expects all
  - employees, elected members, and representatives to ensure we are publicly accountable at all times.
8. We expect that anyone who suspects any fraud or corruption to do the right thing and report it.
9. We know that we have a protected disclosures procedure available.
10. We understand the options available to us to report fraud and corruption.
11. This Policy applies to:
  - Employees
  - Former employees
  - Anyone seconded to Council
  - Contractors (individuals, contractor staff, sub-contractors or anyone involved with a third party)
  - Volunteers
  - Elected Members and Community Board Members

\*31 July 2022\*. This policy applies to all employees and will be reviewed by Group Manager Business Support at least every 2 years.



## What does protection against fraud and corruption look like at Waipā?

1. Everyone is expected to report any suspected fraud or corruption.
2. Everyone is able to report any suspected fraud or corruption using a clear process.
3. Any suspected fraud will be reported in good faith and with supporting information.
4. There is a clear process for who is responsible for any investigation.
5. Any investigation is carried out in a confidential manner.
6. Protecting the reputation of Council is highly important in our work.
7. Everyone completes fraud awareness and prevention training

## And what doesn't protection against fraud and corruption look like at Waipā?

1. Anyone undertaking their own investigations.
2. Anyone suspecting fraud or corruption not reporting it using our processes but making allegations elsewhere.
3. Not taking responsibility to protect the public accountability of the Council.
4. Making allegations in bad faith and without any supporting evidence or information.
5. Council not following up on any allegations.
6. Council not advising relevant organisations or the Audit and Risk Committee of any suspected or actual fraud.

## Things to consider:



There needs to be supporting evidence



Check who it is appropriate to report your suspicions to and how to report it.



Protection of evidence such as electronic documents is important



Who to seek advice from



Consider the fraud triangle



Have I seen something that is a red flag for possible fraud?

Links to specific Promapp process and guides related to this policy, for example:

[Sensitive Expenditure Policy](#)

[Procurement Manual](#)

[Conflict of Interest form](#)

[Whistleblower Protection Procedure](#)

## APPENDIX 2

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### Guide to Protecting Against Fraud and Corruption ECM 10823862

# Guide to Protecting Against Fraud and Corruption at Waipā District Council

We need to protect the overall integrity and performance of the Council and provide guidance for the prevention, detection and response to fraud incidents in Council. We need to align our response to fraud or corruption with the value We Do The Right Thing.

Use the following guidelines to help inform decisions and practices.

## Contents

Application .....	1
What is Fraud? .....	1
What is Corruption? .....	2
Recognising Fraud and Corruption Risks.....	2
Zero Tolerance .....	2
Reporting .....	3
Investigation.....	3
Evidence .....	4
Responsibilities .....	4
Confidentiality.....	5
Media .....	5
Things to consider .....	5

## Application

- This guidance and the policy Protecting Against Fraud and Corruption applies to:
  - Employees
  - Former employees
  - Anyone seconded to Council
  - Contractors (individuals, contractor staff, sub-contractors or anyone involved with a third party)
  - Volunteers
  - Elected Members and Community Board Members

- This doesn't apply to minor fraud perpetrated by the public against the Council, or performance management issues
- Fraud and corruption includes behaviours and actions of dishonesty for an unfair, unjustified or unlawful gain
- There is a difference between fraud and error, error refers to an unintentional misstatement of information including an unintentional omission of an amount or disclosure

## What is Fraud?

Fraud includes:

- Deception for financial or personal gain
- Intentional and dishonest act
- Can include misrepresentation to obtain an advantage

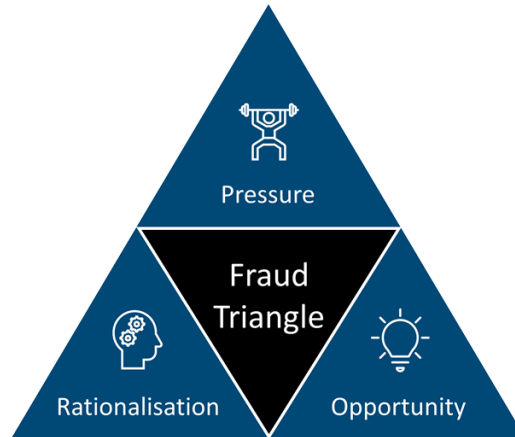
## What is Corruption?

Corruption includes:

- Conflict of interest - for example, failing to disclose you are related to a contractor that you are approving work for
- Bribery / illegal gratuities
- Favouritism in awarding contracts
- Blackmail (threats)

## Recognising Fraud and Corruption Risks

- Incentives/pressures: someone has an issue or pressure that motivates them to commit fraud or wrongdoing for example personal financial trouble
- There is opportunity for fraud or corruption through not having appropriate controls in place
- The ability to rationalise committing fraud for example believing 'everybody else is doing it'
- This is known as the fraud triangle



## Zero Tolerance

- All instances of suspected fraud or corruption will be investigated and appropriate action taken
- All confirmed fraud or corruption is serious misconduct and where relevant will be referred to NZ Police, Serious Fraud Office or other enforcement agency
- Appropriate actions will be taken to recover any loss or expenses incurred, which could include court action or using a debt agency

## Reporting

- Anyone covered by the Policy or this Guide must report all suspected fraud and corruption immediately
- Reporting can be through speaking with a Manager or Supervisor, talking with the Manager Human Resources.
- A Supervisor or Manager must immediately report a notification to the Group Manager Business Support
- The Group Manager Business Support will advise the Chief Executive, the Independent Chair of Audit and Risk Committee, and the Manager of Human Resources
- If someone wanting to report suspected fraud or corruption thinks it involves their Supervisor or Manager they need to report it to the Group Manager Business Support
- If an external party to Council makes an allegation of fraud or corruption this will be referred to the Group Manager Business Support
- If the Group Manager Business Support is suspected, it must be report to the Chief Executive
- If the Chief Executive is suspected then it must be reported to the Mayor

- If an elected member is suspected (other than the Mayor) then it must be reported to the Mayor
- If the Mayor is suspected then it must be reported to the Chief Executive and the Independent Chair of the Audit and Risk Committee
- If you are uncertain who to report to then discuss with the Legal Counsel
- **Some disclosures may be protected by legislation such as the Protected Disclosures (Protection of Whistleblowers) Act 2022. If you wish to report fraud and corruption as a protected disclosure see the Protected Disclosure Procedure for the reporting requirements to do this.**

## Investigation

- Council will act fairly, honestly and in good faith in any investigation
- Any investigation will comply with other Council policies and the principles of natural justice
- Anyone involved in an investigation must cooperate with and not impede the investigation
- All evidence must be preserved, including digital records.
- The investigation team will be given access to Council's records and premises
- Only a suitably qualified person will do any investigation and must be formally appointed.
- No one should undertake their own investigation.
- The Group Manager Business Support is responsible for appointing an independent, appropriately skilled specialist fraud and corruption or forensic expert and any staff that are required to assist the investigation. If the Group Manager Business Support is unavailable the Chief Executive will appoint the investigation team.
- Any investigation will be documented and reported to the Chief Executive, the Audit and Risk Committee and if appropriate, external auditors. The report may include recommendations on improvements to internal controls.
- The Chief Executive will decide within 48 hours of receiving the report whether further investigation is required
- If the conclusion is that there has been fraud or corruption, the Manager Human Resources will advise on the appropriate disciplinary action and procedures required
- All instances of suspected or actual fraud will be advised to Audit NZ and the Office of the Auditor General by the Group Manager Business Support, or if it involves the Group Manager Business Support, it will be reported by the Independent Chair of the Audit and Risk Committee

## Evidence

- Any evidence must be secured to protect the integrity of that evidence. This might require removing of records to store them securely, backup versions of electronic documents and transactions, limiting access to records or preventing access to the records

## Responsibilities

- All employees are accountable and responsible for their actions and have a responsibility to report all suspicious activity
- Chief Executive has overall responsibility and accountability for preventing fraud and corruption
- Chief Executive can seek independent expert advice at any stage
- Chief Executive will notify the Mayor of any allegation and keep the Mayor advised during the investigation
- Chief Executive is responsible for making sure that the requirements of any investigation are clear
- Group Managers are responsible for advocating and implementing management controls, processes, training and awareness within their Groups
- Managers are responsible for making sure their teams are implementing the controls and processes and that there is a good culture that supports reporting of any fraud or corruption
- Managers are responsible for making sure their teams, any contractors/consultants are aware of the Protecting Against Fraud and Corruption Policy and their obligations
- All staff are responsible for making sure they comply with the Protecting Against Fraud and Corruption Policy, acting with integrity when doing their work, behaving in a way that meets the our values, declaring any conflicts of interest, reporting any suspected fraud or corruption immediately
- Group Manager Business Support is responsible for making sure that all reports of suspected fraud or corruption are investigated immediately, providing the Manager Human Resources with the opportunity to participate in any investigation, updating the Chief Executive on progress and the outcome (or updating the Mayor if the Chief Executive is implicated), advising the NZ Police or relevant agency when there is credible suspicion, reviewing the Protecting Against Fraud and Corruption Policy every two years, promoting and communicating about the Policy and performing risk assessments regularly to identify any potential risk areas
- Manager of Human Resources is responsible for providing appropriate input and guidance into any investigations to ensure that staff are treated fairly and the appropriate disciplinary and performance management processes are followed

## Confidentiality

- Everyone involved in any investigation must keep the details confidential. Any information that is released needs to be approved by the Group Manager Business Support or the Chief Executive.

## Media

- No information on the status of an investigation will be disclosed, except to the Chief Executive, or to the Manager Human Resources where a staff member is suspected
- Elected members must refer any enquiries related to an investigation of fraud or corruption must refer them to the Chief Executive

## Things to consider

Have I seen behaviours that indicate there could be fraud or corruption going on?	Have I heard any allegations about fraud or corruption?	Does something seem not quite right for who is getting work from council?
Are invoices or payments being made without authority?	Do I want to make a Protected Disclosure?	

[Protecting against fraud and corruption Policy](#)  
[Protected Disclosure Procedure 2022](#)



## APPENDIX 3

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### Policy on Managing Our Sensitive Expenditure ECM 10820187

# Managing our Sensitive Expenditure

As a public organisation we need to be careful about how we spend public money. We protect the reputation of Council by making sure that our expenditure meets best practice, aligns with our value of doing the right thing and that our actions are above the line.

Our expenditure must meet the standards of probity and financial prudence to support our community's confidence and trust.



## Managing our Sensitive Expenditure means:

1. We know we are spending public money importance
2. Making sure we follow good practice in how we control our sensitive expenditure
3. We take a principles-based approach when making sensitive expenditure decisions. Our guiding principles are that our expenditure should:
  - Have a justifiable business purpose
  - Be impartial and made with integrity
  - Be moderate and conservative, having regard to the circumstances
  - Be carried out transparently
  - Have the proper approvals
  - Be appropriate in all respects
4. The principles we have should be applied together and all have the same level of
5. We know that sensitive expenditure means there could be perception of private benefit to staff
6. We regularly review our guidance to staff on how we are careful about Sensitive Expenditure
7. We need to apply careful judgement when making decisions on sensitive expenditure
8. We understand sensitive expenditure to mean any spending that could be seen to be giving private benefit to a staff member, their family, or friends. It risks harming Council's reputation and the public sector more generally.

July 2022. This policy applies to all employees and will be reviewed by the Group Manager Business Support at least every 2 years.

## What does managing our Sensitive Expenditure look like at Waipā?

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Any expenditure has a justifiable business purpose consistent with our organisational outcomes.</li> <li>2. Decisions made on expenditure are impartial</li> <li>3. Decisions on expenditure are made with integrity</li> <li>4. Our expenditure is moderate and</li> </ol> | <p>conservative</p> <ol style="list-style-type: none"> <li>5. We are transparent about our spending decisions</li> <li>6. Expenditure is made with the proper authority</li> </ol> |
|---|--|

## And what doesn't managing our Sensitive Expenditure look like at Waipā?

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Not following the Guide</li> <li>2. Not pre-approved when possible</li> <li>3. Having no supporting documentation</li> </ol> | <ol style="list-style-type: none"> <li>4. Not considering any potential conflict of interest</li> <li>5. Not checking with management if there is uncertainty</li> </ol> |
|--|--|

## Things to consider:



Have I checked the Guide?



Should I check with my Manager?



What is the appropriate delegation that applies for any approval?



Have I separated private and work expenditure?



What does this look like from an external person's perspective?



Is this something that would trigger a query from our auditors?

Links to specific Promapp process and guides related to this policy, for example:

[Guide to Managing our Sensitive Expenditure](#)

[Guide to Protecting against fraud & corruption](#)

[Raising staff reimbursement request](#)

[Request Koha process](#)

[Guide to Using our Corporate Credit Card](#)

## APPENDIX 4

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### Guide to Managing Our Sensitive Expenditure ECM 10820021

# Guide to Managing our Sensitive Expenditure

We need to make sure that we protect the reputation of Council by making sure our expenditure meets best practice, aligns with our value of doing the right thing and that our actions are above the line.

Use the following guidelines to help inform decisions and practices.

## Contents

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Credit & Fuel Cards .....	3
Cash Advances .....	3
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Air travel and Loyalty Schemes .....	5
Meals and accommodation when travelling.....	5
Motor vehicles and taxis .....	6
Entertainment & Hospitality .....	6
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Disposal of assets.....	8
Private Use of Council Assets.....	8
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## Guiding Principles

Our expenditure should:

- Have a justifiable business purpose
- Be impartial and made with integrity
- Be moderate and conservative, having regard to the circumstances
- Be carried out transparently
- Have the proper approvals
- Be appropriate in all respects

## Responsibilities

- Leadership team will make it clear to staff what is and isn't acceptable
- All staff are responsible to act in a way that maintains public confidence in the Council
- Leadership team is responsible for only approving expenditure that meets the Guiding Principles

## Approvals

Approval should be:

Doc Set ID #1082021



- Made before any expenditure occurs (where practicable)
- Within delegated limits and where there is budget approved
- Given by a person more senior to the person who will benefit from the expenditure
- Given by the Group Manager Business Support and the Mayor (jointly) for the Chief Executive
- Given by the Chief Executive for Group Managers
- Given by the Deputy Chief Executive, a Group Manager and the Mayor (jointly), for Group Managers where the Chief Executive is unavailable for a period of time (annual or other leave).

## Claims

- Need to clearly state the business purpose of the expenditure (you might need to add an explanation on the supplier's invoice/receipt)
- Must have original documentation such as invoices/receipts or electronic copies, e.g. a credit card statement is not enough
- The date, amount, description and purpose of minor expenditure (<\$50) must be documented where receipts are not available
- Should be submitted within one month of the expense
- Where a claim relates to more than one person the most senior person should make the claim and list who else the claim covers
- Need to have an approved Purchase Order with supporting documentation attached to the Purchase Order
- Claims will only be reimbursed if they are reasonable, actual, and incurred because they relate to Council business
- Where the sensitive expenditure has a business case and budget before the expenditure was approved, any expenditure above the agreed budget needs to have an explanation provided

## Credit & Fuel Cards

- The corporate credit card is covered under the [Managing our Sensitive Expenditure](#) Policy and the [Guide to Using our Corporate Credit Card](#)
- Fuel cards are provided in Council fleet vehicles and must be used unless there is no alternative
- The current odometer reading must be provided when using the fuel card
- The fuel card can only be used to purchase fuel and car washing for Council vehicles
- You cannot use the fuel card for staff's private vehicles or fuel containers

Doc Set ID #1082021

## Cash Advances

- The Chief Executive can approve a cash advance to cover business-related costs for any international travel
- Any costs incurred must be supported by receipts and the related Group Manager needs to confirm that these costs are reasonable
- Any unspent cash must be returned to Council

## Travel & Accommodation

- The principles of a justified business purpose and moderate and conservative expenditure apply

## International Travel

- International travel needs to be approved by the relevant Group Manager and the Chief Executive before any commitments are made and the option of online attendance considered
- International travel requests must detail:
  - Purpose of the trip
  - Any papers being presented
  - Travel, accommodation and associated costs
  - Expected outcomes
  - Alignment with professional development plan
- Tipping is only allowed on international travel where this is local practice and should be low to moderate
- Stopovers must have a clear business purpose and be pre-approved

## General Travel

- Travel should be done in the most cost-effective, practical and efficient way and options for technology-enabled solutions considered. First-class travel is prohibited. Economy class or a discount airline is to be the first choice.
- Expenditure should be economical and efficient and have regard to the purpose, distance, time, urgency and personal health, security and safety
- All travel must be booked via Council's Fleet & Travel Coordinator and requires a Manager's pre-approval using the Request for Air Travel & Accommodation form
- Private travel can be taken as part of any Council travel provided there is no additional cost to Council and it is only incidental to the business travel. Private travel needs the relevant Group Manager or Chief Executive approval
- Any additional costs from private travel needs to be paid by the staff member and where it is difficult to separate costs the private costs need to be identified and relevant

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receipts provided. Reimbursement for private costs need to be made as soon as practicable

- Any private travel means taking annual leave for the time used
- The travel cost of any accompanying spouses, partners or family are a personal expense and will not be reimbursed. In rare instances where the involvement of a spouse or partner directly contributes to a clear business purpose and pre-approval from appropriate delegation level exists then Council may contribute to all or part of the costs

### Air travel and Loyalty Schemes

- Council paying for membership of airline travel clubs such as Koru Club requires Chief Executive approval (for staff) or the Mayor (for the Chief Executive). The criteria are:
  - Membership is for a clear business purpose
  - On the basis of past history or current role and responsibility, there is a reasonable likelihood of at least six (6) return flights annually on Council business
- Council will pay the joining fee and two years membership subscription which will be reviewed at the end of the two years
- Where a staff member has an airport wait time of 90 minutes or longer and they are not a member of any airline travel club then reimbursement of day pass lounge access is permitted for Council-related travel
- Airpoints may be accrued by the person travelling and used for private purposes provided there is no cost to Council
- Airport transfers should use the most cost-effective option and will be reimbursed

### Meals and accommodation when travelling

- Accommodation should be booked in advance and should take into account location of the event, standard of the accommodation (which should be modest) and security issues
- 5 star or luxury accommodation requires approval of the Chief Executive or relevant Group Manager prior to any booking
- Council's preferred suppliers and negotiated corporate rates should be used
- Reimbursement of private accommodation is at the discretion of the relevant Group Manager and the maximum reimbursement is \$50 per night
- Any costs from not meeting check-out times are the responsibility of the staff member
- Appropriate and reasonable costs for meals and drinks will vary depending on the type of the meal (breakfast/lunch/dinner) however the principle of moderate and reasonable should be applied
- Reimbursement will be at the discretion of the relevant financial delegated approver. Reimbursement requires supporting detailed receipts

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- Council will pay for only one beverage (alcoholic or non-alcoholic) with an evening meal and/or one hot drink with any meal. Any casual drinks before or after a meal need to be paid by the staff member
- When travelling on Council business for a day (e.g. 7am to 7pm) Council will reimburse meal costs for that day
- Council will not reimburse meals where a meal has been provided as part of a meeting, conference, training, etc
- Costs for maintaining reasonable business related and/or family communication will be reimbursed however staff must use a Council mobile phone if they have one, rather than a hotel room phone (calls from hotel room should be kept to a minimum)
- Reasonable expenses for unexpected events, e.g. overnight expenses due to a cancelled plane flight will be reimbursed at the discretion of the relevant approving Manager
- Council will reimburse hotel Wi-Fi used for business purposes, where there is no other reasonable, practical option (e.g. use of mobile phone data, free data options)
- Non-business expenses such as casual drinks, use of hotel minibar, movie hire or wifi for streaming movies etc will not be reimbursed

### Motor vehicles and taxis

- Rental cars will only be used if it is uneconomic or practicable to use a Council vehicle and it must be the most economical type and size of vehicle. Any fines incurred are the responsibility of the driver
- Private use of a rental vehicle requires the pre-approval of the relevant Group Manager or Chief Executive and any costs are the responsibility of the staff member
- Use of taxis must be moderate, conservative and cost-effective compared to other options
- Taxicards may be provided as part of booking travel or a claim reimbursement made. A taxicard will be issued and recorded against a staff members name and limited to two (2) trips per card
- Council vehicles are not available for private use unless provided under a remuneration arrangement. Any fines are the responsibility of the driver unless they relate to a condition of the vehicle outside the driver's control. Refer to the [Driving Well Policy](#) and supporting procedure documents
- Staff must use a Council vehicle for Council business where one is available. Any use of a private vehicle for Council purposes must be pre-approved by a line Manager where reimbursement will be claimed. Managers can only approve if a Council vehicle is not available.
- Mileage reimbursement for use of a private vehicle will be based on current IRD km rate. Any fines incurred are the responsibility of the driver

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- Where a rideshare option has been used for council business a staff member can claim back the cost providing details of the provider, date, time, cost, reason for travel, meeting attended etc are provided

## Entertainment & Hospitality

- Covers a range of items such as tea, coffee and biscuits to catering, meals, Council-funded hosting at sporting or other events
- There are five clear business purposes that apply:
  - Building relationships
  - Representing the organisation
  - Reciprocity of hospitality with a clear business purpose
  - Recognising significant business achievement
  - Building revenue.
- Any team expenditure on entertainment or hospitality must have a clear purposes, not be frequent and have pre-approval from the relevant Group Manager or Chief Executive
- Where possible, entertainment and hospitality expenditure should be pre-approved and have supporting documentation showing date, venue, costs, recipients and benefits/reasons
- Any claims must have a valid tax invoice, provide the meeting purpose and outcomes, note the names of all attendees and be held in the document management system
- The most senior person attending (with delegated authority) must approve and confirm that the expenditure is appropriate
- The Value and Appreciation rewards are to be used for recognition of an individual or team efforts related to specific events or achievements
- Catering for internal staff meetings (not including Group or All Staff meetings) should only be provided when the meeting runs for more than 4 hours, meetings should not be scheduled to cross over staff lunch hours
- Alcoholic and non-alcoholic drinks are allowed for the Mayor's fridge. Purchases for the fridge require approval from the Chief Executive or Group Manager Business Support and the Independent Chair of the Audit and Risk Committee
- Drinks from the Mayor's fridge are only for functions related to Council activity at the discretion of the Mayor. Expenditure on stocking the fridge must be reasonable and follow procurement process. This expenditure will be monitored regularly by the Chief Executive and the Group Manager Business Support

## Social Events Team (SET)

- All expenditure must be for the purpose of organisational development and/or staff welfare

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- Activities must be open to all staff
- Council will not pay for alcohol
- Expenditure must be approved by the SET team and the detail of any expenditure will be reviewed by the Chief Executive and Group Manager Business Support on a biannual basis
- There is a limit of \$5,000 for the Christmas party event. If there are less than 100 attendees the maximum for the event is \$50 per head
- There is a limit of \$3,000 for the quiz night
- The contribution shall be reasonable and prudent in terms of the benefit gained by the organisation.

## Loyalty Reward, Schemes, Benefits and Prizes

- Where a loyalty reward or prize is obtained by chance or without inducement it can be retained by the staff member, otherwise it will belong to Council
- Where receiving a prize or loyalty reward could be perceived as inappropriate, even if the organisation and not the individual will benefit, it should be declined
- Loyalty rewards can be accrued and used by staff provided there is no financial cost to Council
- Any prizes received while on Council business – including prizes from competitions or conferences etc will belong to the individual but where their value is greater than \$50 they must be disclosed to the relevant line manager as soon as possible

## Disposal of assets

- Any disposal of surplus assets must be done in a transparent and fair manner and with integrity
- Where the Chief Executive has approved of any disposal to elected members or staff:
  - The staff involved in disposing the asset must not benefit
  - The assets being disposed must be valued and are subject to a tender or other process appropriate to its value
  - There should not be a discounted rate if a greater value could be gained by an alternative method of sale
- Vehicles must be disposed of via an approved agent in accordance with the [Procedure for Purchasing and Disposal of Vehicles](#)

## Private Use of Council Assets

- Council assets include any physical item owned, leased or borrowed by Council

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- Private use for personal purposes will only be allowed in limited circumstances covered in other policies and procedures
- Any costs to Council for any private use will be recovered unless it is impractical or uneconomic
- Council assets may not be used in any private business that an employee operates

## Council Use of Private Assets

- Council may reimburse staff for use of private assets for cost, convenience or availability reasons, or where it will not fully use such an asset
- Pre-approval by the relevant Group Manager is required and must meet the principles of a justified business purpose, reasonableness and preserving integrity and impartiality
- A staff member cannot approve or administer any payments to themselves for Council's use of their private assets

## Private Use of Council Suppliers

- Council does not allow staff to purchase goods or services from a supplier on the same or similar basis of Council
- The only potential exception to this rule is any staff benefit offered through buying groups arrangements such as n3 and CSC

## Staff Support & Welfare Expenditure

- Council will not pay for clothing other than official uniforms and health and safety-related clothing
- Guidelines on the provision and subsidy of Council-branded clothing is in the Clothing Policy
- In exceptional circumstances the Chief Executive may authorise the reimbursement of actual and reasonable costs where a staff member cannot provide care of any dependants. This would only be where a staff member is required to perform additional duties at short notice or a dependant unexpectedly requires additional care that the staff member cannot provide because of the essential nature of their duties. In all other instances care of dependents is a private and personal expense.

## Farewells and retirements

- Farewells, retirements and long-service expenses can be functions, gifts and other items. These costs should be moderate and conservative
- A staff member must have been employed by Council for more than 1 year in order to qualify for any financial contribution

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- The maximum value of contribution is set out in the table below (either gift or catering, or split but in total no more than the limit). This must come from the relevant department budget and have the relevant Group Manager’s approval. Other areas of department budget cannot ‘top up’ this limit

Less than 1 year	No contribution available
1 – 5 years	Up to \$100
5 – 10 years	Up to \$150
10 – 25 years	Up to \$300
25 – 40 years	Up to \$600
Over 40 years	Up to \$800

- Contributions outside of these levels should be exceptional and requires Chief Executive and Chair of Audit and Risk Committee approval prior to any arrangements being progressed or expenditure being incurred
- For retiring elected members an appropriate contribution must be agreed between the Chief Executive and the Chair of Audit and Risk Committee, the contribution should not exceed the maximum levels above.

## Long Service Acknowledgement

To acknowledge the commitment and dedication of its employees and to celebrate the contributions they have made, Waipā District Council will recognise those that have served the following periods of service with Council as outlined below.

Length of service (years)	Personalised Letter from Chief Executive and Chief Executive Blog Announcement	Additional week’s Annual Leave*	Voucher value (Prezzy Card)**	Morning tea or team lunch***
5	✓	✓		
10	✓		\$100	✓
15	✓			
20	✓		\$200	✓
25	✓			
30	✓		\$300	✓
35	✓			
40	✓		\$400	✓
45	✓			

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50	✓	\$500	✓
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- \* On completion of 5 years' current continuous employment, employees (excluding Level 1 to 4 managers) shall accrue an additional week's annual holiday.
- \*\* If requested, the team may choose to purchase a gift (to the voucher value noted above) to be presented to the employee; this will be approved by the relevant department manager and funded through the HR Value and Appreciation budget (coordinated by the HR Administrator).
- \*\*\* A maximum organisation contribution of \$100 will be provided towards either a team morning tea or lunch with colleagues; this decision is at the discretion of the Manager. The morning tea/lunch will be arranged and funded by the respective department.

#### Criteria

- All permanent employees are eligible.
- Service must be unbroken and with Waipa District Council.
- Parental Leave is counted as continuous service.
- Extended leave without pay will not be counted as service.

## Sponsorship

- Staff may be sponsored for activities outside of their job through provision or payment of goods or services (such as a t-shirt or entry fee)
- There should be a justified business purpose such as publicity for Council and its objectives and organisational development. The cost must be moderate and conservative. If there is not a justified business purpose it is a donation
- Preference is that sponsorship is through the social club rather than directly to a staff member
- Sponsorship of people who are not staff must be transparent and be for their organisation not directly to an individual.

## Donations

- Defined as a payment (money, goods or services) made voluntarily without expectation of receiving goods or services in return
- The purpose must be consistent with the business purpose of Council and the cost appropriate
- The principles of impartiality, integrity and being moderate and conservative apply and should not result in any obligation on anyone other than the purposes of the recipient
- Donations must be:
  - Lawful in all respects
  - Appropriately documented and approved based on delegations

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- Disclosed in aggregate in Council's annual report
- Made to a recognised organisation by normal commercial means (not to an individual) and not in cash
- Non-political.

## Flowers

- Spend is a maximum of \$100 including delivery or \$60 - \$80 on flowers only
- Can be provided in the event of death of a staff member, an immediate family member, birth of a baby for the staff member or if the staff member is in hospital

## Koha

- The amount given should reflect the occasion and the prestige of council and must be approved by the Chief Executive or relevant Group Manager, with advice from the Manager, Strategic Partnerships
- The principle of a justified business purpose applies
- The Koha Request Form and process for uplifting the Koha must be followed
- Approval of Koha must be by the Team Leader and Group Manager (<\$500), Group Manager (\$500 - \$1,000) or Chief Executive (>\$1,000)
- Payment approval limits are on a per event basis
- Koha payments will be cash and supporting information provided where possible

## Communication Technology

- Where administratively possible and cost effective Council will require reimbursement of any personal use of Council technology
- Personal use of any communications technology should be kept to a minimum
- Requirement on the use of communication technology is in the Council's Mobile Devices and Personal Use Reimbursement Policy

## Gifts

- A gift may be given as a token of recognition of something provided by the recipient or when it is customary
- Gifts should be moderate and conservative and have a business purpose
- Gifts to staff must align with other sections in this Guidance document
- Giving of gifts from Council (where not covered elsewhere in this guide) requires pre-approval by the Chief Executive or Council resolution

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- Receiving of gifts can be a sensitive issue. Gifts remain the property of Council however staff can accept gifts if they are infrequent (less than 3 times in 12 months) and inexpensive (< \$50 value) and are openly distributed (pens, calendars etc). In all instances the line manager must be advised
- Accepting any gift >\$50 must have relevant Manager's approval to keep it
- The Gifts/Hospitality Declaration Form must be completed, this should also include any gifts which were offered but turned down
- The receiving of cash gifts is unacceptable in any circumstances
- Christmas gifts have their own process. Any gifts (except small gifts of perishable food, box of chocolates) received from external suppliers must be put into the general gift pool (via line manager) which will be used to benefit all staff. Small gifts may be kept by the staff member but be shared with the whole team – this excludes Christmas hampers which must go into the general pool
- Managers or Supervisors wanting to provide a staff member with a gift for exceptional performance should use the Value and Appreciation process. Council will not reimburse a Manager or Supervisor for the purchase of gifts for staff

## Team Building & Development

- Managers may organise team building activities but they must be related to work or work tasks examples are motivational workshops or planning sessions
- You must get prior approval from the relevant Group Manager
- External costs such as a venue, catering or facilitator must be kept to an appropriate level and as a guide:
  - Use a Council-owned facility if possible – max venue hire \$230 per day
  - Catering should be reasonable and should not exceed \$25 pp for lunch
  - Manager needs to take responsibility for the decision on costs of facilitator

## Tertiary Study Assistance

- Staff wanting to apply for study assistance must do so via their Manager, who will discuss with the relevant Group Manager and HR
- Managers can apply for staff to have retrospective reimbursement for up to 100% of tuition and exam fees provided it is within the agreed budget of 1% of salary and the qualification is related to the staff member's job responsibilities. Council may reclaim these expenses should the staff member leave within 12 months of any fee being reimbursed

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## Vision Assessments & Reimbursements

- After 6 months of working at Council permanent staff who operate a computer for at least 50% of their normal working time can claim a reimbursement of up to \$250 for prescription lenses or frames
- This can be claimed following an eye test which shows that prescription lenses are required for computer use or that any eyesight problem has been caused or worsened due to computer screen use
- In addition, a claim of up to \$65 can be made for an eye test
- Any claim for vision tests/reimbursements can only be made once every two years
- Maximums stated are net amounts after deduction of PAYE, with Council meeting any obligation for PAYE on these reimbursements
- To claim for reimbursement GST invoice/s and receipt/s need to be provided, along with any additional applicable information from the optometrist and a completed Claim form. All this documentation needs to be sent to Payroll

## Professional Memberships

- Professional memberships that support a staff member in their role at Council will be paid by Council
- Payment must be authorised by the Manager or above and can be reimbursed through the Expense Claim process

## Amendments

- Amendments to this Guide and the Managing our Sensitive Expenditure Policy before the review date require Executive Team approval

## Application & Review

- This Guide and the Policy will be reviewed every two year to make sure it meets organisational needs and best practice
- The Policy and this Guide take effect from the date it is signed by the Owner and the Chief Executive

## Things to consider

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<p>Is my expenditure something that could be considered to have given me a benefit?</p>	<p>What are the relevant delegations for approval?</p>	<p>I need to have supporting paperwork such as receipts or invoices</p>
<p>Could the Value and Appreciation process be used?</p>	<p>Have I checked that my spend is moderate?</p>	

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## APPENDIX 5

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### Whistleblower Protection at Waipā ECM 10816779

# Whistleblower Protection at Waipā

The Protected Disclosures (Protection of Whistleblowers) Act 2022 (Whistleblowers Act) is a law that helps protect people who report serious wrongdoing in an organisation.

We are committed to uncovering and investigating any serious wrongdoing at Waipā and protecting disclosers who raise concerns about this in accordance with the Whistleblowers Act.

If you believe you have information about a serious wrongdoing you should immediately report it in accordance with this procedure. The sooner it can be investigated the better.

This procedure does not apply for disclosures outside the Whistleblowers Act.

Use the following procedure to help inform decisions and practices.

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## THE BASICS

### What is a protected disclosure?

A protected disclosure is where you disclose information and you:

- believe on reasonable grounds that there is, or has been, serious wrongdoing in or by Waipā District Council ,
- disclose information about that serious wrongdoing in accordance with the Whistleblowers Act; and
- do not disclose the information in bad faith.

Protected disclosures are subject to protections under the Whistleblowers Act. This applies even if:

- you are mistaken and there is no serious wrongdoing
- you do not refer to the Whistleblowers Act when making the disclosure
- you technically fail to comply with the required procedures (as long as you substantially comply)
- you also make the disclosure to another person on a confidential basis for the purpose of seeking advice on whether or how to make a protected disclosure under the Whistleblowers Act.

A protected disclosure does not include disclosure of information that is protected by legal professional privilege e.g. legal advice.

### What is a serious wrongdoing?

Serious wrongdoing has a particular meaning under the Whistleblowers Act. It does not apply to all possible wrongdoing that an employee might see and think about reporting.

Serious wrongdoing in an organisation is any act, omission or course of conduct in (or by) any organisation that is 1 or more of the following:

- an offence;
- a serious risk to—
  - public health; or
  - public safety; or
  - the health or safety of any individual; or
  - the environment.
- a serious risk to the maintenance of law, including—
  - the prevention, investigation, and detection of offences;
  - the right to a fair trial;
- an unlawful, a corrupt, or an irregular use of public funds or public resources;
- oppressive, unlawfully discriminatory, or grossly negligent, or that is gross mismanagement, and is done (or is an omission) by—
  - an employee (if the organisation is a public sector organisation);
  - a person performing (or purporting to perform) a function or duty or exercising (or purporting to exercise) a power on behalf of a public sector organisation or the Government

### Who is protected?

The Whistleblowers Act only provides protection to a “discloser” in an organisation. You are a discloser of Waipā District Council if you are or were:

- an employee of Waipā;
- a homemaker (within the meaning of section 5 of the Employment Relations Act 2000);
- seconded to Waipā;
- contracted to do work for Waipā;
- concerned in the management of Waipā; or

Procedure Under Section 27 of the Protected Disclosures (Protection Of Whistleblowers) Act 2022

- you work for Waipā as a volunteer.

### What is an appropriate authority?

This procedure refers to the term “appropriate authority”. An appropriate authority includes:

- the head of any public sector organisation;
- the membership body of a particular profession, trade or calling with the power to discipline its members;
- the Department of Internal Affairs;
- the Controller and Auditor General;
- the Ombudsman;
- the Ministry of Business, Innovation and Employment
- the Police.

It does not include a Minister, Member of Parliament or any media outlet.

## THE PROCESS

### How do you make a protected disclosure?

You are protected by the Whistleblowers Act if you make a protected disclosure to:

- an appropriate authority; or
- the independent chair of Council’s Audit and Risk Committee (“ARC Chair”);
- our Chief Executive or Deputy Chief Executive; or
- a Group Manager.

An appropriate authority may also refer a protected disclosure you have made to it back to us. Where this is the case, the disclosure will be received by the Chief Executive, or a Group Manager if the Chief Executive is involved in the matter.

### What happens after a protected disclosure has been made?

If a protected disclosure has been made to the ARC Chair, Chief Executive, Deputy Chief Executive, or a Group Manager (“Recipient”), you can expect the following process to be followed within 20 working days of the disclosure being made:

- a. Your disclosure will be acknowledged in writing.
- b. You will be provided with information and guidance on the kinds of disclosures that are protected under the Whistleblowers Act, the protections and remedies available under the Whistleblowers Act and how and in what circumstances information disclosed under the Whistleblowers Act may be referred to an appropriate authority.
- c. The Recipient will consider the nature of the disclosure and whether it warrants investigation.
- d. The Recipient will check with you to see whether it has been disclosed elsewhere.

Procedure Under Section 27 of the Protected Disclosures (Protection Of Whistleblowers) Act 2022

- e. The Recipient will deal with the matter by doing one or more of the following:
- investigate the disclosure;
  - address any serious wrongdoing by acting or recommending action;
  - referring the disclosure to an appropriate authority; or
  - deciding that no action is required.
- f. The Recipient will inform you about the actions taken and the reasons for this.

If more time is needed to complete the tasks in e), you will be advised of this, and be informed how long it is likely to take to deal with the matter. You will be kept up to date about the progress of this.

Any investigation into your protected disclosure will be undertaken in accordance with the principles of natural justice. This includes allowing for all relevant factual material to be disclosed and listening fairly to any information to ascertain if it is relevant or supports an allegation of serious wrongdoing.

Before any referral of a protected disclosure is made to an appropriate authority, you and the appropriate authority will be consulted first.

If the referral has come from an appropriate authority, the appropriate authority will be informed of the outcome of the matter at the same time as you are informed.

If you are not satisfied that the matter has been dealt with under this process, or you think the serious wrongdoing has not been addressed, you may make a protected disclosure to the Minister for Public Services.

## THE PROTECTIONS

### Will my name be kept confidential?

We will use our best endeavours to keep confidential information that might identify you after your protected disclosure has been made. We can only disclose your identity if:

- You consent;
- There are reasonable grounds to believe that the release of your identifying information is essential for:
  - the effective investigation of the disclosure;
  - to prevent a serious risk to public health, public safety, the health or safety of any individual, or the environment; or
  - to comply with the principles of natural justice; or
  - an investigation by a law enforcement or regulatory agency for the purpose of law enforcement.

A breach of these requirements of confidentiality is also a breach of the Privacy Act 2020.

LGOIMA requests must be refused if releasing information would breach these confidentiality requirements.



We will consult you before releasing any identifying information and let you know after this information is released.

**Will I lose my job if I make a disclosure?**

No. If you make a protected disclosure in accordance with the Whistleblowers Act we must not retaliate, or threaten to retaliate against you. You may raise a personal grievance under the Employment Relations Act 2000 if we do.

We must also not treat, or threaten to treat you less favourably than anyone else if you intend to make, or have made a protected disclosure under the Whistleblowers Act or have supported someone else to do so.

**Could someone take me to court for making a protected disclosure?**

Under the Whistleblowers Act, if you make a protected disclosure in accordance with that Act you are not liable to any civil, criminal, or disciplinary proceedings because of it.

**Where can I get advice?**

You can seek advice from your line manager or HR Advisor at any time around the requirements and protections of the Whistleblower Act.

**Things to consider**

Are you concerned about a serious wrongdoing?	Are you aware of the process you need to follow to be protected by the Act?	Do you know where to get advice?
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**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Management Accountant  
**Subject:** **Insurance Renewal and Update 2022**  
**Meeting Date:** 30 September 2022

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## **1 PURPOSE - TAKE**

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The main purpose of this report is to update the Committee on the Council's 2022 insurance renewal arrangements.

## **2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA**

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This report details the policies taken out under the Waikato Local Authority Shared Services Limited (trading as Co-Lab) collective arrangement with Aon New Zealand (Aon) as broker, which are due for renewal on 31 October 2022, and the public liability and professional indemnity policies which are also due for renewal with Aon on 31 October 2022.

Representatives from Aon should be in attendance at the meeting to provide further information and comment.

## **3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI**

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*That the Audit and Risk Committee receives the report of Aimee Turner, Management Accountant, titled Insurance Renewal and Update 2022 (ECM document number 10896920).*

## **4 BACKGROUND – KŌRERO WHAIMĀRAMA**

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Council has been part of an insurance collective under the umbrella of Co-Lab since 2012.

There have been many benefits from the insurance collective both in terms of reduced premiums through greater buying power; and continued strategic re-assessment of Council's insurance requirements for both building and underground assets, and public liability and professional indemnity, together with the introduction of innovative approaches in some aspects of this.

Council's Deputy Chief Executive, Ken Morris, is the Chair of the Co-Lab Insurance Advisory Group, which has responsibility for the Co-Lab insurance collective.

Aon is insurance broker for the Co-Lab insurance collective with the first term of its current three year contract ending 1 July 2023, and the right to extend for two further terms of two years after that.

The policies taken out under Aon including public liability and professional indemnity policies are due for renewal on 31 October 2022.

There is currently no change to the type of policies being renewed for the 2022/23 year, however this will be the first renewal of the newly implemented life insurance policy that provides a universal life insurance benefit of \$100k for all staff members under the age of 70.

The table below shows the Aon brokered insurance policies that Council has in place currently, their coverage and respective excess arrangements:

Policy	Coverage
Material Damage	Covers all Council buildings; contents, such as computers, books, furniture; and some paintings. Also covers above ground infrastructural assets such as pump stations and reservoirs; and playgrounds, skate rinks and statues such as the Horse and Foal in Cambridge. <i>Excess for each claim is \$10,000</i>
Commercial Motor Vehicle	All vehicles and mobile plant such as tractors and mowers. <i>Excess 1% of vehicle sum insured, subject to minimum of \$500</i>
Infrastructure Insurance Primary Layer	The current arrangement with the Crown provides for a 60-40 split between the Crown and a Council insurance arrangement for significant losses of infrastructure. Council, under the Co-Lab collective purchases a primary layer which provides 100% of the cover up to \$10 million with the Crown arrangement only relied upon above that limit.
Infrastructure Insurance	This covers above and below ground infrastructural assets such as pipes, connections, manholes and ponds. Coverage is for natural catastrophic events such as, earthquake, landslip, flood and volcanic eruptions. This policy meets Central Government's requirements for Council to meet a 40% share of natural disaster recovery. <i>Excess \$500,000</i>

<b>Policy</b>	<b>Coverage</b>
Cyber Liability Policy	Provides cover for Council’s loss and third party claims arising out of ‘cyber’ events. The most common cyber events are attacks, such as hacking, ransomware, viruses; system damage as a result of software corruption, sabotage and human error; and privacy breaches involving the loss and unauthorised disclosure of personal information. <i>Limit of liability \$1,000,000 Excess \$25,000</i>
Business Interruption Policy	Consequential loss resulting from physical loss or damage to any Council owned property, such as loss of rental income if a residential house burns down.
Combined Employers & Statutory Liability	Statutory - Covers defence costs, fines and penalties arising from unintentional breaches of applicable legislation. <i>Limit of liability \$1,000,000 for fines and \$1,000,000 for defence costs</i> <i>Excess \$10,000, but \$25,000 for health and safety or resource management claim.</i> Employers Liability arising out of claims made by employees for injuries outside the scope of the Accident Compensation Corporation. <i>Limit of liability \$1,000,000 and \$1,000,000 for defence costs Excess \$1,000</i>
Crime Policy	Provides cover for fraudulent acts of employees and other parties. This is normally around the misappropriation of funds and/or theft of money through electronic means. <i>Limit of liability \$2,000,000 Excess \$50,000</i>
Forestry Cover	Provides cover for fire including fire-fighting costs, re-establishment costs and damage from hail <i>Excess \$22,900</i>
Corporate Travel Policy	Overseas travel insurance for staff and elected members travelling on Council business outside of New Zealand.
Accident & Health Policy	Covers the 14 elected members and the 6 Executive members for accidental death with the pay-out used to fund by-elections in the case of an elected member and recruitment costs for Executive replacements.
Employee Life Insurance Policy	Covers all Permanent paid staff that are under the age of 70. Provides staff \$100,000 of life insurance benefit.

Policy	Coverage
Professional Indemnity	Provides cover for claims first made against the insured and notified during the period of insurance alleging civil liability, by any act, error, omission or conduct that occurred in connection with the insured’s Professional Business Practice <i>Limit of liability \$15,000,000 Excess \$100,000 for each &amp; every claim relating to the Building Act 2004. All other claims have an excess of \$25,000.</i>
Public Liability	Provides cover for liability to third parties for property damage and/or personal injury arising from or in connection with the Insured’s operations, for all amounts which the Insured is held legally liable to pay. <i>Limit of liability \$15,000,000 Excess \$10,000</i>

The assets on the infrastructural insurance schedule were valued by Beca as at 30 June 2021, using market rates specific to waters infrastructure. The replacement value of the schedule increased by 9.96% which also includes the additional assets capitalised during the year.

The value of the assets included in the material damage schedule were adjusted in-house using an inflation rate specific to residential and commercial buildings which was an average of 7.3%. A full insurance valuation for councils buildings is currently being carried out and is due back in October 2022. We expect to see a much higher percentage increase in value for councils buildings which will be reflected accordingly on the material damage schedule for the 2022/23 year.

### Current Market Update – Overview

This update has been provided by Aon:

#### Global Property Market

Severe weather-related losses are still the main driver for premium rating on a global basis, with markets seeing between 10% - 20% increases on property programmes. There is still capital available in the market, which is mitigating some of these premium increases, however this new capital is only being deployed in what are seen as relatively low risk territories. Insurers are also looking to increase deductible levels and limit overall exposure by applying programme loss limits and there is an increased focus on adequacy of property valuations given the current Global supply chain and increased inflationary pressure being felt post Covid 19 Pandemic.

#### New Zealand Property Market

Whilst the global market drivers still have an impact on the New Zealand market, we are currently seeing a slowdown in rating increases, from previous years. Expectations are that rating increases will be in the region of 5% to 10%. Local markets are also focused on adequate valuations in the same manner as the offshore markets. It should be noted that the these increases are rating increases. If there has also been an

increase in values declared, this will also have an impact on the final premium calculated.

### **Liability programme**

Insurers are still paying close attention to the Council sector with particular emphasis on Building Consenting related claims. However, the large premium adjustments that were seen last year are not expected to be repeated this year. The Cyber Liability market is contracting as there have been a high number of significant claims. Premium increases are expected and also insurers may look to apply higher excesses than previously.

### **Motor Markets**

The motor market is stable and premium rating is driven by individual insureds loss histories. Good performing accounts have seen rating reductions.



Aimee Turner  
**MANAGEMENT ACCOUNTANT**



Reviewed by Jolanda Hechter  
**FINANCE MANAGER**



Approved by Ken Morris  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**

# COMMITTEE REPORT



**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Manager Finance  
**Subject:** **Annual Report 2021/22 update**  
**Meeting Date:** 30 September 2022

## 1 PURPOSE - TAKE

The purpose of this report is to:

- a) Submit the draft Annual Report 2021/22, as it stands currently, to the Committee for noting; and
- b) Agree on a number of matters of proposed guidance to the incoming Audit and Risk Committee and Council, based on the information known at present.

## 2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

It is a requirement that a Council's Annual Report be audited. Due to audit resourcing issues, previously advised to this Committee, Council's audit has been delayed this year, and it will be the incoming Audit and Risk Committee and Council that will need to determine the appropriateness of the Annual Report and the relevant representations that are required, and adopt the document. In the past few days Council staff have been advised that the audit will now commence on 27 September 2022.

This scenario of an audit delayed beyond an election is less than ideal, and for that reason, it is determined that the current Audit and Risk Committee should give as much guidance as possible on these matters to the incoming Audit and Risk Committee and Council, based on the information known at present.

There will be an opportunity for the committee to discuss the draft Annual Report as it currently stands, and the proposed representations with officer and Audit New Zealand staff at the meeting.

### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*That the Audit and Risk Committee*

- a) *Receives the report of Jolanda Hechter, Manager Finance, Annual Report 2021/22 Update (document number 10863175);*
- b) *Notes the Draft Annual Report 2021/22 as it currently stands; and*
- c) *Agrees the proposed guidance outlined in section 4 of this report be provided to the incoming Audit and Risk Committee and/or Council as relevant.*

### 4 BACKGROUND – KŌRERO WHAIMĀRAMA

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Council must prepare and adopt an Annual Report in respect to each financial year, normally within four months of the end of that financial year. Due to current resourcing difficulties, the Office of the Auditor General has adopted a prioritisation system around its audit delivery and shifted the commencement of the Waipa audit to 27 September 2022, and therefore its completion beyond the upcoming election. Our audit is still being completed well within the amended statutory timeframes which have been extended this year, due to said resourcing difficulties, to 31 December 2021.

The key purpose of an Annual Report is to compare the actual activities and the actual performance of Council for the year, against the activities and levels of performance set out in the relevant Long Term Plan or Annual Plan.

The established process for the draft Annual Report and Summary, mandated by the Terms of Reference for this Committee, is for these proposed documents to be considered by the Committee, and subject to any amendments the Committee will then recommend to Council, the draft Annual Report for adoption and the Summary for approval for publication.

Council is responsible for preparing financial statements and service provision information in accordance with Generally Accepted Accounting Practice in New Zealand. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The financial statements comply with PBE standards. The financial statements must fairly reflect the financial position of Council as at 30 June 2022. They must also fairly reflect the results of its operations and cash flows for the year. The service provision information must fairly reflect Council's levels of service provision for the year ended 30 June 2022.

Council's responsibilities in relation to the Annual Report arise from section 98 of the Local Government Act 2002, which sets out the purposes of an annual report, and Schedule 10 of that same Act. Part 3 of Schedule 10 sets out the information that must be contained in an Annual Report (see Supporting Information attached). Council is responsible for meeting the requirements of Schedule 10 and including that information in the Annual Report. This will include information on financial as well as non-financial performance.



The draft Annual Report 2021/22 shows the financial results for the year ended 30 June 2022. It also shows performance against the measures and targets and the key initiatives set out in the Long Term Plan. The draft Annual Report 2021/22, as it currently stands, is attached as Appendix 1 to this report. It should be noted that management is awaiting a revaluation of land and buildings and that these values will be updated for the next draft document. There are a number of other placeholders in this currently unaudited document. The Annual Report document has been significantly reformatted this year. As noted elsewhere in this report the final audit visit was yet to commence at the time this agenda was prepared and there are some further internal quality assurance processes to complete.

Due to the delayed process this year a newly appointed Audit and Risk committee will need to recommend the adoption of the Annual Report and Summary to the incoming Council, although in both cases they were not in office during the financial year reported.

The new Audit and Risk Committee could potentially benefit from guidance from the current committee on a range of topics.

For instance, this Committee can, based on the knowledge and experience built during its term in office, give assurance that Council has:

- i) Where required, revalued its assets to ensure that the asset value disclosed is not materially misstated;
- ii) Complied with its statutory obligations including laws, regulations, and contractual requirements;
- iii) Carried out its decisions and actions with due regard to minimising waste;
- iv) Met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, it has carried out its decisions and actions with due regard to probity);
- v) Taken any decisions or actions with due regard to financial prudence;
- vi) Designed, implemented and maintained internal controls (to the extent that is reasonably practical given the size of the District Council and group) to prevent and detect fraud or error;
- vii) Appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- viii) Disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements; and

- ix) Adequate resources to continue operations at their current level for the foreseeable future and for this reason Council continues to adopt the going concern basis of accounting for the foreseeable future.

## 5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

## 7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

### Financial Considerations – Whaiwhakaaro ā-Pūtea

There are no costs associated with any of the matters discussed in this report.

### Risks - Tūraru

Risk Description	Current Residual Risk Rating	Current Treatments	Target Residual Risk Rating – if different from current rating	Planned Additional Treatments
Lack of continuity	Medium	Review of the Annual Report guidance on material items from this committee to the new committee	Low	Report to the new Audit and Risk committee on the guidance given by this committee.

## 8 NEXT ACTIONS

Action	Responsibility	By When
Report to the new Audit and Risk committee formalising the guidance in this report	Manager Finance	December 2022

## 9 APPENDIX - ĀPITITANGA

No:	Appendix Title
1	Draft Annual Report 2021/22



Jolanda Hechter  
**MANAGER FINANCE**



Ken Morris  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**

## APPENDIX 1

Draft Annual Report 2021/22 (as at 23 September 2022) (Document ID 10874452)



# Te Pūrongo ā-Tau 2021/22 Annual Report

DRAFT

SEPTEMBER / 2022

## PART 1 - NAU MAI WELCOME FROM THE MAYOR AND CHIEF EXECUTIVE

Looking back over 2021-22 year, we are proud of the way our Council has performed amidst a time of huge and rapid transition. Our district continues to grow at an exponential rate, and with it comes a raft of challenges, changing community expectations and pressures on our infrastructure. As a strategy-led organisation, we focus on the bigger picture and make logical steps to achieve the best outcomes for our community.

This year we saw the local government sector under almost continuous scrutiny, with the Three Waters Reform advancing at pace to change the way water services – stormwater, water supply and wastewater – are delivered for our communities, for the future. Waipā has made no secret of our dissatisfaction with the four-entity water services model proposed by the Department of Internal Affairs, and our community's stance as well. I am heartened to see Council's Annual Resident Perception Survey resulted in its highest rating for delivery of waters services over three years, reflecting our commitment to providing good quality, affordable infrastructure to our ratepayers.

We've also held steady across the board in our annual resident perception study, which shows our resilience, but with a few areas to continue to work on, including our transportation network,

community facilities and parks and reserves. We introduced a vaccination mandate for staff and our facilities in order to continue to keep our community facilities open and resourced well throughout the omicron variant of the COVID-19 pandemic, yet achieving a lower satisfaction result has shown us how much our residents value these great community assets and the important role they play in bringing us together.

On the financial front, we've managed to maintain our AA- Fitch Credit Rating for the fourth year running, which is a nod to the financial prudence our Council has shown in a time of inflation increasing to the highest rates in recent years. The financial climate continues to be a challenge to us, but our credit rating assists us in gaining better interest rates for our debt than we would otherwise be able to achieve.

COVID-19 continues to affect our ability to resource, staff and deliver some of our key projects through supply chain constraints and illnesses, however we still managed to achieve some great wins across the board, including our 2021 representation review, an improved water supply for Kihikihi village, the adoption of the new Ngahinapouri Concept Plan, and the Waipā Transport Strategy which will pave the way for

our district's transport future over the next 30 years.

We also adopted our Annual Plan, and held our rates at 4.4 percent, as forecasted in the 2021-31 Long Term Plan, What's next Waipā.

Our What's next, Waipā campaign received two national awards, including the Local Government New Zealand's 2021 Best Consultation Document, and the coveted Supreme and Gold Awards from the Public Relations Institute of New Zealand award for an outstanding consultation. These accolades highlight Council's commitment to proving best practice communications for our residents against industry peers.

As we look ahead to the next year, the future of Waipā – Home of Champions, will have a new Council, representing our residents and guiding the way we build connected communities. Our challenges will be many, but our strategic approach to growth, through the new Ahu Ake - the Waipā Community Spatial Plan will put us in good stead to hit the ground running.

xx yyy  
Waipā Mayor

Garry Dyet  
Chief Executive

## PART 2 -

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## **PART 3 - NGĀ KORERO MO TO TĀTOU TAKIWA / OVERVIEW OF OUR DISTRICT**

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### **In this section**

This section includes an overview of the Waipā district, an overview of Council's role, and a 12 month snapshot of our 2021/22 year.

### 3.1 ROHE / OUR DISTRICT

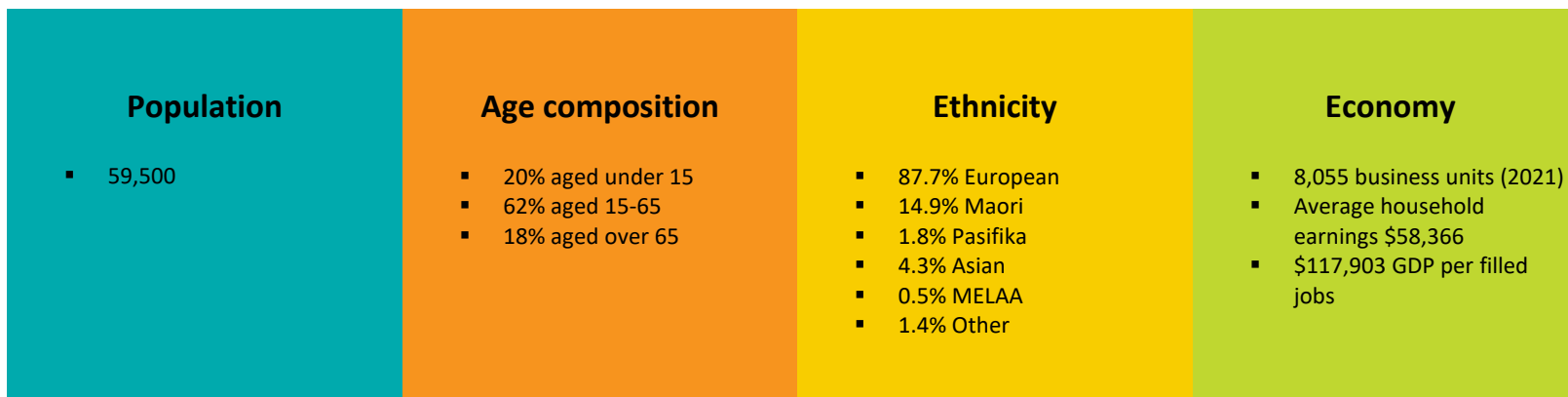
Located at the centre of the Waikato Region, the Waipā District is home to approximately 60,000 residents. Covering more than 1,447km<sup>2</sup> and including some of New Zealand's most fertile land and water, the district of Waipā is centered on the urban hubs of Te Awamutu, Cambridge, Kihikihi, Pirongia, Ōhaupō, and Leamington.

Our rural community makes the most of our rich soils with dairy farming, as well as sheep, beef and deer farming, thoroughbred horse studs and fruit production. the Waipā District's fine equestrian heritage is held in high regard worldwide.

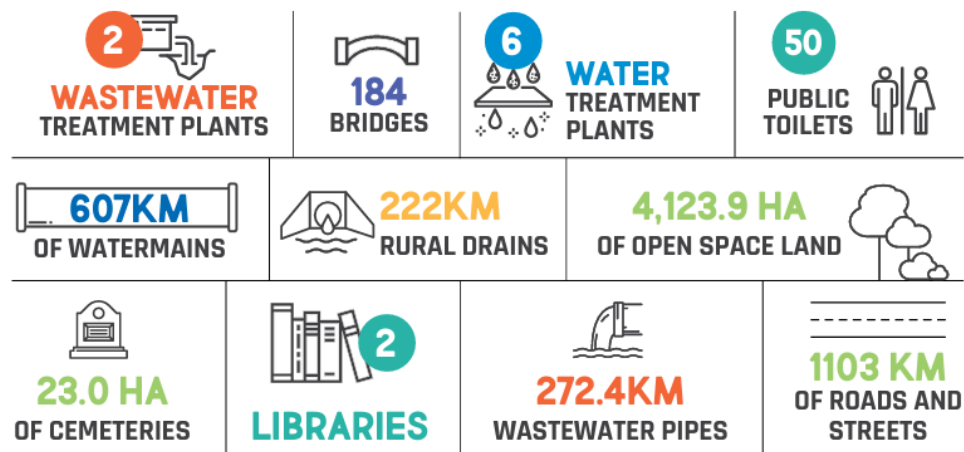
We're immensely proud of our farming and rural heritage, and are proud to host National Agricultural Fieldays, the largest annual agricultural exhibition of its kind in New Zealand that attracts visitors from all over world.

The Waipā district is home to Hamilton Airport [HLZ], and has a growing reputation as the home of high-performance sport with Rowing New Zealand, Cycling New Zealand, Triathlon New Zealand, and Canoe Racing New Zealand all based in Cambridge. You can find out more at goWaipā .com.

We feel most at home on the water, with our large hydro lakes used extensively for watersports and recreation including Lake Karāpiro, the home of New Zealand rowing and other water sports. The major Waipā and Waikato rivers flow though our district, and our smaller peat lakes are considered some of the best examples of their type in the world.



### OUR KEY INFRASTRUCTURE INCLUDES:



### 3.2 OUR ROLE

**Our role is to support the current and future needs and advance the aspirations of our communities, the district and the region. We deliver an extensive range of services to Waipā – from cemeteries and parks to parking and pools, water services to roading infrastructure, libraries to museums, cycleways to road safety, waste minimisation to recycling and more.**

We are responsible for controlling regulatory activities such as building, land use, noise, food preparation, liquor sales and ownership of dogs and other animals. The services we deliver all help to achieve our district’s strategic vision, set by the Council.


The Council is elected every three years and is responsible for setting the overall strategic direction of the district and the budget through Long Term and Annual Plans.

committee, ensuring that the committee acts within the powers delegated by Council, and as set out in the Council’s Delegations Register.

It also has the following roles:

- Ensuring Council fulfils its responsibilities and follows the principles of Local Government as set out in the Local Government Act 2002.
- Setting the policy direction of Council. Monitoring the performance of Council in terms of meeting its responsibilities and achieving its policies.
- Representing the interests of the district (when elected all members must make a declaration that they will perform their duties faithfully and impartially, and according to their best skill and judgement in the best interests of the district).
- Employing the Chief Executive (under the Local Government Act, the local authority employs the Chief Executive, who in turn employs all other staff on its behalf).

Council may create one or more committees of Council. A committee must have a chairperson, who is responsible for presiding over meetings of the

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### 3.3 12-MONTH SNAPSHOT

#### JULY 2021 - New supplementary water supply for Kihikihi starts

We began installing a supplementary water supply for the growing village of Kihikihi, after we received \$1.3 million to go towards it through the Three Waters Reform ‘opt-in’ discussions. This creates more resilience in the network by connecting Kihikihi with the neighbouring Te Awamutu water supply, Up until this point, Kihikihi had been fully serviced by two bores on Hall and Church streets.



#### AUGUST 2021 - Concept plan for Ngahinapouri adopted

A new concept plan for Ngahinapouri Village was adopted in August, featuring three large housing areas, a new intersection layout, a community hub and improved village entrances and pedestrian connections. The Concept Plan began in 2018 and was created in collaboration with mana whenua, key community stakeholders, Waka Kotahi NZ Transport Agency, Ministry of Education and Council, a truly collaborative effort, providing guidance for the overall growth of the village to 2050.



#### SEPTEMBER 2021 - Council’s first trades services panel established

With the establishment of Waipā District Council’s first trades services panel and following a promotion to local businesses, we signed up 93 local businesses to the panel, which will benefit in years to come from unplanned trade work. In the 20/21 financial year, Council spent approximately \$3 million on this type of work and the panel was established to help to manage costs and timeframes as well as supporting businesses that contribute to the local economy.



#### OCTOBER 2021 - New plan for Kihikihi adopted

In October, the Kihikihi Urban Development Plan was unanimously approved by Council. The plan aims to improve the growing town’s vibrancy with indications of a new skate park, a revitalisation of Kihikihi Domain and improvement in heritage and recreational spaces. The plan was developed in consultation with key community stakeholders, including the Kihikihi Residents & Ratepayers society, and had great participation and feedback during its earlier consultation round.



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**NOVEMBER 2021 - Waipā and Ōtorohanga councils to work together on water improvements**

Council voted in favour of entering into a collaborative arrangement with Ōtorohanga District Council to save costs on future water works that will benefit both districts at a mid-November Service Delivery Committee meeting. This decision followed an invitation from Ōtorohanga District Council to explore opportunities to collaborate on future water-related infrastructure builds that benefit each ratepayer base. Under the agreement, the councils agreed to cost sharing and cost allocation on a fair basis of management roles and charge out rates, where services are carried out for respective Council works for work undertaken through to mid-2024.



**DECEMBER 2021 - Consultation closed for Te Awamutu Skatepark concept plan**

Community feedback rolled in during consultations held by Waipā District Council on a new skatepark concept plan. The concept plan included a full refresh of the existing skatepark. Common feedback from the public suggested more features for beginners, kicker to landing boxes and aero gaps for more aerial tricks, and more transition and street features. More seating, shade, rubbish bins and water fountains were also suggested.



**JANUARY 2022 - Lake Te Koo Utu junior playground upgrade completed**

The junior playground upgrade at Lake Te Koo Utu on Thornton Rd, Cambridge was completed as part of Stage 1 of Council’s renewal of the play space at the popular location. The first stage took about six weeks to complete after the initial start was delayed by Covid Alert level 4. Community feedback about the new asset has been very positive.



**FEBRUARY 2022 - Consultation was extended for Draft Transport Strategy**

Following interruptions associated with COVID-19, the timeframe for feedback on the Draft Transport Strategy was extended to 22 March and our community had their say on the new strategy that will shape how we move people, vehicles and goods through Waipā. The public submitted their feedback via a five-minute online survey or through longer submissions.



**MARCH 2022 - Latest Te Awa River Ride section officially open**

We removed the last of the construction fencing in March 2022, which marked the official opening of the new 4.5km Waipā section of the Te Awa River Ride Hamilton to Cambridge shared path. Along with this, we launched a month-long campaign to encourage users to get on the cycleway, with the shared path enjoyed by approximately 1,400 people the first Saturday after its opening. The launch was a resounding success, with residents submitting photos of them enjoying the cycleway, and six great prizes given away at the competition's conclusion.



**APRIL 2022 - Commission approved new Council representation structure**

The Local Government Commission approved Council's final 2021 Representation Review decision which changed the five ward structure to four wards. The determination was required after one appeal was received on the Waipā District Council's final proposal for its 2021 Representation Review. The appeal sought disestablishment of both Te Awamutu and Cambridge Community Boards. As part of the review, the Commission assessed all aspects of Councils elected member structure, not solely that of the appeal process, and found that these meet requirements under the Local Electoral Act (2001).



**MAY 2022 - Waipā Transport Strategy adopted**  
Council formally adopted the 30-year Transport Strategy in May following a six-week consultation period earlier in the year. More than 170 submissions were received, traversing issues ranging from climate change to public transport and the desire for a third river crossing in Cambridge. The strategy has an emphasis on decreasing reliance on private vehicles, either through improved public transport or by encouraging safe cycling and walking. This reflects government policy, including a bigger emphasis on reducing carbon emissions. The 2022-2052 Waipā Transport Strategy will be reviewed in five years.



**Waipā is moving with the times**

Tell us which ideas you like?

**JUNE 2022 - Waipā rates confirmed at 4.4 per cent**

We confirmed the 2022/23 Annual Plan for Waipā district, which would see Waipā rates increased by an average of 4.4 per cent in the coming year, which is what was forecast for year two of the 2021-31 Long-Term Plan.



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## **PART 4 - WHAKARĀPOPOTOTANGA O Ā MĀTOU MAHI / OVERVIEW OF OUR PERFORMANCE**

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This section highlights Council's overall non-financial performance as it relates to resident perceptions and levels of service performance measures. It also covers our strategic framework, external and internal strategic priorities which impact the way we work, as well as a summary of our performance and contributing factors.



## 4.1 SUMMARY OF OUR PERFORMANCE

### INTRODUCTION

During the year, we continued to deliver our services well in a challenging environment. A total of 61.1% of our level of service performance measures achieved target and our budget was balanced for the year. However, some significant challenges affected how we operated, including COVID-19.

### SUPPLY CHAIN ISSUES

COVID-19 continued to have a flow-on effect in our supply chain with delays in materials and other resources, which heavily impacted our delivery timeframes of major projects and our asset maintenance and renewals programmes.

### COVID-19 IMPLICATIONS

For seven months (17 August 2022 to 13 April 2022), the Waipā district was under the following COVID-19 levels or settings, resulting in a range of restrictions to people's movements. Council needed to be agile enough to make rapid changes, which impacted on services, projects, staff and our community.

On 13 December 2021, Council agreed that vaccine passes would be required for access to Waipā District Council-operated public facilities. The vaccine pass requirement was lifted on 4 April 2022, in alignment with nationwide vaccine mandates being lifted.

#### COVID-19 Alert Level 4

- 11.59pm.17 August 2021 - 31 August 2021

#### COVID-19 Alert Level 3

- 11.59pm, 31 August 2021 - 7 September 2021
- 11.59pm, 7 October 2021 – 27 October
- 11.59pm, 27 October – 16 November (Step 1)
- 11.5pm – 16 November – 2 December 2021 (Step 2)

#### COVID-19 Alert Level 2

- 11.59pm, 7 September 2021 – 7 October 2021

#### COVID-19 Protection Framework (Traffic light system)

##### RED

- 11.59pm, 23 January 2022 – 13 April 2022
- 11.59pm, 16 February 2022 – 24 February 2022 (Phase 2 of Omicron response)

- 11.59pm, 24 February 2022 – 25 March 2022 (Phase 3 of Omicron response)
- 11.59pm, 25 March 2022 – 13 April 2022 (changes to red setting)

##### ORANGE

- 11.59pm, 2 December 2021 – 23 January 2022
- 11.59pm, 13 April 2022 – 30 June 2022 (and beyond)

## 4.2 OUR STRATEGIC DIRECTION

### Waipā Home of Champions – Building Connected Communities

We review our strategic direction, revisiting our vision, community outcomes and external strategic priorities based on changes in the district to make sure we remain on track. We completed this review as part of the 2021-2031 Long Term Plan, *What's next, Waipā*, that was adopted by our Council on 30 June 2021.

Our vision is Waipā - Home of Champions, Building Connected Communities, which identifies and celebrates the district and its champion communities, and all things residents love about living and working here. It also

highlights 'connection', which was heightened in our communities through the COVID-19 lockdown. Our vision shapes the development of our projects, services, activities and programmes of work we're planning for the next 10 years.

Social resilience, culture and heritage, a sustainable environment, and supporting a thriving economy continue to shape our priorities for the next ten years

We monitor the progress of our community outcomes through a number of indicators. These measures were selected as part of the development of the 2021-31 Long Term Plan and based on the ability to look at trends over

time. Of the 26 we monitor 25% of those measured remained on track. Two had no data available at year end.

A number of indicators were significantly affected by the disruptive effects of COVID-19 over the year and therefore did not meet our targets. Below is a snippet of performance of a smaller subset of the measures against our community outcomes. We look for meaningful change over the longer term.

This is only one part of our strategic framework. The vision and community outcomes provide our strategic direction.



### Socially Resilient

He aha te mea nui o te ao? Māku e kī atu he tangata, he tangata, he tangata! – it’s all about people

- Waipā is a great place to live, work, play and invest
- We invest in hauora and support the great work community groups do
- Waipā provides a high quality of life for current and future generations



#### Over the past year:

- Te Waka Sentiment survey responses showed an increased confidence of respondents in the future success of their business.
- Work is underway to capture and report on local contribution elements of Council contracts.

### Environment Champions

Protecting and sustaining our environment

- Environmental awareness and responsibility is promoted within the community
- We support programmes that promote environmental sustainability
- We are responsive to climate change



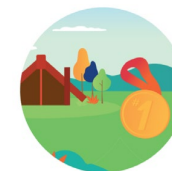
#### Over the past year:

- Council’s carbon footprint has been baselined and work is underway to set targets going forward.
- We exceeded our Enviroschools subscription target with 61% of schools in Waipā enrolled.
- Despite COVID we continued to provide waste minimisation education, while below target we had 1536 face-to-face participants over the year

### Cultural Champions

Promoting our culture and heritage

- We champion the unique history of Waipā
- We have a high level of cultural awareness
- We partner with tangata whenua
- We respect the cultural diversity in our district



#### Over the past year:

- Over the past year visitor numbers to our key heritage sites have been affected by COVID
- We have continued to progress Tikanga training across our workforce as COVID restrictions have allowed.

### Economically Progressive


Supporting a thriving, sustainable economy

- We have financially sustainable decision making and work programmes
- We provide new infrastructure as an economic stimulus for our district
- Our services provide excellent value for money
- We actively promote our district to enable development, employment and business opportunities
- Waipā is a great place to invest and do business



#### Over the past year:

- The volume of money spent locally over the year was greater than the year prior.
- We continued to comply with the National Policy Statement – Urban Development 2020 requirements.
- COVID restrictions and supply chain constraints continued to impact on the delivery of the capital works program.

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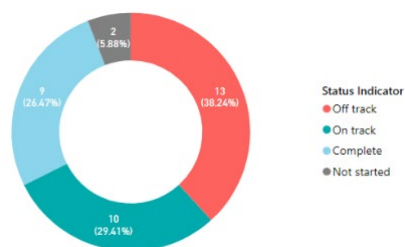
### 4.3 EXTERNAL STRATEGIC PRIORITIES



Our external strategic priorities set the direction of Council's Long Term Plan and guide where investment will be made over a ten year period. They support the delivery of Council's vision and Community Outcomes.

We reset these every 3 years as part of the development of the Long Term Plan in consultation with the community. We track a number of lead and lag indicators to understand how we are performing against the delivery of our external strategic priorities. Out of a total of 32 indicators measured for the 21/22 year 19 were completed or on track.

#### External Strategic Priority Status



Highlights over the past year:

- Scenario development for Ahu Ake Waipā's Community Spatial Plan was completed in collaboration with Elected Members and Mana Whenua/Iwi.
- Skatepark concept plans were completed for Te Awamutu and Cambridge.
- Rain gardens were installed at Lake Te Koo Utu.
- Waipā Transport Strategy was adopted.
- Approximately 32,372 additional employment hours generated from the DIA Stimulus Funding.
- Agreements established with the new Cambridge Town Hall Community Trust.
- The Kihikihi Urban Development Plan was adopted.

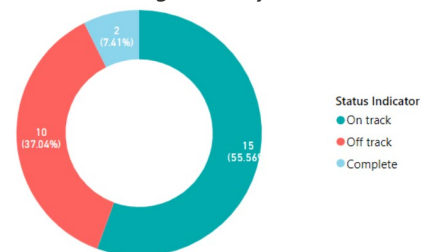
### 4.4 INTERNAL STRATEGIC PRIORITIES



Each year Council's Leadership Team develops a set of internal strategic priorities linked to a set of Organisational KPIs..

These internal priorities are deemed the most appropriate focus areas to sit alongside and assist the delivery of the external strategic priorities. They aim to drive the organisation to continually improve performance over time. We track a number of lead and lag indicators to understand how we are performing against the delivery of our Organisational KPIs. Out of a total of 27 lead and lag indicators measured for the 21/22 year 17 were completed or on track.

#### Internal Strategic Priority Status



Highlights over the past year:

- Council has a robust carbon baseline established.
- The representation review was completed in consultation with the community.
- To date 110 leaders across Council have completed the leadership development program.
- Digital capability grew with a number of digital projects delivered.
- Staff engagement remained high being 6% higher in relation to our benchmark for our annual staff survey.
- Council's internal audit program demonstrated increased maturity in a number of areas with the plan for the next three years confirmed.

## 4.5 RESIDENT SURVEYING

**Regular resident surveying is an important avenue for Council to engage with our community to gain a better understanding of their thoughts and opinions, and identify areas for improvement.**

Council initiated a new annual resident survey in the 2015-16 year to help Council understand how it is tracking against its community outcomes, strategic priorities and levels of service. Carried out by an independent research company, the survey focuses in particular on resident perceptions of the environment and lifestyle associated with the Waipā district, satisfaction with Council services, leadership, financial management and value for money. To help to avoid bias and detect seasonal trends the survey is carried out four times throughout the year with the aggregate results reported at year end.

### Key results

The 2021-22 annual results in relation to reputation, trust and leadership indicate resident’s perceptions of Council have been influenced by the challenges territorial authorities sector-wide have faced over the last year; the impacts of mandate decisions, changes in COVID-19 alert levels and views of Central Government reforms. For Waipā specifically, perceptions are also influenced by our high growth environment and resourcing constraints.

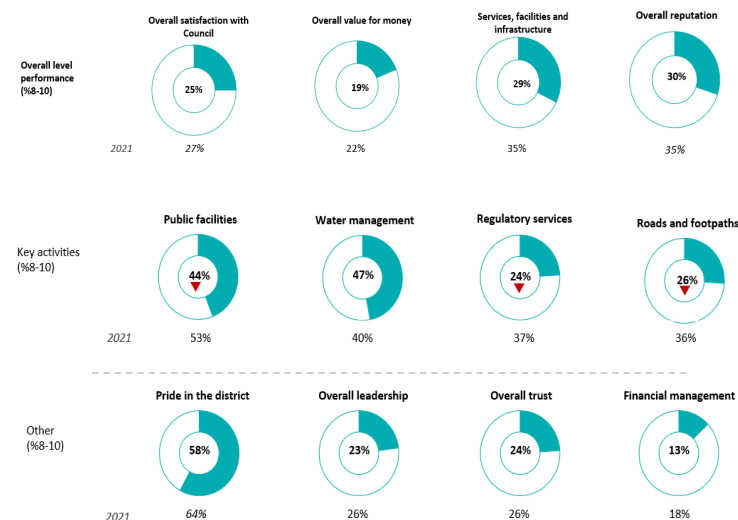
Despite these challenges, overall satisfaction with Council remained stable after a significant decline in 2020 which is positive in relation to the external environment. Council’s reputation benchmark remained stable and within the ‘acceptable’ range. A very high proportion of residents, 72%, rated Waipā an 8 to 10 for a high quality of life.

Some parameters did show significant decline with some continuing a downward trend over the last 24 months; these included satisfaction with regulatory services, public facilities, pride to live in the district and roads and footpaths. When benchmarking Waipā’s results against 16 other councils who undertake the same survey, Waipā remained in the middle for most indicators. When compared to the previous year across a number of comparable questions there was a decline across all councils. Where those services were ranked lower than average it is likely these areas were impacted by the effects of COVID.

Looking ahead, there are a number of reforms facing local government, such as the future of local government, three waters and resource management act.

We endeavour to put our best foot forward despite these challenges, and work both internally and externally to improve our delivery of services and deliver on the vision for Waipā.

The results from the Residents Perception Survey help shape our priorities, our risk management practices and Council’s ongoing communication and engagement with the Community. For full results see Council’s website.



## 4.6 LEVEL OF SERVICE PERFORMANCE MEASURES

Our level of service performance measures set the service standard for our customers across a range of functions within our groups of activities. This was the first year of measurement against a suite of new measures implemented as part of the development of the 2021-31 Long Term Plan.

Overall 66 measures were achieved out of a total of 108 measures (excluding measures unable to be evaluated) equating to 61 percent. Detailed performance results are available under the relevant group of activity in Part 6.

Level of service performance was impacted by a number of elements over the year:

- The disruptive effects of COVID-19 did have an ongoing impact on a number of Council’s level of service performance measures. Different alert level restrictions and the introduction of vaccine mandates to

Council facilities impacted visitor numbers, satisfaction and in some cases the ability to respond in a timely manner.

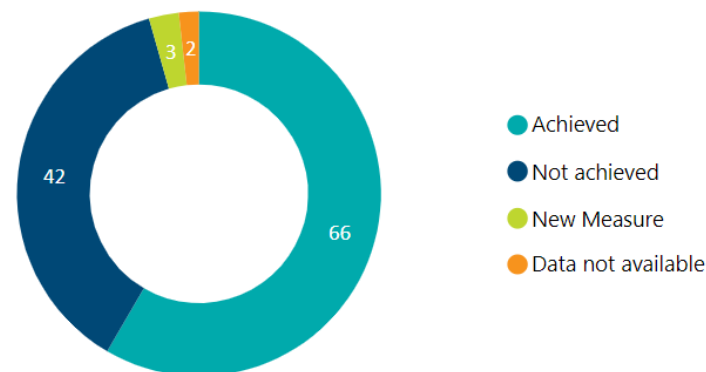
- Visitor numbers, particularly in areas such as Heritage, were hindered by the drop in international travellers throughout the year.
  - Vaccine mandates and entry number restrictions also resulted in a reduction in utilisation of some facilities.
  - Satisfaction with Council facilities dropped for example across Council libraries, parks and swimming pools as a consequence of the above.
- The volume of work in some groups of activities in conjunction with a tight labour market also impacted levels of service. For example building Control saw a 9.9 percent increase in building consent numbers in comparison to the year prior, in addition to the 20 percent rise throughout the 2020/21 year.

### Performance Measure Results

A total of two measures were unable to be reported on due to library door counters not currently operating and therefore no data being available for the two associated measures. The Maungatautari water treatment plant is no longer active and therefore is no longer being reported on.

A total of three measures were new therefore targets have not been set until a baseline has been established.

Overall Results



## **PART 5 - WHAKARĀPOPOTOTANGA PŪTEA / OVERVIEW OF OUR FINANCES**

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This section covers the financial outcomes against the 2021/22 year of the Long Term Plan and budget, which sets the direction for the year. It includes our disclosure statement, financial statements relating to revenue and expenses, changes in equity, financial position, cash flows, funding impacts and the notes accompanying these financial statements. It also includes a reconciliation, capital programme variances and details on council-controlled organisations.

## 5.1 FINANCIAL OVERVIEW

Placeholder for financial overview



Placeholder for financial overview

Ken Morris  
**DEPUTY CHIEF EXECUTIVE AND GROUP MANAGER**  
**BUSINESS SUPPORT / CHIEF FINANCIAL OFFICER**


## 5.2 FINANCIAL PRUDENCE

### Disclosure Statement

#### Annual report disclosure statement for year ending 30 June 2022 - What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to

include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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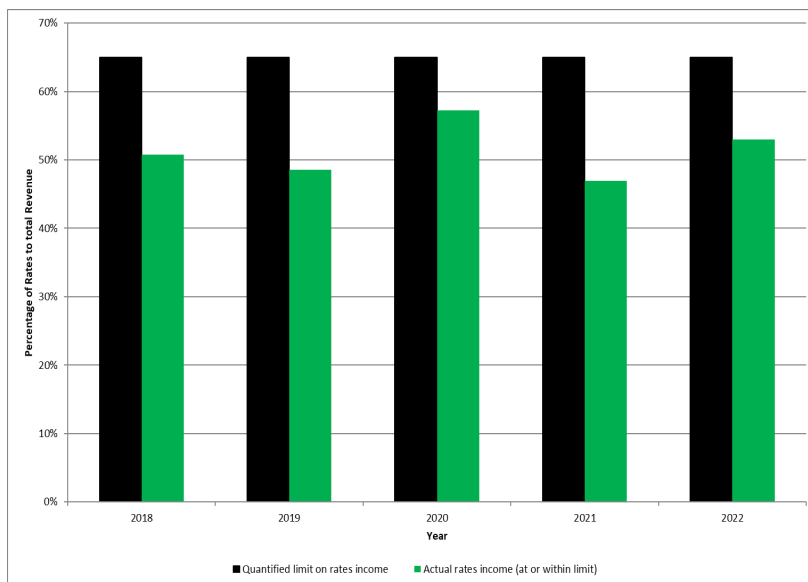
**Rates affordability benchmark**

The Council meets the rates affordability benchmark if –

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

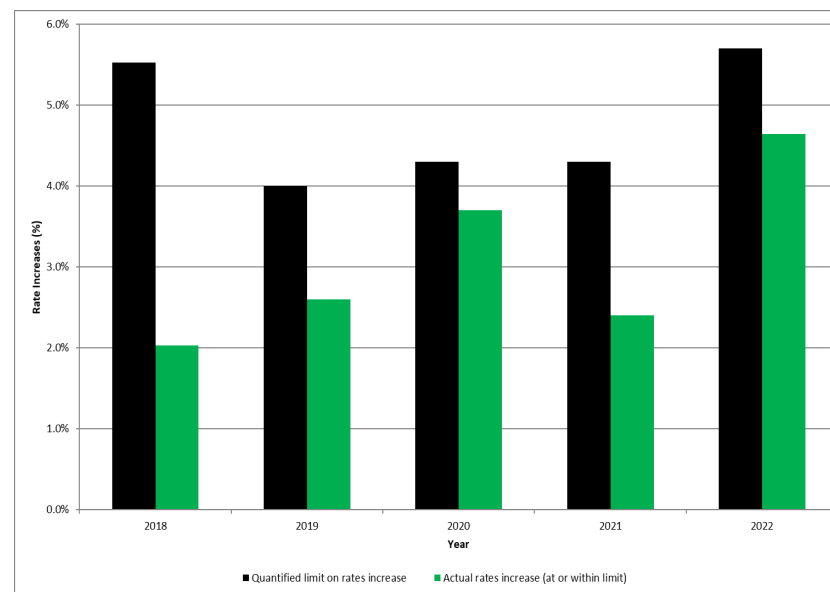
**Rates (income) affordability**

The following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s long term plan. The quantified limit is limiting rates levels to a maximum of 65 percent of our total revenue.



**Rates (increases) affordability**

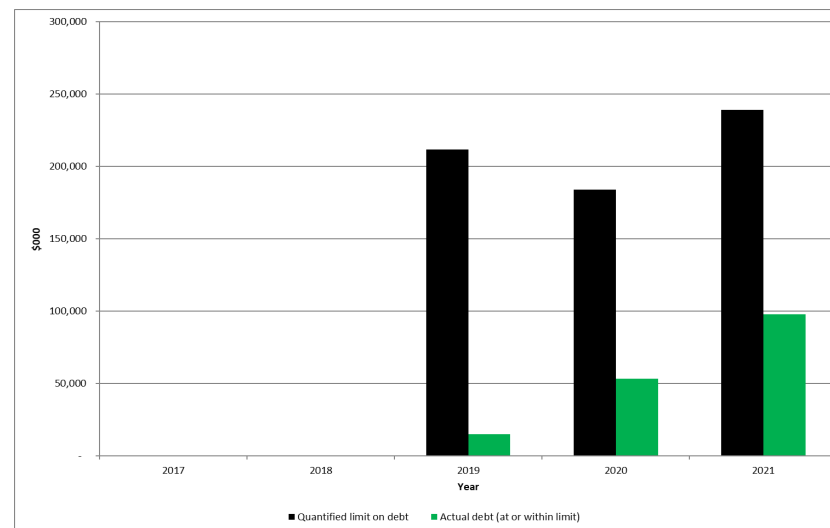
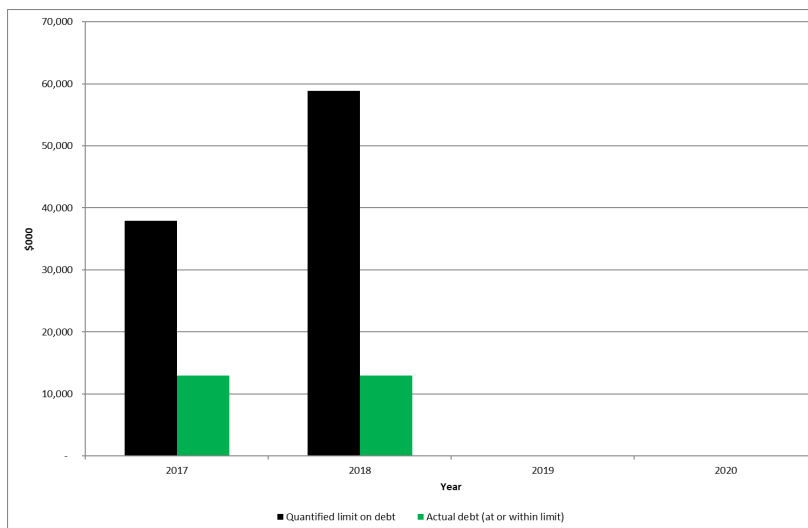
The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy, which is included in the Council’s long term plan. The quantified limit is Council will limit annual increases in the average rate requirement (after growth) to no more than the forecast Local Government Cost Index for that year plus 2 percent.



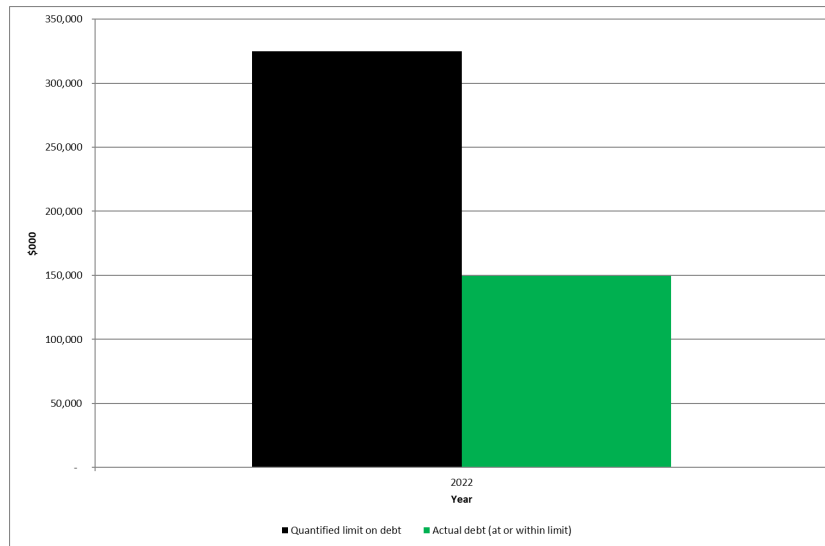
**Debt affordability benchmark**

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long term plan. The quantified limit was the debt profile in Council’s Long Year Plan.



As part of the 2018/28 LTP, the basis for the external debt limit changed from 110% of budgeted debt (as portrayed in the above graph) to a more relevant limit of 175% of total revenue. This change in methodology was more in line with what other Councils use, and is portrayed in the graph above.

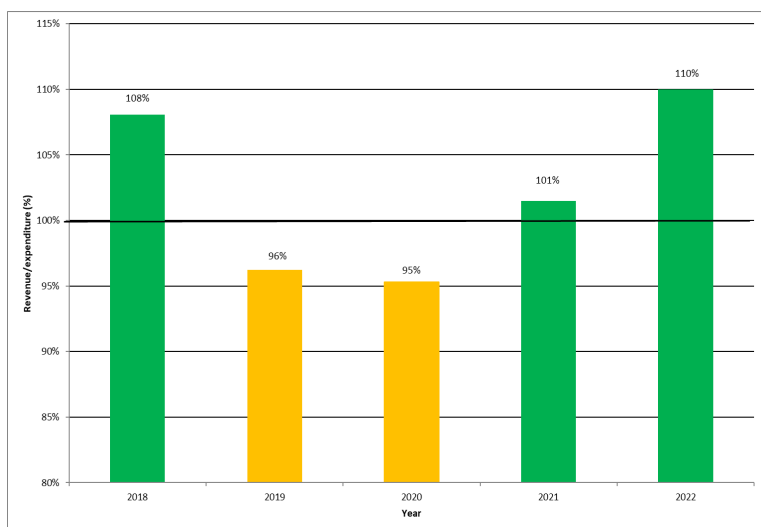


As part of the 2021/31 LTP, the basis for the external debt limit changed from 175% of budgeted debt (as portrayed in the above graph) to a more relevant limit of 250% of total revenue. This change in methodology is more in line with what other Councils use, and is portrayed in the graph above.

**Balanced budget benchmark**

The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



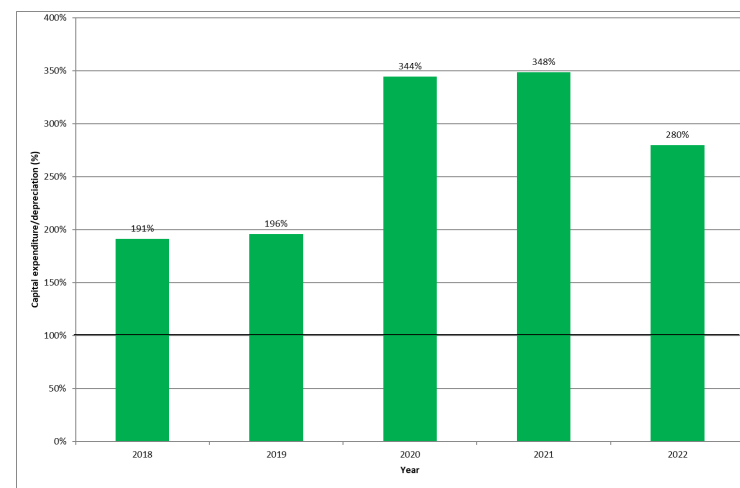
■ Benchmark met ■ Benchmark not met

Discovered assets have been excluded from 2019 onwards, due to legislative requirements.

**Essential services benchmark**

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

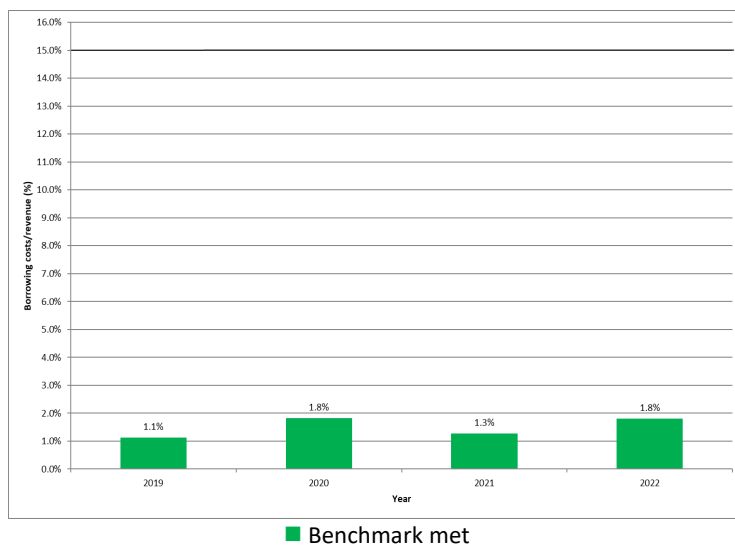


■ Benchmark met

**Debt servicing benchmark**

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

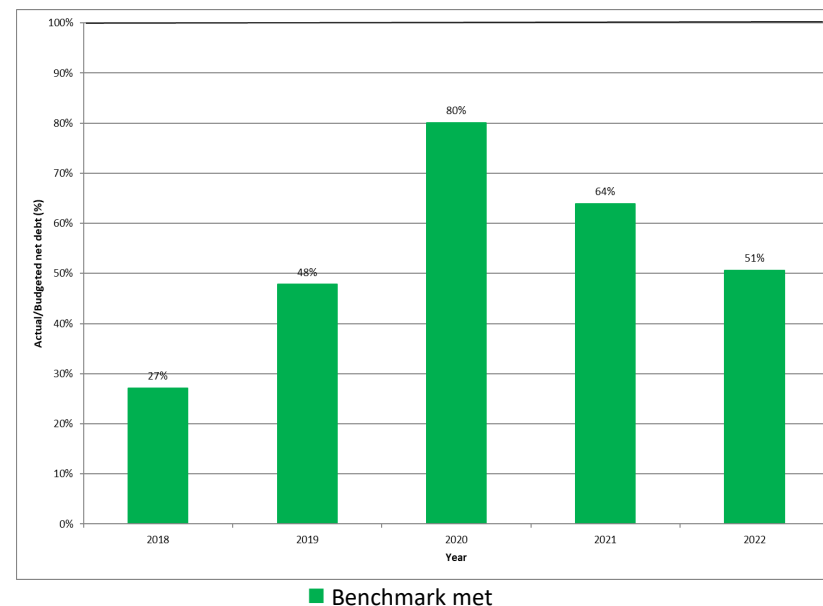
Because Statistics New Zealand projects the Council’s population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



**Debt control benchmark**

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

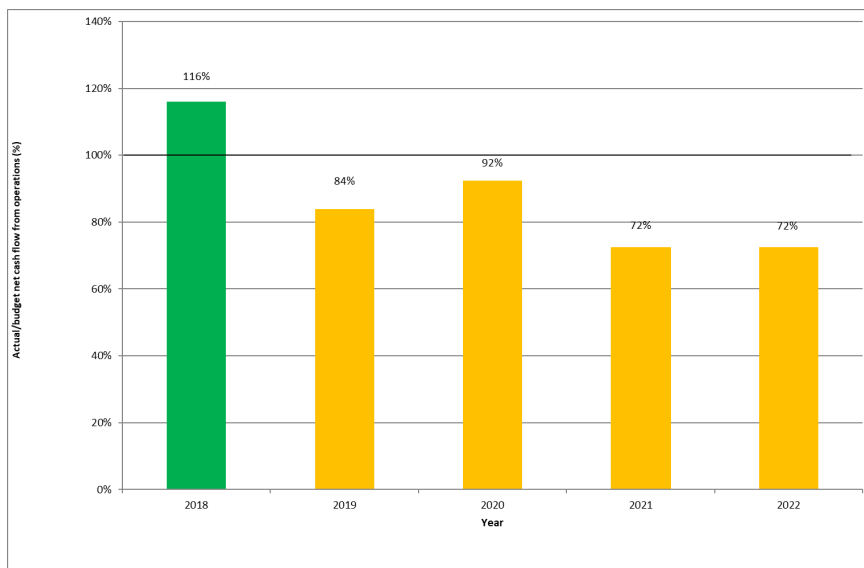
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



**Operations control benchmark**

This graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



■ Benchmark met ■ Benchmark not met

The operations control benchmark was not met due to increases in cash expenditure from budget which was partially offset by increases in cash revenue received.



### 5.3 STATEMENT OF COMPLIANCE

The financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

XXXX YYYY  
**MAYOR**

Garry Dyet JP  
**CHIEF EXECUTIVE**


## 5.4 STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE FOR THE YEAR ENDED 30 JUNE 2022

	Note	Council		Group		
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>REVENUE</b>						
Rates	3	68,745	73,176	64,105	68,745	64,105
Fees and charges	3	18,076	15,187	17,125	19,805	18,890
Reserve contributions	3	308	1,375	450	308	450
Development contributions	3	4,261	19,620	9,687	4,261	9,687
Gain on revaluation	4	8,259	447	3,595	8,259	3,595
Vested assets	3	14,853	11,717	21,826	14,853	21,826
Discovered assets	3	78	-	-	78	-
Dividends	3	3	20	4	3	4
Finance revenue	3	88	15	8	91	10
Subsidies and grants	3	14,904	9,858	18,015	15,068	18,105
Other revenue	3	427	10,749	816	1,025	1,022
<b>Total Revenue</b>		<b>130,002</b>	<b>142,164</b>	<b>135,631</b>	<b>132,496</b>	<b>137,694</b>
<b>OPERATING EXPENDITURE</b>						
Employee benefit expenses	5	27,763	28,840	25,029	30,900	27,115
Depreciation & amortisation	13-15	30,733	30,317	26,697	30,861	26,800
Other expenses	6	40,140	41,203	42,977	39,136	41,972
Finance costs	7	2,005	1,976	1,328	2,005	1,332
Loss on revaluation	4	-	-	-	-	-
<b>Total Operating Expenditure</b>	<b>2</b>	<b>100,641</b>	<b>102,336</b>	<b>96,031</b>	<b>102,902</b>	<b>97,219</b>
<b>OPERATING SURPLUS</b>		<b>29,361</b>	<b>39,828</b>	<b>39,600</b>	<b>29,594</b>	<b>40,475</b>
<b>Other Comprehensive Revenue and Expense recognised directly in Equity</b>						
Property Plant and Equipment Revaluation gains / (losses) taken to equity		63	9,053	53,690	63	53,690
Intangible gains / (losses) taken to equity		531	-	186	531	186
Investment gains / (losses) taken to equity		4,088	-	6,325	4,088	6,325
Cash flow hedges gains / (losses) taken to equity		624	-	494	624	494
<b>Total Other Comprehensive Revenue and Expense for the Year</b>		<b>5,306</b>	<b>9,053</b>	<b>60,695</b>	<b>5,306</b>	<b>60,695</b>
<b>Total Comprehensive Revenue for the Year</b>		<b>34,667</b>	<b>48,881</b>	<b>100,295</b>	<b>34,900</b>	<b>101,170</b>

### Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$29.4m this year against a budget of \$39.8m. Explanations of the major variations from budget are provided in note 31, pages 95 and 96. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$14.9m). Council's total comprehensive income includes \$5.3m of investment gains.

The accompanying notes form part of these financial statements, pages 38-96.

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## 5.5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Note	Council		Group		
		2022 Actual \$000	2022 Budget \$000	2021 Actual \$000	2022 Actual \$000	2021 Actual \$000
Balance at 1 July		1,849,590	1,826,336	1,749,295	1,851,443	1,750,273
Total Comprehensive Revenue		34,667	48,881	100,295	34,900	101,170
<b>Balance at 30 June</b>		<b>1,884,257</b>	<b>1,875,217</b>	<b>1,849,590</b>	<b>1,886,343</b>	<b>1,851,443</b>
<b>Equity represented by:</b>						
Retained earnings	24	592,374	613,453	573,802	594,460	575,655
Other reserves	24	1,291,883	1,261,764	1,275,788	1,291,883	1,275,788
<b>Total Equity</b>		<b>1,884,257</b>	<b>1,875,217</b>	<b>1,849,590</b>	<b>1,886,343</b>	<b>1,851,443</b>

The accompanying notes form part of these financial statements, pages 38-96.

## 5.6 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Council		Group		
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	8	17,678	5,383	12,094	19,903	14,060
Investments in CCO's	10	-	-	-	-	-
Assets held for sale	12	85	-	85	85	85
Trade and other receivables	9	7,015	2,167	8,945	6,951	8,969
<b>Total Current Assets</b>		<b>24,778</b>	<b>7,550</b>	<b>21,124</b>	<b>26,939</b>	<b>23,114</b>
<b>Non Current Assets</b>						
Property plant and equipment	13	1,954,476	2,089,619	1,896,112	1,954,852	1,896,484
Intangible assets	14	4,588	4,173	3,454	4,588	3,454
Forestry assets	17	3,388	2,597	2,997	3,388	2,997
Investments in CCO's	10	30,261	18,786	25,323	30,261	25,323
Investment property	18	35,436	16,436	19,025	35,436	19,025
Trade and other receivables	9	11	14	12	11	12
<b>Total Non Current Assets</b>		<b>2,028,160</b>	<b>2,131,625</b>	<b>1,946,923</b>	<b>2,028,536</b>	<b>1,947,295</b>
<b>Total Assets</b>		<b>2,052,938</b>	<b>2,139,175</b>	<b>1,968,047</b>	<b>2,055,475</b>	<b>1,970,409</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	19	15,605	16,621	16,255	15,852	16,620
Provisions	20	128	1,744	163	128	163
Employee benefit liabilities	21	2,721	1,744	1,983	2,920	2,127
Borrowings	22	45,500	9,000	8,000	45,500	8,000
<b>Total Current Liabilities</b>		<b>63,954</b>	<b>29,109</b>	<b>26,401</b>	<b>64,400</b>	<b>26,910</b>
<b>Non Current Liabilities</b>						
Trade and other payables	19	-	250	500	-	500
Derivative financial instruments	23	174	-	797	174	797
Provisions	20	553	699	759	553	759
Borrowings	22	104,000	233,900	90,000	104,005	90,000
<b>Total Non Current Liabilities</b>		<b>104,727</b>	<b>234,849</b>	<b>92,056</b>	<b>104,732</b>	<b>92,056</b>
<b>Total Liabilities</b>		<b>168,681</b>	<b>263,958</b>	<b>118,457</b>	<b>169,132</b>	<b>118,966</b>
<b>EQUITY</b>						
Retained earnings	24	592,374	613,453	573,802	594,460	575,655
Other reserves	24	1,291,883	1,261,764	1,275,788	1,291,883	1,275,788
<b>Total Equity</b>		<b>1,884,257</b>	<b>1,875,217</b>	<b>1,849,590</b>	<b>1,886,343</b>	<b>1,851,443</b>

Explanations of the major variations from budget are provided in note 31, pages 95-96.

The accompanying notes form part of these financial statements, pages 38-96.

## 5.7 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Council			Group		
	Note	Actual 2022 \$000	Budget 2022	Actual 2021	Actual 2022 \$000	Actual 2021 \$000
<b>Cash Flows from Operating Activities</b>						
Receipts from rates revenue		68,955	73,176	64,307	68,955	64,307
Interest received		88	15	8	88	10
Dividends		3	20	4	3	4
Receipts from other revenue		47,776	53,380	33,220	50,465	35,572
Payments to suppliers and employees		(75,875)	(72,160)	(61,122)	(78,072)	(62,341)
Interest paid		(2,005)	(1,976)	(1,328)	(2,005)	(1,332)
Goods and service tax (net)		(986)	(42)	1,215	(1,093)	1,349
<b>Net Cash Flow from Operating Activities</b>		<b>37,956</b>	<b>52,413</b>	<b>36,304</b>	<b>38,341</b>	<b>37,569</b>
<b>Cash Flows from Investing Activities</b>						
Proceeds from sale of property, plant and equipment		13,442	8,798	5,654	13,476	5,654
Proceeds from sale of investments		(161)	85	(50)	(161)	(50)
Purchase of intangible assets		(1,063)	(1,462)	(732)	(1,063)	(732)
Purchase of property, plant and equipment		(95,240)	(168,049)	(74,474)	(95,405)	(74,474)
Purchase & development of investment property		-	-	-	-	-
Acquisition of investments		(850)	-	(1,250)	(850)	(1,250)
<b>Net Cash Flow from Investing Activities</b>		<b>(83,872)</b>	<b>(160,628)</b>	<b>(70,852)</b>	<b>(84,003)</b>	<b>(70,852)</b>
<b>Cash Flows from Financing Activities</b>						
Proceeds from borrowings		59,500	111,000	144,200	59,505	144,200
Repayment of borrowings		(8,000)	-	(99,819)	(8,000)	(99,819)
<b>Net Cash Flow from Financing Activities</b>		<b>51,500</b>	<b>111,000</b>	<b>44,381</b>	<b>51,505</b>	<b>44,381</b>
Net (decrease) / increase in cash, cash equivalents and bank overdrafts		5,584	2,785	9,833	5,843	11,098
Cash, cash equivalents and bank overdrafts at the beginning of the year		12,094	2,598	2,261	14,060	2,962
<b>Cash, cash equivalents at the end of the year</b>	8	<b>17,678</b>	<b>5,383</b>	<b>12,094</b>	<b>19,903</b>	<b>14,060</b>

Explanations of the major variations from budget are provided in note 31, pages 95-96.

The accompanying notes form part of these financial statements, pages 38-96.

## STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Surplus / (deficit) after tax	29,361	39,600	29,594	40,475
<i>Add (less) non cash items</i>				
Depreciation and amortisation	30,733	26,697	30,861	26,800
Asset write-downs	-	74	-	74
Vested / discovered assets	(14,931)	(21,826)	(14,931)	(21,826)
(Gains) / losses in fair value of investment properties, forestry and intangible assets	(16,802)	(3,521)	(16,802)	(3,521)
Add / (less) items classified as investing or financing activities	5,197	4,817	5,197	4,817
(Gains) / losses on disposal of assets	2,891	7,280	2,891	7,280
Impairment (Gain) / Loss	161	50	161	50
<i>Add / (less) movements in working capital items</i>				
Trade and other receivables	1,999	902	2,045	878
Trade and other payables	(1,150)	(17,916)	(1,227)	(17,450)
Provisions	(241)	(29)	(241)	(29)
Employee Benefits	738	176	793	21
Net Cash Inflow / (Outflow) from Operating Activities	37,956	36,304	38,341	37,569

The accompanying notes form part of these financial statements, pages 38-96.

## 5.8 FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 (WHOLE OF COUNCIL)

	2020/21 Annual Plan \$000	2020/21 Annual Report \$000	2021/22 Annual Plan \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	38,592	37,474	40,335	39,004
Targeted rates	29,671	26,631	32,840	29,921
Subsidies and grants for operating purposes	3,524	6,879	3,244	9,877
Fees and charges	15,925	18,890	15,184	19,625
Interest and dividends from investments	291	14	35	94
Local authorities fuel tax, fines, infringement fees, and other receipts	412	1,022	412	1,025
<b>Total sources of operating funding (A)</b>	<b>88,415</b>	<b>90,910</b>	<b>92,050</b>	<b>99,546</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	66,221	59,975	66,120	65,436
Finance costs	1,870	1,332	1,976	2,005
Other operating funding applications	1,930	1,782	1,641	1,645
<b>Total applications of operating funding (B)</b>	<b>70,021</b>	<b>63,089</b>	<b>69,737</b>	<b>69,086</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>18,394</b>	<b>27,821</b>	<b>22,313</b>	<b>30,460</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	7,803	11,226	6,618	5,191
Development and financial contributions	12,594	10,137	20,995	4,569
Increase (decrease) in debt	120,000	44,381	65,500	51,500
Gross proceeds from sale of assets	1,275	28,880	8,796	17,220
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>141,672</b>	<b>94,624</b>	<b>101,909</b>	<b>78,480</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	80,521	16,538	127,771	54,809
- to improve the level of service	70,853	58,653	25,157	14,936
- to replace existing assets	20,058	15,550	19,050	16,494
Increase (decrease) in reserves	(11,366)	31,704	(47,756)	22,701
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>160,066</b>	<b>122,445</b>	<b>124,222</b>	<b>108,940</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(18,394)</b>	<b>(27,821)</b>	<b>(22,313)</b>	<b>(30,460)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5.9 RECONCILIATION BETWEEN THE FUNDING IMPACT STATEMENT AND STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP).

The funding impact statement is intended to show in a transparent manner how all sources of funding received by Council are applied. It does not include “non-cash” that is classified as income on the statement of revenue and expense (as required by GAAP) such as assets that are vested to Council through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires “non-cash” expenses such as depreciation, amortisation, and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between the two statements.

	2020/21 Annual Plan \$000	2020/21 Annual Report \$000	2021/22 Annual Plan \$000	2021/22 Actual \$000
Total revenue and expense wholly attributable to District Council	47,587	101,170	48,881	34,900
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	18,394	27,821	22,313	30,460
<b>Difference</b>	<b>29,193</b>	<b>73,349</b>	<b>26,568</b>	<b>4,440</b>
<b>The difference is due to:</b>				
Capital income	20,397	21,363	36,415	9,760
Vested assets	15,176	21,826	11,717	14,853
Discovered assets	-	-	-	78
Revaluation of assets	21,472	64,290	9,500	13,565
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	(2,391)	(7,330)	(747)	(2,955)
Operating income received in advance	-	-	-	-
Depreciation and amortisation	(25,461)	(26,800)	(30,317)	(30,861)
<b>Total explained difference</b>	<b>29,193</b>	<b>73,349</b>	<b>26,568</b>	<b>4,440</b>



## 5.10 NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of accounting policies for the year ended June 2022

#### Reporting entity

Waipā District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Waipā District Council, the Waipā Community Facilities Trust and the Cambridge Town Hall Community Trust.

The primary objective of Council and group is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

These financial statements of the Council and group are for the year ended 30 June 2022, and were authorised for issue by Council on **30 November 2021**.

#### Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R,) which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than part of the remuneration and the severance payment disclosures in Note 5. The remuneration and severance payment disclosures are rounded to the nearest dollar. The functional currency of Council is New Zealand dollars.


#### Changes in accounting policies

##### **2018 Omnibus Amendments to PBE Standards**

Applies for annual periods beginning on or after 1 January 2021.

The following standards are amended by this document:

- PBE IPSAS 2 Cash Flow Statements. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. The new information required by this amendment has been disclosed in **Note xx**
- PBE IPSAS 40 Combinations. This new PBE Standard will replace PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local

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authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. The new standard is effective for the year ending 30 June 2022 and is applied prospectively.

Council has applied this standard in preparing its 30 June 2022 financial statements.

### Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

- PBE FRS 48 Service Performance Report. PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

### Financial instruments

In March 2019, the External reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments* which supersedes PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IFRS 41 are:

- New classification and measurement requirements for how the amount of change in fair value of financial liabilities is accounted for.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management risks.

Council plans to apply this standard in preparing its 30 June 2023 financial statements. Council and the group has not yet assessed the effects of the new standard.

### Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.


Significant accounting policies that do not relate to a specific note are outlined below.

### Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flow of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Waipā District Council has retained ownership of the majority of the assets that both WCFT and CTHT uses for their operations and provide a major source of funding for the trusts. The assets that are held within WCFT and CTHT are not available for access or use by Council and Council is unable to settle liabilities of WCFT and CTHT.

There is minimal risk for Council with its interest in WCFT due to Council retaining ownership of the majority of the assets that WDC use for their operations and as a source of funding for the trust. This risk remains unchanged.

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Council is unlikely to lose control of WCFT and CTHT due to Council being a settlor of the Trusts and irreversibly pre-determining the material operating and financing policies of the Trusts.

Council also owns most of the assets that WCFT use for their operations and provide a major source of funding for the trust. If Council were to lose control during the reporting period, this would not have a material impact on the Council's performance.

### **Goods and services taxation (GST)**


All items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by Council at the beginning of the year in the 2021-31 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

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## COVID-19 Impacts [this will be reassessed based on current environment]

Management have considered the current and future impacts on the Council caused either directly or indirectly by COVID-19. The impact on the overall results was not material due to the nature of Waipā District Council as a territorial authority and a lot of the work unable to be performed over lockdown periods being caught up. The increase in demand for property in the Waipā district positively impacted all revenue types related to property development. Including infrastructure growth charges, development contributions and regulatory revenue

In the current environment it is challenging to predict the potential future effects of this pandemic on Waipā District Council. Management believe that any potential negative effects would likely be limited, unless there is a sustained economic downturn. In that event, Management believe the effect on the key elements in the financial statements would be:


- 1) Rates Revenue – unlikely to change significantly due to powers under the Rating Act 2002. Rates growth is likely to flatten out.
- 2) Fees & Charges – may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
- 3) Development Contributions - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
- 4) Vested Assets - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
- 5) Subsidies and grants – unlikely to change significantly due to the large proportion of our subsidies and grants coming from Central Government funding (NZTA subsidy) which is likely to remain unchanged.
- 6) Operating Expenses – unlikely to change significantly. Significant costs such as employee benefits and depreciation are unlikely to be materially affected. Bad debts have not been material to Council in prior years but there is a potential for a slight increase from the default of payment from non-rating debtors.
- 7) Property plant and equipment are valued at fair value and therefore have the ability to move significantly based on market factors. Management consider that the values may increase in market prices for our infrastructural assets of between 2-4% due to the construction market and an increase in Central Government spending in this area.
- 8) Trade receivables are accounted for at net realisable value, these are likely to increase slightly due to a reduction in penalties for ratepayers but will remain collectable due to powers under the Rating Act 2002. Non rates receivables are likely to increase slightly also with a small increase in bad debts likely.
- 9) The carrying value of most other assets and liabilities is unlikely to change significantly.

For more information in the impact of COVID-19 on Waipā Councils operations see the performance measures in the Group of Activities (pages 106-135)

## Three waters reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform three waters service delivery arrangements. The reform programme proposes the establishment of four new multi-regional entities who will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. On 30 June 2021 the Government announced the proposed regional boundaries of the four water providers, governance arrangements, the role of iwi, and how the providers would be regulated. Waipā District Council is proposed to fall within “Entity B”, with includes 22 councils in the central North Island.

Waipā’s Three Waters network is currently owned and operated by Waipā District Council, At the date this report was approved for issue, the reforms were still at early stages, so impacts on the group were unknown.

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## Critical accounting estimates and assumptions

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating the landfill aftercare provision – see Note 20.
- Estimating the carrying value of certain capital work in progress projects – see Note 13.

## Income tax

The Council is tax exempt for income tax purposes.

## 2. Summary cost of service


### Accounting policy

#### *Cost allocation*

Council has derived the cost of service for each significant activity using the cost allocation system outlined below.

Direct costs are those costs directly attributable and charged to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity. Indirect costs are charged to significant activities using appropriate cost drivers such as computer equipment used, staff numbers and floor area.

There have been no changes to the cost allocation methodology during the year.

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### Breakdown of summary revenue and expenditure for group of activities

	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
<b>INCOME</b>			
Governance	81	54	67
Planning and Regulatory	7,060	5,473	7,030
Community Services and Facilities	7,249	18,032	7,625
Roads and Footpaths	11,212	9,551	15,480
Stormwater	784	4	150
Wastewater Treatment and Disposal	2,274	1,300	1,863
Water Treatment and Supply	15,153	12,186	13,246
Support Services	15,443	15,242	14,769
<b>GROSS REVENUE</b>	<b>59,256</b>	<b>61,842</b>	<b>60,230</b>
Less Internal Charges	(15,510)	(15,139)	(14,421)
<b>Total Income</b>	<b>43,746</b>	<b>46,703</b>	<b>45,809</b>
<b>EXPENDITURE</b>			
Governance	7,967	8,644	8,290
Planning and Regulatory	10,427	9,516	9,441
Community Services and Facilities	28,669	29,506	26,697
Roads and Footpaths	24,960	23,193	22,450
Stormwater	5,048	4,473	4,921
Wastewater Treatment and Disposal	11,766	13,643	12,006
Water Treatment and Supply	14,128	13,466	14,885
Support Services	15,968	15,841	14,393
<b>GROSS EXPENDITURE</b>	<b>118,933</b>	<b>118,282</b>	<b>113,083</b>
Less Internal Charges	(15,510)	(15,139)	(14,421)
Less rates charged to Council properties	(1,401)	(1,126)	(1,296)
<b>NET EXPENDITURE</b>	<b>102,022</b>	<b>102,017</b>	<b>97,366</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(58,276)</b>	<b>(55,314)</b>	<b>(51,557)</b>

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer Note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

### 3. Revenue

#### **Accounting policy**

Revenue is measured at the fair value of consideration received.

Revenue may be derived from either exchange or non-exchange transactions.

#### **Exchange transactions**

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Specific accounting policies for major categories of exchange revenue transactions are listed below:

#### ***Interest and dividends***

Interest income is recognised using the effective interest method.

Dividends are recognised when Council's right to receive the payment is established.

#### ***Housing for the Elderly revenue***

Rental revenue arising from tenancy agreements is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of revenue and expenditure due to its operating nature.

#### ***Other gains and losses***

Other gains and losses include fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties and realised gains and losses on the sale of Property, Plant and Equipment (PPE) held at cost.

#### ***Sales of goods***

Revenue from the sale of goods is recognised when a product is sold to the customer.

#### **Non-exchange transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.


A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and/or that future economic benefits or service potential must be returned to the owner.

Specific accounting policies for major categories of non-exchange revenue transactions are listed below.

#### ***Rates revenue***

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at

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the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an actual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction in rates revenue when the Council has received an application that satisfies its rates remission policy.

### ***Development contributions***

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide the service.

### ***Waka Kotahi (New Zealand Transport Agency) transportation subsidies***

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### ***Other grants received***

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### ***Direct charges***

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licencing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.


Revenue from such services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

### ***Building and resource consent revenue***

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### ***Entrance fees***

Entrance fees are fees charged to users of the Council's local facilities, such as the pools. Revenue from entrance fees are recognised upon entry to such facilities.

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### ***Infringement fees and fines***

Infringement fees and fines mostly relate to animal infringements and parking infringements and are recognised when the revenue is received. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

### ***Vested or donated physical assets***

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is either based on construction price information provided by the property developer or values as per the last revaluation.

For long-lived assets that must be used for a specific purpose (e.g. land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is only recognised if Council expects that it will need to return or pass the asset to another party.

#### ***i) Breakdown of rates and further information***

Council is required by the New Zealand Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates consist of:				
General rates	24,718	23,952	24,718	23,952
Uniform annual general charge	15,783	14,898	15,783	14,898
Targeted ward rates	4,792	4,472	4,792	4,472
Other targeted rates:				
Metered Water Supply	8,382	8,057	8,382	8,057
Other Water Rates	20	19	20	19
Sewerage	10,142	8,004	10,142	8,004
Stormwater	3,955	3,701	3,955	3,701
Recycling	2,065	1,938	2,065	1,938
Other	399	471	399	471
Add Penalties	88	82	88	82
Less Remissions	(198)	(192)	(198)	(192)
	70,146	65,402	70,146	65,402
Less rates charged to Council properties	(1,401)	(1,297)	(1,401)	(1,297)
<b>Total Rates</b>	<b>68,745</b>	<b>64,105</b>	<b>68,745</b>	<b>64,105</b>

### ii) **Rate remissions**

The Council's rate remission policy allows the remission of rates under certain conditions and criteria. The following is a breakdown:

	Council	
	2022 \$000	2021 \$000
Sport / community organisations	113	118
Maori land	-	13
Open space covenanted land	6	6
School waste water	58	42
Other	21	13
Uniform annual general charge	-	-
	<b>198</b>	<b>192</b>

	Council	
	2022	2021
Number of rating units at start of year	24,018	23,091

	Council	
	2022 \$000	2021 \$000
Total capital value of rating units at start of year	23,036,440	22,544,912
Total land value of rating units at start of year	13,333,061	13,206,833

### iii) **Breakdown of subsidies and grants**

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
New Zealand Transport Agency roading subsidies	9,996	14,460	9,996	14,460
Grants and Donations	297	146	461	236
Three Waters Stimulus Funding	4,546	2,275	4,546	2,275
External funding	65	1,134	65	1,134
<b>Total subsidies and grants</b>	<b>14,904</b>	<b>18,015</b>	<b>15,068</b>	<b>18,105</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2021 nil).

#### iv) Breakdown of fees and charges

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Rendering of services	1,504	1,350	1,504	1,350
User Charges	7,312	7,028	9,041	8,793
Regulatory revenue	7,026	6,985	7,026	6,985
Rental income from investment properties	403	365	403	365
Other Significant Activity revenue	1,831	1,397	1,831	1,397
<b>Total fees and charges</b>	<b>18,076</b>	<b>17,125</b>	<b>19,805</b>	<b>18,890</b>

#### v) Breakdown of other revenue

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Profit on Sale	-	319	-	325
Insurance recoveries	-	51	-	51
Infringements and fines	33	46	33	46
Petrol tax	394	400	394	400
Miscellaneous Revenue	-	-	598	200
<b>Total other revenue</b>	<b>427</b>	<b>816</b>	<b>1,025</b>	<b>1,022</b>

#### Operating leases as lessor

Investment property is leased under operating leases. The majority of these are short term leases, however Council also has a small number of non-cancellable long term leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Not later than one year	100	120	100	120
Later than one year and not later than five years	172	272	172	272
Later than five years	28	28	28	28
<b>Total Non-cancellable Operating Leases</b>	<b>300</b>	<b>420</b>	<b>300</b>	<b>420</b>

No contingent rents have been recognised during the year.

#### 4. Gain / (Loss) on revaluation

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Gain / (Loss) on changes in fair value of investment property	7,868	3,083	7,868	3,083
Gain / (Loss) on changes in fair value of forestry assets	391	512	391	512
	<b>8,259</b>	<b>3,595</b>	<b>8,259</b>	<b>3,595</b>

## 5. Personnel costs

### Accounting policy

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

## Breakdown of personnel costs and further information

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Salaries and wages	26,288	24,212	29,370	26,409
Defined contribution plan employer contributions	737	685	737	685
Increase / (decrease) in employee benefit liabilities	738	132	793	21
<b>Total employee benefit expenses</b>	<b>27,763</b>	<b>25,029</b>	<b>30,900</b>	<b>27,115</b>

### Chief Executive remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$329,627 (2021 \$297,334) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2022	2021
	\$	\$
Salary	329,627	297,334
Defined contribution plan employer contributions (KiwiSaver)	12,353	24,741
Vehicle	17,231	15,032
<b>Total Chief Executive remuneration</b>	<b>359,210</b>	<b>337,107</b>

### Elected representatives' remuneration

Elected representatives received the following remuneration:

	Council	
	2022	2021
	\$	\$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	135,500	132,149
Liz Stolwyk, Deputy Mayor	43,985	43,335
Elwyn Andree-Wiltens	27,658	33,334
Hazel Barnes JP	33,834	33,334
Andrew Brown	40,601	40,001
Lou Brown	33,834	33,334
Philip Coles	33,834	33,334
Roger Gordon	33,834	33,334
Marcus Gower	40,601	40,001
Susan O'Regan	40,601	40,001
Mike Pettit	33,834	33,334
Clare St Pierre	33,834	33,334
Bruce Thomas JP	33,834	33,334
Grahame Webber	40,601	40,001

### **Council employees remuneration by band**

Total annual remuneration by band for employees as at 30 June:

	2022 Actual	2021 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	116	128
\$60,000 - \$79,999	78	96
\$80,000 - \$99,999	71	55
\$100,000 - \$119,999	44	28
\$120,000 - 139,999	8	9
\$140,000 - \$159,999	11	10
\$160,000 -219,999	9	6
\$220,000 - 339,999	2	2
<b>Total Employees</b>	<b>339</b>	<b>334</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 279 (2021 270) full-time employees, with the balance of staff representing 37 (2021 39) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour week.

### **Severance payments**

For the year ended 30 June 2022 there was \$55,000 of severance payments to employees (2021 \$NIL).

## **6. Other expenses**

### **Accounting policy**

#### **Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria, and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and grants are recognised as expenditure on payment.

#### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Breakdown of other expenses and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Fees to the principal auditor:</i>				
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	241	173	241	173
Fees to Audit New Zealand for audit of the 2021-31 Long-term Plan	-	109	-	109
Fees to Audit New Zealand for audit of the Debenture Trust Deed	8	8	8	8
<b>Total Audit Fees</b>	<b>249</b>	<b>290</b>	<b>249</b>	<b>290</b>
Community grants	1,645	1,782	1,645	1,782
Loss on disposal property, plant and equipment	2,891	7,280	2,891	7,280
Impairment of property, plant and equipment	161	50	161	50
Direct expenses from investment property	271	254	271	254
Direct expenses from investment property not primarily generating income	546	491	546	491
Lease payments under operating leases	113	104	113	104
Other operating expenditure	34,264	32,726	33,260	31,721
<b>Total Other Expenses</b>	<b>40,140</b>	<b>42,977</b>	<b>39,136</b>	<b>41,972</b>

## Operating lease as lessee

The Council leases property in the normal course of its business. The majority of these leases have a non-cancellable term. The properties that Council leases are 77 Daphne Street, Te Awamutu and 33 Wilson Street, Cambridge (depots and carpark); units 64 and 65 at 230 Berquist Drive, Te Awamutu; and 244 Arawata Street, Te Awamutu. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Not later than one year	44	93	-	93
Later than one year and not later than five years	8	52	-	52
Later than five years	-	-	-	-
<b>Total Non-cancellable Operating Leases</b>	<b>52</b>	<b>145</b>	<b>-</b>	<b>145</b>

## 7. Finance costs

### Accounting policy

In accordance with PBE IPSAS 5 Borrowing Costs, all borrowing costs are recognised as an expense in the period in which they are incurred.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Interest on borrowings	1,996	1,078	1,996	1,082
Discount unwind on provisions (note 20)	9	250	9	250
<b>Total</b>	<b>2,005</b>	<b>1,328</b>	<b>2,005</b>	<b>1,332</b>

## 8. Cash and cash equivalents

### Accounting policy

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

### Breakdown of cash and cash equivalents and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and in hand	3	5	2,228	1,971
Term deposits with maturities less than 3 months	17,675	12,089	17,675	12,089
<b>Total</b>	<b>17,678</b>	<b>12,094</b>	<b>19,903</b>	<b>14,060</b>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

## 9. Trade and other receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for un-collectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### Fair Value


Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

### Assessment for collectability

The Council does not provide for any un-collectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year-end is detailed below:

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### Breakdown of receivables and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates receivables	535	408	535	408
Community loans	11	13	11	13
Sundry debtors	6,480	8,536	6,416	8,560
Loans to Other Entities	-	-	-	-
	7,026	8,957	6,962	8,981
<i>Less non current portion</i>				
Community loans	11	12	11	12
Loans to Other Entities	-	-	-	-
<b>Total Non-current Portion</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>12</b>
<b>Current Portion</b>	<b>7,015</b>	<b>8,945</b>	<b>6,951</b>	<b>8,969</b>
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	2,442	3,216	2,442	3,216
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	4,573	5,729	4,509	5,753

As of 30 June, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$22,986.70 (2021: NIL)
- Section 90B: \$NIL (2021: NIL)

The impairment provision has been calculated based on expected losses for Council's pool of debtors. There are no anticipated losses. All receivables more than 30 days in age are considered to be past due.

The status of the current portion of receivables as at 30 June is detailed below:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Not past due	6,219	7,987	6,154	8,011
Past due 1 - 60 days	570	434	571	434
Past due 61 - 120 days	109	292	109	292
Past due > 120 days	117	232	117	232
<b>Total</b>	<b>7,015</b>	<b>8,945</b>	<b>6,951</b>	<b>8,969</b>

## 10. Other financial assets

### Accounting policy

Council classifies its investments in the following categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; and
- Financial assets at fair value through other comprehensive revenue and expense.

The classification depends on the reason behind acquiring the investment. Council decides how to classify its investments when they are acquired.

Purchases and sales of investments are recorded on the value date. Financial assets are no longer recognised when the right to receive cash flows from the financial assets has expired or has been transferred. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, Council establishes fair value through valuation techniques. At each year end Council assesses whether there is evidence that a financial asset or group of financial assets is impaired. Any impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

#### ***Financial assets at fair value through surplus or deficit***

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit. A financial asset falls in this category if acquired principally to sell in the short-term or if designated this way by Council. After initial recognition, they are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. These financial assets are classified as current assets if they are held for trading or expected to be realised within twelve months of the year end date.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They arise when Council provides money, goods or services directly to a debtor with no intention of selling the receivable asset. After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. They are included in current assets, except for those with maturities greater than twelve months after the year end date, which are classified as non-current assets.

#### ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the intention and ability to hold to maturity. After initial recognition, they are measured at amortised cost using the effective interest method. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

#### ***Financial assets at fair value through other comprehensive revenue and expense***

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

## Breakdown of other financial assets and further information

### Non-current portion

Investments in CCOs

	Number of Shares	% Holding	Balance Date	Council	
				2022 \$000	2021 \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	27,167	23,079
Civic Financial Services Limited	149,082	1.35	31 Dec	141	141
Waikato Local Authority Shared Services Limited - called	1	8.33	30 June	1	1
Waikato Regional Transport Model* - called	11,250	5	30 June	112	112
LGFA - unlisted shares	200,000	0.4	30 June	100	100
LGFA - borrower notes			30 June	2,740	1,890
<b>Total non current portion of shares and investments in other organisations</b>				<b>30,261</b>	<b>25,323</b>

### Fair value

The carrying amount of term deposits approximates their fair value.

### Impairment

There are no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

## 11. Investments in subsidiaries, associates, and joint ventures

### Accounting policy

Further information about the initial adoption of these standards is provided in note 29.

### Subsidiaries

The Council consolidates in the group financial statements those entities it controls. Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

## Associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

Investments in associates are measured at cost in the Council's parent financial statements.

### Equity method of accounting in group financial statements

Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

## 12. Assets held for sale

### Accounting policy

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

These assets are not depreciated or amortised.

### Breakdown on assets held for sale and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Assets held for sale - Land	85	85	85	85
Assets held for sale - Buildings	-	-	-	-
<b>Total assets held for sale</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>85</b>

Council is still proposing to sell 263m<sup>2</sup> of land being part of the Karapiro Hall site at Karapiro Road to Karapiro Motors (1975) Limited.

### 13. Property, plant and equipment [this will be updated after revaluation]

#### Accounting policy

Property, plant and equipment consists of:

- Operational assets which include land, buildings, library books, plant, furniture and equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. Additions are generally recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value at the date of acquisition.

#### Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

#### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Components	Years
Water Treatment	Structures	25 – 80
	Plant	10 – 100
	Pipes	60
Water Reticulation	Pipes	30 – 100
	Fittings	10 – 100
Sewage Treatment	Structures	25 – 100
	Plant	10 – 100
	Pipes	60
Sewerage Reticulation	Pipes	50 – 100
	Fittings	25 – 100
	Manholes	80

	Components	Years
Stormwater	Structures	15 – 80
	Pipes	50 – 100
	Manholes	50 – 80
Formation/c carriageway and shoulder		Infinite
Pavement structure		12 – 150
Pavement surface (seal)		6 – 65
Catchpits and culverts		50 – 75
Bridges		50 – 115
Kerb and channel		50 – 75
Lighting		20 – 35
Footpaths		15 – 70
Signs		10 – 35
Railings		20 – 35
Islands		35 - Infinite
Traffic Signals		15 – 50
Buildings – not componentised		0 – 100
Building – structure		35 – 100
Building – fit-out		20 – 40
Building – services		30 – 45
Plant/motor vehicles		15 – 25
Furniture, fittings and equipment		3 – 75
Computer equipment		3 – 10
Intangibles		0 – 10
Library Books		7

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### **Revaluation**

Infrastructure assets are valued on a two-yearly cycle and Operational Land and Buildings are valued every three years, on the basis described below.

The carrying values of all revalued assets are either revalued on the frequencies noted above, or where not revalued they are assessed each balance date to ensure that the carrying values do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### **Operational land and buildings**

At fair value as determined from market-based evidence where there is a market, or depreciated replacement cost for specialised assets, by an independent valuer. **The most recent valuation was performed by Quotable Value Limited - Asset and Advisory (registered valuers) and the valuation is effective as at 30 June 2022.**

### **Infrastructural assets**

At fair value determined on a Depreciated Replacement Cost (DRC) basis by an independent valuer. The valuation of the utility assets and roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2021.

### **Land under roads and road reserves**

Valued by Opus International Consultants Limited (registered valuers) using estimates provided by Quotable Value at current market prices (\$/ha) for land use categories through which the roads pass. The valuation is effective as at 1 July 2006. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 1 July 2006 at deemed cost. Land under roads is no longer revalued.

### **Impairment of property, plant and equipment and intangible assets**

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit.

### **Value in use for non-cash-generating assets**


Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### **Value in use for cash-generating assets**

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

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## ***Critical accounting estimates and assumptions***

### ***Infrastructural assets***

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets, then Waipā District Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Waipā District Council's infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Waipā District Council's asset management planning activities, which gives Waipā District Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

The total fair value of infrastructure assets is determined on a DRC basis at 30 June 2021.

### ***Operational land and buildings***


There are a number of assumptions and estimates used when performing market valuations over operational land and buildings assets. These include:

#### ***Land (operational)***

- Land is valued as vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Assumption of an open market "willing buyer willing seller" scenario. This is effectively the price an informed purchaser would have to pay to acquire a similar property.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.

#### ***Buildings (operational)***

- All buildings have been valued on either a fair market basis or depreciated replacement cost approach.
- Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

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- The highest and best use of the property is considered when formulating which approach to undertake the building valuation. Where market-based evidence exists, structures have been valued on a market basis in relation to market-based net rates per square metre.

Experienced independent valuers perform the Council's Operational Land and Buildings asset revaluations.

### **Other**

Work in progress shows the amount of capital projects that are in the course of construction, and will be capitalised once completed in future years.

There are no restrictions over the title of Council's property, plant and equipment assets, nor are property plant and equipment assets pledged as security for liabilities.

The Local Government Act 2002 requires Council to separate treatment from reticulation for water and sewage assets but Council still considers this to be one class of asset.

### **Treatment of bore drilling costs**

The outcome for projects such as bore drilling are largely unknown until the project is substantially complete. It is only then that the future economic benefits or service potential of such assets can be determined. Council assesses each borehole in the light of the future economic benefits or service potential to Council. Costs associated with bores that show no evidence of yielding future economic benefits or service potential are treated as impairment losses.

Council has impaired any boreholes that show no evidence of yielding future economic benefits or service potential to Council. Council believes it appropriate for the remaining costs to sit in work in progress until these are put to use and further assessment for capitalisation/impairment at that point.

The total amount of property, plant and equipment as at 30 June 2022 is \$1,955,498,000. This is made up of total operational and infrastructure assets valued at \$410,589,000 and \$1,544,909,000 respectively (2021 \$1,896,513,000, with \$366,885,000 and \$1,529,628,000 respectively).

Council 2022	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant equipment \$000	Furniture and operational assets \$000	Total operational assets \$000
<b>Operational assets</b>							
Balance at 1 July 2021							
Cost	254,307	83,133	418	2,436	11,604	33,521	385,419
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,188)	(11,338)	(18,906)
Opening carrying amount	254,307	81,318	-	1,289	7,416	22,183	366,513
<b>Year Ended 30 June 2022</b>							
Transfers	200	-	-	-	(70)	70	200
Additions	35,826	1,550	-	287	628	6,424	44,715
Additions (vested to Council)	27	-	-	-	-	-	27
Disposals	(21)	(154)	-	(244)	(175)	(272)	(866)
Accumulated depreciation write off on disposal	-	26	-	244	141	91	502
Current year depreciation	-	(3,545)	-	(313)	(869)	(1,229)	(5,956)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-	-
Work in progress	113	885	-	1	90	3,990	5,079
Total movement	36,145	(1,238)	-	(25)	(255)	9,074	43,701
<b>Balance 30 June 2022</b>							
Cost	290,452	85,414	418	2,480	12,077	43,733	434,574
Accumulated depreciation and impairment charges	-	(5,334)	(418)	(1,216)	(4,916)	(12,476)	(24,360)
<b>Council Closing Carrying Amount</b>	290,452	80,080	-	1,264	7,161	31,257	410,214

Group 2022	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
<b>Operational assets</b>							
Balance at 1 July 2021							
Cost	254,307	83,133	418	2,436	12,134	33,851	386,279
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,500)	(11,514)	(19,394)
Opening carrying amount	254,307	81,318	-	1,289	7,634	22,337	366,885
<b>Year Ended 30 June 2022</b>							
Transfers	200	-	-	-	(70)	70	200
Additions	35,826	1,582	-	287	759	6,426	44,880
Additions (vested to Council)	27	-	-	-	-	-	27
Disposals	(21)	(154)	-	(244)	(223)	(272)	(914)
Accumulated depreciation write off on disposal	-	26	-	244	155	91	516
Current year depreciation	-	(3,545)	-	(313)	(937)	(1,289)	(6,084)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-	-
Work in progress	113	885	-	1	90	3,990	5,079
Total movement	36,145	(1,206)	-	(25)	(226)	9,016	43,704
<b>Balance 30 June 2022</b>							
Cost	290,452	85,446	418	2,480	12,690	44,065	435,551
Accumulated depreciation and impairment charges	-	(5,334)	(418)	(1,216)	(5,282)	(12,712)	(24,962)
<b>Group Closing Carrying Amount</b>	<b>290,452</b>	<b>80,112</b>	<b>-</b>	<b>1,264</b>	<b>7,408</b>	<b>31,353</b>	<b>410,589</b>

Impairment losses of \$0 (2021 \$NIL) have been recognised for prior year capital costs.

Council 2021	Land	Buildings	Landfills post closure	Library books	Plant	Furniture and equipment	Total operational assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>							
Balance at 1 July 2021							
Cost	253,960	76,606	418	2,358	7,393	30,095	370,830
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,181)	(10,388)	(15,010)
Opening carrying amount	253,960	77,680	-	1,261	3,212	19,707	355,820
<b>Year Ended 30 June 2021</b>							
Transfers	-	-	-	-	-	-	-
Additions	282	22,325	-	328	5,220	2,024	30,179
Additions (vested to Council)	420	-	-	-	-	-	420
Disposals	(365)	(371)	-	(251)	(851)	(170)	(2,008)
Accumulated depreciation write off on revaluation	-	287	-	251	739	153	1,430
Current year depreciation	-	(3,176)	-	(301)	(746)	(1,103)	(5,326)
Accumulated depreciation write off on disposal	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-	-
Work in progress	10	(15,427)	-	1	(158)	1,572	(14,002)
Total movement	347	3,638	-	28	4,204	2,476	10,693
<b>Balance 30 June 2021</b>							
Cost	254,307	83,133	418	2,436	11,604	33,521	385,419
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,188)	(11,338)	(18,906)
<b>Closing Carrying Amount - Restated</b>	<b>254,307</b>	<b>81,318</b>	<b>-</b>	<b>1,289</b>	<b>7,416</b>	<b>22,183</b>	<b>366,513</b>

Group 2021	Land	Buildings	Landfills post closure	Library books	Furniture and Plant equipment	Total operational assets
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>						
Balance at 1 July 2020						
Cost	253,960	76,606	418	2,358	7,863	371,517
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,430)	(15,395)
Opening carrying amount	253,960	77,680	-	1,261	3,433	356,122
<b>Year Ended 30 June 2021</b>						
Transfers	-	-	-	-	-	-
Additions	282	22,325	-	328	5,292	30,364
Additions (vested to Council)	420	-	-	-	-	420
Disposals	(365)	(371)	-	(251)	(863)	(2,020)
Accumulated depreciation write off on revaluation	-	287	-	251	739	1,430
Current year depreciation	-	(3,176)	-	(301)	(809)	(5,429)
Accumulated depreciation write off on disposal	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-
Work in progress	10	(15,427)	-	1	(158)	(14,002)
Total movement	347	3,638	-	28	4,201	10,763
<b>Balance 30 June 2021</b>						
Cost	254,307	83,133	418	2,436	12,134	386,279
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,500)	(19,394)
<b>Group Closing Carrying Amount</b>	<b>254,307</b>	<b>81,318</b>	<b>-</b>	<b>1,289</b>	<b>7,634</b>	<b>366,885</b>

2022	Sewerage system treatment	Sewerage system reticulation	Water system treatment	Water system reticulation	Drainage network	Roading network	Land under roads	infrastructural assets	Total assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council infrastructural assets</b>									
<b>Balance at 1 July 2021</b>									
Cost	69,990	116,489	61,668	146,491	129,616	770,736	234,638		1,529,628
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-	-
<b>Opening carrying amount</b>	69,990	116,489	61,668	146,491	129,616	770,736	234,638		1,529,628
<b>Year Ended 30 June 2022</b>									
Transfers	-	-	-	-	-	-	-	-	-
Additions (constructed by Council)	-	229	-	14,683	3,878	5,913	-		24,703
Additions (vested to Council)	656	2,428	-	2,123	5,002	4,617	-		14,826
Disposals	-	(17)	-	(13,677)	(23)	(2,589)	-		(16,306)
Accumulated depreciation write off on disposal	-	-	-	75	1	261	-		337
Current year depreciation	(3,149)	(2,597)	(1,767)	(3,438)	(1,959)	(11,408)	-		(24,318)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-		-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-		-
Work in progress	2,429	5,190	3,785	3,098	(1,501)	3,038	-		16,039
Total movement	(64)	5,233	2,018	2,864	5,398	(168)	-		15,281
<b>Balance 30 June 2022</b>									
Cost	73,075	124,319	65,453	152,718	136,972	781,715	234,638		1,568,890
Accumulated depreciation and impairment charges	(3,149)	(2,597)	(1,767)	(3,363)	(1,958)	(11,147)	-		(23,981)
<b>Closing carrying amount</b>	69,926	121,722	63,686	149,355	135,014	770,568	234,638		1,544,909

A valuation of the Roding Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2021. A fair value assessment of the utility assets was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2021.

2021	Sewerage system treatment	Sewerage system reticulation	Water system treatment	Water system reticulation	Drainage network	Roading network	Land under roads	infrastructural assets	Total assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council infrastructural assets</b>									
<b>Balance at 1 July 2020</b>									
Cost	39,339	127,327	49,033	118,690	120,064	766,322	234,638		1,455,413
Accumulated depreciation and impairment charges	(1,281)	(2,380)	(1,156)	(3,128)	(1,689)	(10,770)	-		(20,404)
<b>Opening carrying amount</b>	<b>38,058</b>	<b>124,947</b>	<b>47,877</b>	<b>115,562</b>	<b>118,375</b>	<b>755,552</b>	<b>234,638</b>		<b>1,435,009</b>
<b>Year Ended 30 June 2021</b>									
Transfers	-	(16)	-	-	115	(99)	-		-
Additions (constructed by Council)	17,073	5,336	18,898	32,754	4,135	18,348	-		96,544
Additions (vested to Council)	12,196	2,715	8	1,477	2,570	2,441	-		21,407
Disposals	-	(3,190)	(114)	(6,857)	(1,826)	(14,873)	-		(26,860)
Accumulated depreciation write off on disposal	-	118	-	405	29	817	-		1,369
Current year depreciation	(1,820)	(2,491)	(1,539)	(3,004)	(1,740)	(10,374)	-		(20,968)
Accumulated depreciation write off on revaluation	3,101	4,753	2,695	5,727	3,400	20,327	-		40,003
Revaluation Surplus / (deficit)	3,435	4,042	1,263	15,974	1,426	(6,339)	-		19,801
Work in progress	(2,053)	(19,725)	(7,420)	(15,577)	3,132	4,936	-		(36,707)
<b>Total movement</b>	<b>31,932</b>	<b>(8,458)</b>	<b>13,791</b>	<b>30,899</b>	<b>11,241</b>	<b>15,184</b>	<b>-</b>		<b>94,589</b>
<b>Balance 30 June 2021</b>									
Cost	69,990	116,489	61,668	146,491	129,616	770,736	234,638		1,529,628
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-		-
<b>Closing carrying amount</b>	<b>69,990</b>	<b>116,489</b>	<b>61,668</b>	<b>146,491</b>	<b>129,616</b>	<b>770,736</b>	<b>234,638</b>		<b>1,529,628</b>

### Core infrastructure asset disclosure

The table below shows the most recent replacement cost estimate for Council's revalued infrastructure assets.

	Council	
	2022	2021
	\$000	\$000
Sewerage system - treatment	78,139	77,482
Sewerage system - reticulation	181,948	179,310
Water system - treatment	80,646	80,127
Water system - reticulation	214,343	212,127
Drainage network	174,611	165,830
Roading network	990,863	984,095
<b>Total</b>	<b>1,720,550</b>	<b>1,698,971</b>

### Work in progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Council	
	2022	2021
	\$000	\$000
Land and buildings	3,376	2,993
Plant	122	32
Furniture and equipment	6,405	2,418
Wastewater treatment and disposal	25,978	18,359
Water treatment and supply	16,133	9,250
Drainage network	9,390	10,892
Roading network	17,918	14,879
<b>Total</b>	<b>79,322</b>	<b>58,823</b>

### Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	Council	
	2022	2021
	\$000	\$000
<i>Capital Commitments</i>		
Roading network	18,383	6,725
Drainage network	19,091	285
Wastewater treatment and disposal	10,637	1,323
Water treatment and supply	3,114	2,610
Community Facilities	4,872	1,228
Information Technology	28	-
Property development	150	548
<b>Total capital commitments</b>	<b>56,275</b>	<b>12,719</b>



## 14. Intangible assets

### Accounting policy

#### ***Software acquisition and development***

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

#### ***Amortisation***

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives and associated amortisation rates of computer software have been estimated at 3-10 years (33% - 10%).

#### ***Impairment of intangible assets***

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for indicators of impairment and tested annually for impairments each balance date.

For further details, refer to the policy for impairment of property, plant and equipment in Note 13. The same approach applies to the impairment of intangible assets.

#### ***Emissions trading scheme***


Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the New Zealand Units (NZU). Gains and losses on disposals are reported in the surplus or deficit. If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. After initial recognition, Emission Trading Scheme credits are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. NZUs are not amortised and have an indefinite life.

#### **Financial risk management strategies**

Compensation has been provided to forestry owners, via the allocation of compensation units, known as NZUs in two tranches. Council received the first tranche of 6,256 units in November 2012, and the second tranche of 10,064 units in April 2013. The value of these NZUs as at 30 June 2022 is \$1,240,320 (2021 \$709,430).

#### **Breakdown of intangible assets and further information**

Movements in the carrying value for each class of intangible asset are as follows:

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2022	Computer	Council	Total
	Software	NZ	
	\$000	Units	\$000
Balance at 1 July 2021			
Cost	5,885	710	6,595
Accumulated amortisation and impairment	(3,142)	-	(3,142)
Opening carrying amount	2,743	710	3,453
Year ended 30 June 2022			
Additions	973		973
WIP Movement	90		90
Intangible gains / (losses)		531	531
Disposals	(695)		(695)
Accumulated depreciation write off on disposal/revaluation	695		695
Amortisation charge	(459)		(459)
Closing carrying amount	3,347	1,241	4,588
Balance at 30 June 2022			
Cost	6,253	1,241	7,494
Accumulated amortisation and impairment	(2,906)	-	(2,906)
Closing carrying amount	3,347	1,241	4,588

2021	Computer	Council	Total
	Software	NZ	
	\$000	Units	\$000
Balance at 1 July 2020			
Cost	5,153	524	3,905
Accumulated amortisation and impairment	(2,740)	-	(2,569)
Opening carrying amount	2,413	524	1,336
Year ended 30 June 2021			
Additions	404	-	404
WIP Movement	328		328
Intangible gains / (losses)	-	186	186
Disposals	-	-	-
Accumulated depreciation write off on disposal/revaluation	-		-
Amortisation charge	(402)		(402)
Closing carrying amount	2,743	710	1,852
Balance at 30 June 2021			
Cost	5,885	710	6,595
Accumulated amortisation and impairment	(3,142)	-	(3,142)
Closing carrying amount	2,743	710	3,453

There are no restrictions over the title of Council's intangible assets, nor are intangible assets pledged as security for liabilities.

## 15. Depreciation and amortisation expense by group of activity

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Directly attributable depreciation and amortisation expense by group of activity				
Governance	7	7	7	7
Planning and Regulatory	9	8	9	8
Community Services and Facilities	4,544	4,125	4,672	4,125
Roads and Footpaths	11,520	10,383	11,520	10,486
Stormwater	1,959	1,740	1,959	1,740
Water Treatment and Supply	5,208	4,547	5,208	4,547
Wastewater Treatment and Disposal	5,746	4,311	5,746	4,311
Support Services	1,740	1,576	1,740	1,576
<b>Total depreciation and amortisation expense</b>	<b>30,733</b>	<b>26,697</b>	<b>30,861</b>	<b>26,800</b>

## 16. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$1,163,065,215 (2021 \$908,152,450) and the maximum amount to which they are insured, on a per loss basis, is \$233,942,300 (2021 \$232,514,037).

Insurance Class	Total Declared Value \$	Policy Limit \$
<b>Infrastructure</b>	661,101,182	\$80,000,000 per loss
<b>Material Damage</b>	498,021,733	\$150,000,000 each and every loss and in the annual aggregate  (\$30,000,000 any one loss and in the aggregate for the period of insurance for fire)
<b>Motor Vehicle</b>	3,942,300	3,942,300
<b>Total</b>	<b>1,163,065,215</b>	<b>233,942,300</b>

The total value of all assets of Council that are covered by financial risk sharing arrangements is nil, and the maximum amount available to Council under this arrangement is nil.


The total value of all assets of the local authority that are self-insured is nil, and the value of any fund maintained by Council for that purpose is nil.

Council maintains insurance reserves to cover the cost of excesses for both material damage and infrastructure claims. The reserve will also be used to minimise fluctuations in premium costs due to external markets.

## 17. Forestry assets

### Accounting policy

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber

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prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs, and from a change in fair value less estimated point of sale costs, are recognised in the Statement of Comprehensive Revenue and Expense. The costs to maintain the forestry assets are included in the Statement of Comprehensive Revenue and Expense.

### Breakdown of forestry assets and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Balance at 1 July	2,997	2,559	2,997	2,559
Decrease due to harvest and thinnings	-	(74)	-	(74)
Gains / (losses) arising from changes in fair value less estimated point of sale costs	391	512	391	512
<b>Balance 30 June</b>	<b>3,388</b>	<b>2,997</b>	<b>3,388</b>	<b>2,997</b>

Council owns 284 hectares of forest land with 229 hectares of mainly pinus radiata and 4.8 hectares of mixed species. The pinus radiata is at varying stages of maturity ranging from 8 years to 38 years.

There has been no harvesting in the 2022 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2022. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A post-tax discount rate of 6.0% has been used in discounting the present value of expected cash flows.
- Log prices are based on a three year historical rolling average.

A peer review of the P F Olsen Limited's valuation was completed by Interpine Group Limited.

### Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and forestry interests form only a small part of Council's business activity and asset base, therefore, it has not taken any measures to manage the risks of a decline in timber prices

Council had 272 hectares of eligible forest area of pre-1990 forest land at the time of application. This land is subject to the provisions of the New Zealand emissions trading scheme ('ETS'). The implication of this for the financial statements is two-fold:

- Should the land be deforested (that is, the land is changed from forestry to some other purpose), a deforestation penalty will arise; and
- As a result of the deforestation restriction, compensation units are being provided by the Government.

## 18. Investment property

### Accounting policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are measured at fair value as determined annually by an independent valuer. Gains and losses on revaluation, acquisition and disposal are recognised in the Statement of Comprehensive Revenue and Expense.

### Breakdown of investment property and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Balance at 1 July	19,025	15,942	19,025	15,942
Additions	8,502	-	8,502	-
Disposals	(21)	-	(21)	-
Gain / (loss) on sale	-	-	-	-
Revaluation loss on Disposal	-	-	-	-
Revaluation loss on Impairment	-	(116)	-	(116)
Fair value gains / (losses) on revaluation	7,930	3,199	7,930	3,199
<b>Balance 30 June</b>	<b>35,436</b>	<b>19,025</b>	<b>35,436</b>	<b>19,025</b>

Investment properties are valued annually at fair value effective 30 June.

The valuation was performed by C Coakley ANZIV MPINZ, registered valuer, Quotable Value Limited. Quotable Value Limited are experienced valuation experts with extensive market knowledge in the types of investment properties owned by Council.

The fair value of investment property has been determined by the current market sales within the areas where the properties are located. Where no comparable sales were evident, sales of other types of properties were checked to determine if there had been a shift in market values over the previous twelve months since the properties were last valued.

Information about the revenue and expenses in relation to investment property is detailed below:

	Council	
	2022 \$000	2021 \$000
Rental income	673	900
Expenses from investment property generating income	271	254
Expenses from investment property not primarily generating income	546	491

## 19. Trade and other payables

### Accounting policy

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Breakdown of payables and other information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Trade payables	6,617	6,938	6,783	7,224
Deposits and bonds	-	-	-	-
Accrued expenses	4,186	3,605	4,267	3,684
Income in advance	4,276	5,701	4,276	5,701
Taxes payable (e.g. GST and FBT)	526	511	526	511
	15,605	16,755	15,852	17,120
<i>Less non current portion</i>				
Income in advance	-	500	-	500
<b>Total Non-current Portion</b>	-	500	-	500
<b>Current Portion</b>	15,605	16,255	15,852	16,620
Total payables comprise:				
Payables under non-exchange transactions -	2,750	3,977	2,750	3,977
Payables under exchange transactions -	12,855	12,778	13,102	13,143

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

## 20. Provisions

### Accounting policy

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs" (see note 7).

## Breakdown of provisions and further information

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Current provisions are represented by:</i>				
Landfill aftercare provision	128	163	128	163
Total Current Provisions	128	163	128	163
<i>Non current provisions are represented by:</i>				
Landfill aftercare provisions	553	759	553	759
Total Non-current Provisions	553	759	553	759

### Provisions for landfill aftercare costs

Council has operated the Cambridge, Te Awamutu, Kihikihi and Pirongia landfills. Council has the responsibility under the resource consents to provide on-going maintenance and monitoring of the landfills after the sites are closed.

### Capacity of the sites

The Cambridge, Te Awamutu, Kihikihi and Pirongia landfills have all been closed and capped. The cash flows for landfills post-closure are expected to continue as far out as 2039.

The long term nature of the liability means that there are inherent uncertainties in estimating the costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 4.15% (2021 1.49%).

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	922	951	922	951
Amounts used	(130)	(165)	(130)	(165)
Unused amounts reversed	(120)	(114)	(120)	(114)
Discounting changes	9	250	9	250
Closing Balance	681	922	681	922
<i>Represented by:</i>				
Current portion	128	163	128	163
Term portion	553	759	553	759
	681	922	681	922

## 21. Employee benefit liabilities

### Accounting policy

Employee benefits expected to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is anticipated it will be used by staff to cover those future absences.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Accrued pay	392	300	392	300
Annual leave	2,209	1,579	2,408	1,723
Sick leave	120	104	120	104
<b>Total Employee Benefit Liabilities</b>	<b>2,721</b>	<b>1,983</b>	<b>2,920</b>	<b>2,127</b>
<i>Comprising:</i>				
Current	2,721	1,983	2,920	2,127
<b>Total Employee Benefit Liabilities</b>	<b>2,721</b>	<b>1,983</b>	<b>2,920</b>	<b>2,127</b>

## 22. Borrowings

### Accounting policy

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### Internal borrowings

Information about internal borrowings is provided on pages 115 to 190 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.


### Breakdown of borrowings

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Current</i>				
Secured loans	45,500	8,000	45,500	8,000
<b>Total Current Borrowings</b>	<b>45,500</b>	<b>8,000</b>	<b>45,500</b>	<b>8,000</b>
<i>Non-Current</i>				
Secured loans	104,000	90,000	104,005	90,000
<b>Total Non-current Borrowings</b>	<b>104,000</b>	<b>90,000</b>	<b>104,005</b>	<b>90,000</b>
<b>Total Borrowings</b>	<b>149,500</b>	<b>98,000</b>	<b>149,505</b>	<b>98,000</b>

\$10m is repayable in full on 14 August 2023, \$5m is repayable in full on 15 April 2023, \$15m is repayable in full on 15 April 2023, \$15.5m is repayable in full on 12 June 2023, \$7m is repayable in full on 20 September 2023, \$21m is repayable in full on 15 April 2024, \$5m is repayable in full on 15 April 2025, \$17m is repayable in full on 15 April 2025, \$12m is repayable in full on 15 April 2026, \$15m is repayable in full on 15 April 2016, \$5m is repayable in full on 15 April 2027, \$3m is repayable in full on 15 April 2027, \$10m is repayable in full on 15 April 2028 and \$9m is repayable in full on 20 April 2029.

### Fixed rate debt

Council currently has \$142.5m of secured debt issued at fixed rates of interest (2021 \$91m). Council utilises interest rate swap arrangements to provide fixed rate cover on debt. Note 23 provides detail of the interest rate swaps that are in place.

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### **Committed cash advance facilities**

Council has the following committed cash advance facilities in place:

- A \$5m revolving committed cash advance facility with ANZ Bank New Zealand Limited, (2021, \$5m)

There was no drawdown of this facility at balance date (2021 no draw down of this facility at balance date).

### **Security**

Council's loans and committed cash advance facilities are secured by a charge on rates by way of security stock issuances under a debenture trust deed.

### **Maturity analysis and effective interest rates**

The following is a maturity analysis of Council's borrowings. There are no finance leases.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Less than one year	45,500	8,000	45,500	8,000
<i>weighted average effective interest rate</i>	<i>0.80%</i>	<i>0.04%</i>	<i>0.80%</i>	<i>0.04%</i>
Later than one year but not more than five years	85,000	82,000	85,000	82,000
<i>weighted average effective interest rate</i>	<i>1.09%</i>	<i>1.31%</i>	<i>1.09%</i>	<i>1.31%</i>
More than five years	19,000	8,000	19,005	8,000
<i>weighted average effective interest rate</i>	<i>0.58%</i>	<i>0.14%</i>	<i>0.58%</i>	<i>0.14%</i>
	149,500	98,000	149,505	98,000

## **23. Derivative financial instruments**

### **Accounting policy**


Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with the treasury management policy Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Revenue and Expense. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy).

The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at the Statement of Financial Position date, taking into account current interest rates and the current credit worthiness of the swap counterparts.

### **Hedging**

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Council designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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At the inception of the transaction Council documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Council documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

### *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Revenue and Expense, together with any changes in the fair value of the assets or liability that are attributable to the hedged risk.

### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Revenue and Expense.

Amounts accumulated in equity are recycled in the Statement of Comprehensive Revenue and Expense in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of the non-financial assets (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost of carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Revenue and Expense.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Revenue and Expense.

### *Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Revenue and Expense.

## **Breakdown of derivative financial instruments and further information**

	Less than 1 Year	1-2 Years	3-5 Years	Total
<b>Council 2022</b>				
<b>Interest rate swaps - cash flow hedges</b>				
Nominal Amount (in \$000)	-	174	-	174
Average fixed rate		6.01%	-	6.01%
<b>Total Derivative Financial Instrument Liabilities</b>	<b>-</b>	<b>174</b>		<b>174</b>

	Less than 1 Year	1-2 Years	3-5 Years	Total
<b>Council 2021</b>				
<b>Interest rate swaps - cash flow hedges</b>				
Nominal Amount (in \$000)	-	797	-	797
Average fixed rate		6.01%	-	6.01%
<b>Total Derivative Financial Instrument Liabilities</b>	-	797		797

### ***Interest rate swaps***

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2021 \$7,000,000). As at 30 June 2022 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2021 6.01%).

Council deems the hedges held to be effective. Gains and losses are recognised in the hedging reserve in equity (note 24) and will be released to the Statement of Comprehensive Revenue and Expense as interest is paid on the underlying debt.

### ***Fair value***

The fair value of the interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market values. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most mark parameters are implied from instrument prices.

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

## **24. Equity**


### **Accounting policy**

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves, the components are:

- Retained earnings
- Council created reserves
- Revaluation Reserves
- Cash flow hedge reserve

### ***Council created reserves***

Council created reserves are a component of equity representing a particular use to which various parts of equity have been assigned. Council may alter them without reference to any third party or the Courts. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

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**Revaluation reserves**

This reserve relates to the revaluation of property, plant and equipment to fair value.

**Cash flow hedge reserves**

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

## Breakdown of equity and further information

	Council		Group	
	2022	2021	2022	2021
<i>Retained earnings</i>				
As at 1 July	573,802	517,674	575,655	518,652
Transfers to:				
Reserves and special funds	(114,711)	(219,302)	(114,711)	(219,302)
Transfers from:				
Asset Revaluation reserve on disposal of property, plant and equipment	(15,039)	22,737	(15,039)	22,737
Reserves and special funds	118,961	213,093	118,961	213,093
Surplus / (deficit) for the year	29,361	39,600	29,594	40,475
<b>Total retained earnings as at 30 June</b>	<b>592,374</b>	<b>573,802</b>	<b>594,460</b>	<b>575,655</b>
<i>Council created reserves</i>				
As at 1 July	46,515	40,306	46,515	40,306
Transfers to:				
Retained earnings	(118,961)	(213,093)	(118,961)	(213,093)
Transfers from:				
Retained earnings	114,711	219,302	114,711	219,302
<b>As at 30 June</b>	<b>42,265</b>	<b>46,515</b>	<b>42,265</b>	<b>46,515</b>
<b>Asset Revaluation Reserves</b>				
As at 1 July	1,230,071	1,192,607	1,230,071	1,192,607
Revaluation gain / (losses)	4,682	60,201	4,682	60,201
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	15,039	(22,737)	15,039	(22,737)
<b>As at 30 June</b>	<b>1,249,792</b>	<b>1,230,071</b>	<b>1,249,792</b>	<b>1,230,071</b>
<i>Asset revaluation reserves consist of:</i>				
<b>Operational assets</b>				
Land	225,774	225,712	225,774	225,712
Buildings	32,266	25,422	32,266	25,422
Intangible Assets	1,240	710	1,240	710
Investments	23,700	19,611	23,700	19,611
<b>Infrastructural Assets</b>				
Sewerage System	78,579	77,366	78,579	77,366
Water System	85,790	84,320	85,790	84,320
Drainage network	74,685	73,587	74,685	73,587
Roading network	727,758	723,345	727,758	723,345
<b>Total Asset Revaluation Reserves</b>	<b>1,249,792</b>	<b>1,230,071</b>	<b>1,249,792</b>	<b>1,230,071</b>
<i>Cash Flow Hedge Reserves</i>				
Opening balance 1 July	(798)	(1,292)	(798)	(1,292)
Fair value gains / (losses) in the year	624	494	624	494
<b>Total Cash Flow Hedge Reserve</b>	<b>(174)</b>	<b>(798)</b>	<b>(174)</b>	<b>(798)</b>
<b>Total other reserves as at 30 June</b>	<b>1,291,883</b>	<b>1,275,788</b>	<b>1,291,883</b>	<b>1,275,788</b>

Information about reserve funds held for a specific purpose is provided below:

	Council			
	2021/22	2021/22	2021/22	
	Opening Balance	Transfer to Reserve	Transfer From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
<i>Council created reserves consist of:</i>				
<b>Property Reserves</b>				
Asset Sales Cambridge	-	310	(310)	-
Asset Sales Te Awamutu	242	-	(9)	233
Asset Sales General	631	50	(540)	141
Endowment Land Cambridge	-	-	-	-
Endowment Land Pirongia	3	-	-	3
Endowment Land Te Awamutu	123	-	-	123
Endowment Land Waipa District	14	-	-	14
Residential Housing Reserve	3,538	406	(998)	2,946
<b>Reserve Contributions &amp; Development Contributions</b>				
Cambridge North	-	-	-	-
District Wide Stormwater	436	17,056	(16,923)	569
District Wide Waste Water	2,756	3,705	(3,906)	2,555
District Wide Water Treatment and Supply	2,996	1,570	(1,559)	3,007
District Wide Roding	4,227	20,385	(23,070)	1,542
District Wide Reserve Developments	807	52	(27)	832
District Wide Land Purchase	2,336	1,763	(4,099)	-
Cambridge Pool	-	15	(15)	-
Karapiro Reserve Development	-	7	(7)	-
Te Awamutu Library/Museum	90	3	-	93
<b>Special Funds</b>				
Cemetery Paterangi	5	-	-	5
Project Funding Reserve	9,414	3,826	(3,032)	10,208
General Insurance Reserve	526	-	-	526
Infrastructure Insurance Reserve	572	-	-	572
Te Awamutu 110kv Compensation Reserve	339	-	-	339
Pavement Levies	113	-	-	113
Road Asset Technical Accord (RATA)	14	-	-	14
Waste Minimisation Reserve	525	93	-	618
<b>Separate Balances</b>				
Roding Reserve	4,381	25,867	(25,871)	4,377
Stormwater Reserve	626	5,096	(4,152)	1,570
Water Supply Reserve	5,339	16,147	(16,740)	4,746
Waste Water Reserve	2,560	13,078	(12,660)	2,978
Depreciation Reserve - Long Term Assets	2,699	2,765	(2,889)	2,575
Depreciation Reserve - Medium Term Assets	1,203	2,517	(2,154)	1,566
<b>Total Council Created Reserves</b>	<b>46,515</b>	<b>114,711</b>	<b>(118,961)</b>	<b>42,265</b>

The table below sets out the purpose of the reserves held by Council and the related activities for these reserves.

Reserve	Purpose	Activity
<b>Property reserves</b>		
Asset sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Property
Asset sales Te Awamutu	Proceeds from Te Awamutu asset sales held in reserve to fund future asset purchases	Property
Asset sales general	Proceeds from district wide asset sales held in reserve to fund future asset purchases	Property
Endowment land Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Property
Endowment land Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Property
Endowment land Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Property
Endowment land Waipa district	Proceeds from sale of district wide endowment land held in reserve for endowment purposes	Property
Forestry reserve	Proceeds from forestry harvesting to fund future forestry activities	Forestry
Residential housing reserve	Proceeds from residential housing rental revenue to fund the operating and capital expenditure of that activity.	Housing for the Elderly & Own Your Own Housing
<b>Reserve contributions and development contributions</b>		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Transportation / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District wide stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District wide wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal
District wide water treatment and supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District wide roading	Proceeds from development contributions to fund growth related expenditure	Transportation
District wide reserve developments	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves

Reserve	Purpose	Activity
District wide land purchase	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
Te Awamutu library/museum	Proceeds from development contributions to fund growth related expenditure for Te Awamutu Library / Museum	District Libraries / Museums
<b>Special funds</b>		
Cemetery Paterangi	Proceeds held in reserve to fund future capital works	Cemeteries
Project funding reserve	Funding for specific projects to be completed in the following year	All activities
General insurance reserve	Provision to pay call-ups and to fund increase in deductibles of claims as well as to help to pay future premium increases	All activities
Infrastructure insurance reserve	Provision to help cover the insurance deductible if a major event happens in the Waipa district.	Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
Te Awamutu 110kv compensation reserve	Proceeds from the granting of easement rights for the Waipa Networks 110kv line, held in reserve for appropriate future utilisation with due regard to the source of these funds.	Properties
Pavement levies	Levies collected from land use consents for future pavement rehabilitation	Transportation
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	Transportation
Waste minimisation	Net funds from waste minimisation levy held for use on waste minimisation activities.	Waste minimisation
<b>Separate balances</b>		
Roading reserve	Funds held in reserve for capital works expenditure	Transportation
Stormwater reserve	Funds held in reserve for capital works expenditure	Stormwater
Water supply reserve	Funds held in reserve for capital works expenditure	Water Treatment & Supply
Wastewater reserve	Funds held in reserve for operating and capital works expenditure	Wastewater Treatment & Disposal
Depreciation reserve long term assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
Depreciation reserve medium term assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
<b>Asset revaluation reserves</b>		
<b>Operational</b>		
Land	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities



Reserve	Purpose	Activity
Buildings	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
<b>Infrastructural assets</b>		
Sewerage system	Non cash reserve to record appreciation values arising from asset revaluations	Wastewater Treatment & Disposal
Water system	Non cash reserve to record appreciation values arising from asset revaluations	Water Treatment & Supply
Drainage network	Non cash reserve to record appreciation values arising from asset revaluations	Stormwater
Roading network	Non cash reserve to record appreciation values arising from asset revaluations	Transportation

## 25. Contingencies

### Contingent liabilities

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
a) Guarantees	25	33	25	33
b) Waipā Community Facilities Trust	-	-	-	-
d) Outstanding legal matters	-	-	-	-
	25	33	25	33

Council is listed as sole guarantor for a number of community organisation bank loans. The Council is obligated under each guarantee to make loan payments in the event that the organisation defaults on a loan arrangement.

### Contingent liabilities not able to be quantified


#### Local Government Funding Agency

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA) and is party to the guarantee of all borrowings of the entity.

This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and has a local currency rating of AA+ from Fitch Ratings and AAA from Standard and Poor and a foreign currency rating of AA from Fitch Ratings and AA+ from Standard and Poor.

Council is one of 30 local authority shareholders and 54 local authority guarantors of the NZLGFA. In that regard, the LGFA has total uncalled capital of \$20 million of which Council's portion is \$100,000. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of the LGFA's borrowings. At 30 June 2022, NZ LGFA had borrowings totalling \$15,789,000,000 (2021 \$13,610,000,000). This figure is made up of the face value of LGFA's bonds on issue of \$15,105,000,000, accrued interest on bonds on issue of \$87 million, the face value of bills on issue of \$565 million and bonds LGFA lent to counterparties under bond repurchase transactions of \$32 million.

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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- The LGFA engages stringent credit check controls on borrowers and potential borrowers.
- Council are not aware of any local authority debt default events in New Zealand in recent years; and
- Local government legislation enables local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required

### **Erinic Investments Limited v Waipā District Council**

In August 2020, proceedings were initiated in the High Court by Erinic Investments Limited against the Council (as first defendant) and others. The claim alleges that the Council was negligent in issuing building consents, inspecting the building work and issuing Code Compliance Certificates in respect of a building in Te Awamutu. Following an amended Statement of Claim, the plaintiff now seeks over \$5 million in damages with additional consequential losses to be quantified, interest and costs. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

### **Atkinson v Waipā District Council**

In November 2020, proceedings were initiated in the District Court against Council. The claim alleges, among other things, that the Council has been negligent, breached its statutory duty and has created a nuisance in relation to the private drain on the plaintiffs' property in Kihikihi. Following an amended Statement of Claim, the plaintiffs now seek over \$2.5 million in damages, interest and costs. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

### **Bunker v Waipā District Council**

In March 2022, proceedings were initiated in the High Court against the Council, and others. The claim alleges among other things that Council was negligent in undertaking inspections and issuing a code compliance certificate in respect of a dwelling in Ngāhinapōuri. The plaintiffs seek over \$1 million in damages with additional consequential losses to be quantified, interest and costs. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

### **Loan guarantee for New Zealand Sports Hall of Fame**

In June 2022, Council confirmed its intention to assist the New Zealand Sports Hall of Fame in their fundraising endeavours by committing to act as guarantor to its loan facility, should this be required in the future. The timing and amount of the guarantee is uncertain at period end.


### ***Contingent assets***

Council is a 2% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of the 2% shareholding.

## **26. Related party transactions**

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

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### ***Related party transaction to be disclosed***

Council entered into a lease arrangement with Waipā Community Facilities Trust in 2013, for the Trust to occupy the Trust Waikato Te Awamutu Event Centre and the Cambridge Swimming Pool Complex. The lease covers a term of twenty years and attracts a rental charge of one dollar plus GST per annum, payable on 16 September each year.

### ***Senior management and councillors' compensation***

	Council	
	2022 \$000	2021 \$000
<i>Councillors</i>		
Remuneration	606	602
Full-time equivalent members*	14	14
<i>Executive Team, including Chief Executive</i>		
Remuneration	1,286	1,193
Full-time equivalent members	7	5
<b>Total key management personnel remuneration</b>	<b>1,892</b>	<b>1,795</b>
<b>Total number of members</b>	<b>21</b>	<b>19</b>

\*Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

## **27. Events after balance date** [this will be reassessed based on current environment]

On 12 September 2022, the New Zealand Government announced that at 11.59pm the COVID-19 protection framework known as the traffic light system was to be removed as well as the majority of the public health restrictions.

## 28. Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents excluding term deposits	3	5	2,228	1,791
Trade and other receivables	7,015	8,945	6,950	8,969
Other financial assets:				
- term deposits	17,675	12,089	17,675	12,089
- community loans	11	13	11	13
- loans to other entities	-	-	-	-
Total loans and receivables	24,704	21,052	26,864	22,862
<b>Fair value through other comprehensive revenue and expense</b>				
- Borrower notes	2,740	1,890	2,740	1,890
- Investments in CCO's	27,521	23,433	27,521	23,433
Total fair value through other comprehensive revenue and expense	30,261	25,323	30,261	25,323
<b>Financial Liabilities</b>				
<b>Derivatives that are hedge accounted</b>				
Derivative financial instrument liabilities	174	797	174	797
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	10,803	10,544	10,803	10,908
Borrowings:				
- secured loans	149,500	98,000	149,505	98,000
Total financial liabilities at amortised cost	160,303	108,544	160,308	108,908

### Financial instrument risk

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Liability Management and Investment policies which do not allow any transactions that are speculative in nature.

#### Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in the market prices. Council is not exposed to price risk as it does not enter into widely held equity security transactions.

#### Currency risk


Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. It is rare for Council to enter into foreign currency transactions of any significant value.

#### Interest rate risk

Interest rates on borrowings are disclosed in note 22.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing at fixed rates exposes Council to fair value interest rate risk and the Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps may be entered into to hedge the fair value interest rate risk arising from borrowing at fixed rates.

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Disclosure of these hedging arrangements is made in Note 23. In addition investments at fixed interest rates give an exposure to fair value interest rate risk.

### **Cash flow interest rate risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risks.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

### **Credit risk**

Credit risk is the risk that a third party will default on its obligation, causing Council to incur a loss. There are no specific concentrations of credit risk. Council only invests funds in bank deposits and local authority stock and the Investment Policy limits the exposure to any one organisation.

Council is exposed to credit risk as a guarantor of community organisation loans and LGFA borrowings. Information about this exposure is explained in note 25.

#### *Maximum exposure to credit risk*

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and term deposits	17,678	12,094	19,903	14,060
Receivables	7,015	8,945	6,950	8,969
Community and related party loans	11	13	11	13
Financial guarantees	25	33	25	33
<b>Total</b>	<b>24,729</b>	<b>21,085</b>	<b>26,889</b>	<b>23,075</b>

## Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash at bank and term deposits</b>				
AA-	17,678	12,094	19,903	14,060
Total cash at bank and term deposits	17,678	12,094	19,903	14,060
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	11	13	11	13
Total community and related party loans	11	13	11	13

Debtors and other receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers. The Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. In order to meet its commitments, Council maintains a liquidity buffer of \$1.5 million and has a committed cash advance facility of \$5.0 million. There are no funds drawn as at 30 June 2022.

Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 25.

### *Contractual maturity analysis of financial liabilities excluding derivatives:*

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
<b>Council 2022</b>						
Creditors and other payables	10,803	10,803	10,803	-	-	-
Secured loans	149,500	160,496	49,040	30,082	61,260	20,114
Financial guarantees	-	25	25			
Total	160,303	171,324	59,868	30,082	61,260	20,114
<b>Group 2022</b>						
Creditors and other payables	10,803	10,803	10,803	-	-	-
Secured loans	149,500	160,496	49,040	30,082	61,260	20,114
Financial guarantees	-	25	25			
Total	160,303	171,324	59,868	30,082	61,260	20,114

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
<b>Council 2021</b>						
Creditors and other payables	10,544	10,544	10,544	-	-	-
Secured loans	98,000	102,490	9,424	21,375	63,582	8,109
Financial guarantees	-	33	33	-	-	-
<b>Total</b>	<b>108,544</b>	<b>113,067</b>	<b>20,001</b>	<b>21,375</b>	<b>63,582</b>	<b>8,109</b>
<b>Group 2021</b>						
Creditors and other payables	10,908	10,908	10,908	-	-	-
Secured loans	98,000	102,490	9,424	21,375	63,582	8,109
Financial guarantees	-	33	33	-	-	-
<b>Total</b>	<b>108,908</b>	<b>113,431</b>	<b>20,365</b>	<b>21,375</b>	<b>33,361</b>	<b>8,109</b>

Council has derivative financial instruments in the form of one (2021 one) interest rate swap arrangement, with this interest rate swap arrangement maturing in 2023.

### ***Contractual maturity analysis of financial assets:***

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
<b>Council 2022</b>						
Cash at bank and term deposits	17,678	17,678	17,678	-	-	-
Debtors and other receivables	7,015	7,015	7,015	-	-	-
Community loans	11	13	1	1	3	8
<b>Total</b>	<b>24,704</b>	<b>24,706</b>	<b>24,694</b>	<b>1</b>	<b>3</b>	<b>8</b>
<b>Group 2022</b>						
Cash at bank and term deposits	19,903	19,903	19,903	-	-	-
Debtors and other receivables	6,950	6,950	6,950	-	-	-
Community loans	11	13	1	1	3	8
<b>Total</b>	<b>26,864</b>	<b>26,866</b>	<b>26,854</b>	<b>1</b>	<b>3</b>	<b>8</b>

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
<b>Council 2021</b>						
Cash at bank and term deposits	12,094	12,094	12,094	-	-	-
Debtors and other receivables	8,945	8,945	8,945	-	-	-
Community loans	13	13	1	1	3	8
<b>Total</b>	<b>21,052</b>	<b>21,052</b>	<b>21,040</b>	<b>1</b>	<b>3</b>	<b>8</b>
<b>Group 2021</b>						
Cash at bank and term deposits	14,060	14,060	14,060	-	-	-
Debtors and other receivables	8,969	8,969	8,969	-	-	-
Community loans	13	13	1	1	3	8
<b>Total</b>	<b>23,042</b>	<b>23,042</b>	<b>23,030</b>	<b>1</b>	<b>3</b>	<b>8</b>

## Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at the balance date.


	Notes	2022 Actual \$000		2021 Actual \$000	
		-100 bps Other Profit	+100 bps Other Equity	-100 bps Other Profit	+100 bps Other Equity
<b>Council</b>					
<b>Interest rate risk</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1	(177)	177	(121)	121
<i>Financial liabilities</i>					
Derivatives-hedge accounted	2	-	(70)	-	146
<b>Total sensitivity on interest rates</b>		<b>(177)</b>	<b>(70)</b>	<b>177</b>	<b>146</b>

### Explanation of sensitivity analysis:

1. Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$17,675,000 (2021 \$12,089,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$176,750 (2021 \$120,890).
2. Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$173,767 (2021 \$797,383). A movement in interest rates plus 100 bps has an effect of \$68,409 (2021 \$146,194) and minus 100 bps has an effect of \$69,540 (2021 \$150,453).

## 29. Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

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- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

There were no transfers between the different levels of the fair value hierarchy.

	Total \$000	Valuation technique		
		Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
<b>Council</b>				
<i>30 June 2022</i>				
<b>Financial assets</b>				
Investments in CCO's	30,261	-	2,740	27,521
<b>Financial liabilities</b>				
Derivatives	174	-	174	-
<b>Council</b>				
<i>30 June 2021</i>				
<b>Financial assets</b>				
Investments in CCO's	25,323	-	1,890	23,433
<b>Financial liabilities</b>				
Derivatives	797	-	797	-

### Valuation techniques with significant non-observable inputs (level 3)

The fair value for the investment in Waikato Regional Airport has been determined based on Council's proportion of ownership of the airports net assets.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council	
	2022 \$000	2021 \$000
Balance at 1 July	23,433	17,108
Investment Gain - recognised in other comprehensive revenue and expense	4,088	6,325
Impairment - recognised in comprehensive revenue and expense	-	-
Balance 30 June	27,521	23,433

### 30. Capital management

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

An objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan.

Waipā District Council has the following Council created reserves:

- reserves for different areas of benefit;
- insurance reserves; and
- reserves and special funds.

Reserves for different areas of benefit are used where there is a separate rate set as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.


Special reserves are set up where Council has received funds that are restricted for particular purposes. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

### 31. Explanation of major variances against budget

Explanations for major variances from the 2021/22 budgeted figures are as follows:

#### Statement of comprehensive revenue and expense

- Fees and charges were \$4.6 million higher than budget mainly due to \$3.7 million of revenue from Fonterra transferred from rates (this also explains rates being under budget), \$1.7 million of revenue from the Community Facilities Trust on consolidation, and \$858,000 of additional revenue from regulatory income, offset by a reduction in revenue of \$1.9 million from forestry income.
- Development contributions were \$15.3 million lower than budget due to timing of developments.
- The gain on revaluation of Forestry and Investment Properties was \$7.8 million higher than budget due to current market conditions.

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- The value of assets vested from developers was \$3.1 million higher than budget, this mainly relates to higher than anticipated growth in the district and the timing of receiving assets from developers.
- Subsidies and grants are \$5.2 million higher than budget mainly due to \$4.5 million being received through the New Zealand Government Three Waters reform programme, \$1.8 million extra funding received from NZTA offset by a reduction in budget of \$1.4 million of external funding for Cycling – Te Awamutu/Ngaroto/Pirongia Connection.
- Other revenue is \$9.7 million lower than budget mainly due to the delay of asset sales from timing of development.
- Other expenses are \$2.1 million lower than budget, this is mainly due to the reduction in forestry harvesting costs due to the delay in harvesting until the 2022/23 year

### Statement of financial position

- The higher cash balance at year end is due to the timing of capital work, particularly development related projects.
- Property, plant and equipment was \$135.1 million lower than budget mainly due to delayed capital work and asset write-offs and losses on disposal \$28.4 million higher than budgeted, with these items offset by higher than anticipated asset revaluations for roading and utilities.
- Borrowings at year end are \$93.4 million lower than budget. This is mainly due to delayed timing of capital works.

## 32. INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

The Local Government Act 2002 requires Council to include in the Annual Report information on Council controlled organisations and Council organisations in which it is a stakeholder. In particular, Council must include:

- Its significant policies and objectives regarding ownership and control of the organisation;
- The nature and scope of the activities to be provided by the organisation; and,
- The key performance targets and other measures by which performance may be judged.

We are a shareholder in three organisations that are classified as Council controlled organisations as defined by the Local Government Act 2002. The organisations are:

- Waikato Regional Airport Limited, also known as Hamilton International Airport;
- Local Government Funding Agency Limited; and
- Waikato Local Authority Shared Services Limited.

Further detail on each of these organisations can be found in our 2021-31 Long Term Plan and on pages XXX to XXX of this Annual Report.

## Waikato Regional Airport Limited

Waikato Regional Airport Limited (Hamilton International Airport) is jointly owned by five local authorities – Hamilton City Council, Waipā District, Waikato District, Matamata-Piako District and Otorohanga District Councils.

Waipā District Council's shareholding is 15.625 percent.

### Corporate mission

The mission of Waikato Regional Airport Limited is to operate a successful commercial business providing safe, appropriate and efficient services for the transportation of people and freight in and out of Hamilton Airport.

### Goal

The retention of the Airport as a major infrastructural facility is important to the Waikato economy.

### Policies and objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

### Nature and scope of activities to be undertaken as per 2021/22 statement of intent

#### *Operate an efficient and compliant airport*

- Operate a first class safe and compliant regional airport by providing for essential projects for essential projects, together with any compliance expenditure warranted.

#### *Enhance the traveller experience*

- Maximise traveller satisfaction and airport experience.


#### *Maintain a viable aeronautical business*

The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years. We will:

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Promote the recovery of the general aviation sector.
- Develop or implement a five year plan to give effect to, or seek renewal of the runway extension designation.
- Position and protect the airport as an efficient, cost effective international port of arrival.
- Pursue all new international air service opportunities (both charter and scheduled services) as New Zealand international borders open up.
- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.

#### *Maximise revenue diversification through non-aeronautical business opportunities*

- Support the development of land within the bounds of a sound, strategic approach to long-term planning for the airport precinct by its subsidiary Titanium Park Limited (TPL).

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- TPL will continue marketing for sale, development and optimised investment, all available non-aeronautically strategic land in a planned and co-ordinated approach.
- In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business upon completion of the Managed Isolation Facility contract.

### ***Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation***

Knowledgeable and capable, high performing and appropriately resourced management personnel to ensure sound reporting and accountability, and delivery of the strategic plan.

### ***Dividend policy***

The Directors initially propose that no dividend be paid during the three year period ending 30 June 2022 given the impact of the COVID-19 pandemic. This will be reviewed in light of actual trading and changes in future outlook.

### **Performance targets as per 2021/22 Statement of Intent**

Based on Company forecasts	Year ended 30 June		
	2022	2023	2024
EBITDA excluding land sales	\$3.6m	\$4.0m	\$4.2m
EBITDA including land sales	\$5.7m	\$6.1m	\$5.5m
Net profit tax <i>no less than</i>	\$1.9m	\$2.0m	\$2.3m
Net operating cash flow (excluding land sales)	\$4.2m	\$5.2m	\$5.2m
Total debt <i>not exceeding</i>	\$29.0m	\$29.0m	\$29.0m
Percentage of non-landing charges revenue of at least	60%	60%	60%
Land sales	\$3.7m	\$3.8m	\$2.8m
Interest cover <i>at least</i>	4.0x	4.0x	4.0x

### **Performance results as per 2021/22 Annual Report**

This information was not available at the time of publication of Waipā District Council's 2021/22 Annual Report. The 2021/22 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website by December 2022.

## New Zealand Local Government Funding Agency Limited

The New Zealand Local Government Funding Agency Limited (LGFA), which is a council controlled trading organisation, has been established by the Local Government sector and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

The main objectives of LGFA will be to:

- Achieve the shareholder agreed objectives and performance targets specified in the Statement of Intent;
- Be a good employer;
- Demonstrate social, economic, environmental and cultural responsibility;
- Maintain strong and sound corporate governance;
- Set and model high standards of ethical behaviour; and
- Operate in accordance with sound business practice.

### Policies and objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of LGFA.

### Nature and scope of activities to be undertaken as per 2021/22 Statement of Intent

The LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and CCOs and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to Council's and CCO's that enter into all the relevant arrangements with it (such Council's being "Participating Local Authorities" and such Councils and CCOs being "Participating Borrowers") and comply with the LGFA's lending policies.

### Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.


The board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

### Performance targets as per 2021/22 Statement of Intent

New Zealand Local Government Funding Agency Limited has the following performance targets:

- LGFA's total operating income for the period to:
  - 30 June 2022 will be greater than \$19.1 million.
  - 30 June 2023 will be greater than \$18.5 million.
  - 30 June 2024 will be greater than \$19.7 million.

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- LGFA’s annual issuance and operating expenses (excluding AIL) for the period to:
  - 30 June 2022 will be less than \$7.2 million.
  - 30 June 2023 will be less than \$7.3 million.
  - 30 June 2024 will be less than \$7.4 million.
  
- Total lending to Participating Borrowers at:
  - 30 June 2022 will be at least \$13,294 million.
  - 30 June 2023 will be at least \$14,515 million.
  - 30 June 2024 will be at least \$15,623 million.
  
- Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities.
- Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.
- Achieve 80% market share of all council borrowing in New Zealand.
- Review each Participating Borrower’s financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government Sovereign rating where both entities are rated by the same credit rating agency.

### Performance results as per 2021/22 Annual Report

This information was not available at the time of publication of Waipā District Council’s 2021/22 Annual Report. The 2021/22 Annual Report of Local Government Funding Agency is expected to be published on that organisation’s website in October 2022.



## Waikato Local Authority Shared Services Limited (Trading as Co-Lab Limited)

### Shareholders

Waikato Local Authority Shared Services Limited is jointly owned by 12 local authorities.

- Hamilton City Council
- Hauraki District Council
- Matamata-Piako District Council
- Otorohanga District Council
- Rotorua Lakes Council
- South Waikato District Council
- Taupo District Council
- Thames-Coromandel District Council
- Waikato District Council
- Waikato Regional Council
- Waipa District Council
- Waitomo District Council

### Background

The local authorities within the boundaries of the Waikato region have adopted shared services as a mechanism for providing back office type services in a coordinated manner across the region to leverage opportunities and deliver benefits. Over the period that Waikato Local Authority Shared Services Limited has been operating, the following positive outcomes have been achieved:

- Improved level and quality of service.
- Coordinated approach to the provision of services.
- Reductions in the cost of services.
- Opportunities to develop new initiatives.
- Standardisation of service levels.
- Opportunities for all councils, irrespective of location or size, to benefit from joint initiatives.
- Economies of scale, resulting in cost saving, have been achieved in procurement.

### Council policies and objectives relating to Council Controlled Organisations

The Constitution of Waikato Local Authorities Shared Services Limited sets out the principles and expectations around how the company will be governed and operated. While council has no formal policies and objectives, it has become a shareholder on the basis that the Waikato Local Authority Shared Services Limited will develop products and services of significant benefit to Waipa residents and ratepayers.

The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government's confidence in the Waikato region, and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- promote and contribute to the development of best practice
- make it easier for communities to engage with councils in the Waikato region on a consistent basis
- promote business transformation to improve communities' experiences.

## Policies and objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Local Authority Shared Services Limited.

## Benefits of WLASS

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of services;
- Co-ordinated approach to the provision of services;
- Reductions in the cost of services;
- Development of new initiatives;
- Opportunities for all councils (irrespective of their location or size) to benefit from joint initiatives; and,
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from the shareholding Councils and the Mayoral Forum, the WLASS Directors continue to discuss opportunities to develop shared services at Board meetings. The Directors see the continuing investigation of possible future shared services as a key focus of their role.

Waikato Local Authority Shared Services Limited has the following priorities and performance measures:

PRIORITY	PERFORMANCE MEASURE	TARGET
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives.</p>	<p>Business cases will include measurable benefits linked to one or more of the outcomes sought. Business cases are supported by councils (evidenced by take up of the opportunity).</p>	<p>Projected savings/increased revenue to councils of at least \$300k.  75% of councils.</p>
<p>Develop opportunities and deliver projects within agreed budgets and timelines<sup>1</sup>.</p>	<p>Opportunities/projects are developed/delivered within agreed timeframes. Opportunities/projects are developed/delivered, within approved budgets. Overall, Company Management/Support functions will be undertaken within budget, unless additional expenditure has board pre-approval.</p>	<p>80%  90%</p>
<p>Ensure projects realise their expected benefits.</p>	<p>Measurable benefits are actively monitored and reported against. Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised).</p>	<p>Six-monthly.  For 200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months. 90% of projected quantifiable benefits are realised.</p>

<sup>1</sup> Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.

PRIORITY	PERFORMANCE MEASURE	TARGET
Ensure existing services are meeting the needs of councils.	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> <li>- Rata – roading &amp; Waters</li> <li>-Waikato Building Cluster</li> <li>- Regional Infrastructure Technical specifications</li> <li>- Energy &amp; Carbon Management</li> <li>- Professional Services Panel</li> <li>- Health &amp; Safety pre-qualification</li> </ul>	80% of Councils.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice.	Across these groups, ideas for future consideration and/or initiatives are identified each year.	Four per annum.

### Performance results as per 2021/22 Annual Report

This information was not available at the time of publication of Waipā District Council's 2021/22 Annual Report. The 2021/22 Annual Report of Waikato Local Authority Shared Services Limited is expected to be published by December 2022.

## PART 6 - NGĀ TAIPITOPITO O Ā MĀTOU MAHI / OUR PERFORMANCE IN DETAIL

### In this section

This section describes in detail how we performed in each of our groups of activities. Each activity area includes an overview of the activities from the year, and a summary of financials and performance measures.

### How to read this section:

What's being reported:

- **Overview of the year:** includes the summary of our financial and non-financial information. Where applicable we have included details on the impact of COVID-19.
- **Activity information:** outlines what is delivered, contribution to community outcomes and identified effects on community wellbeing.
- **Financial information:** capital expenditure and operational expenditure for each activity area.
- **Performance information:** overview of level of service performance measures. Performance measures cover quality, timeliness, utilisation and satisfaction.

### How we group activities

Our services in this Annual Report are gathered within eight groups, each containing a number of activities.

Seven of the groups of activities are focused on public service delivery, with the contents of four of these set by legislation, while the remaining three have been grouped according to Council's corporate structure of related activities. The remaining group of activities, support services, is internally focused and is not an official group of activities as defined in the Local Government Act 2002. However, it is included in the Annual Report as it contains a significant number of our activities and, together with the other groups, provides a complete picture of the activities Council provides. Support services support the delivery of community services within each

### How we measure performance

For each group of activities, a range of targets and measures were developed to show the standard of performance expected over the next ten years and the means by which we intend to measure that performance. The measures, when considered collectively, are intended to provide a general view of the overall performance in each area.

group of activities. While the costs of support services are included within each group, they are also shown separately at the end of the section to show the total indirect costs.

The groups of activities covered in this section are:

- Governance
- Planning and Regulatory
- Community Services and Facilities
- Transportation
- Stormwater
- Wastewater Treatment and Disposal
- Water Treatment and Supply
- Support Service

## 6.1 GOVERNANCE

### What we do

The Governance group of activities represents the decision making function of elected officials who are supported by communications specialists, strategy advisors and the governance business unit to manage democratic processes.

Governance activities include performance measures for:

- Representation
- Communications and engagement

Additionally, the Governance group of activities is responsible for ensuring Māori involvement in decision-making, developing strategy and enhancing community relationship

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan (LTP).

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *We have financially sustainable decision making and work programmes*
- *Our services provide excellent value for money*
- *We actively promote our district to enable development, employment and business opportunities*

#### Socially resilient

- *Waipa is a great place to live, work, play and invest*

#### Cultural champions


- *We have a high level of cultural awareness*
- *We partner with tangata whenua*
- *We respect the cultural diversity in our district*

### Identified effects on community wellbeing

The Governance group of activities is the key area for the democratic processes of Council. A significant amount of work goes into ensuring clear communication is achieved (both to and from Council) via the formal community representative groups – including Council’s Committees, Community Boards, and Senior Council.

Council uses community engagement strategies which ensure that the public is able to participate in the consultation and decision making processes of Council. We will continue to use a large number of engagement channels including social

media as well as traditional methods to reach as many people as possible. This focus on engagement with residents is aimed at both educating people about what Council does as well as gathering feedback to gauge the most acceptable way forward in terms of decision making. This helps Council to achieve the current and future needs of our communities in an effective manner for households, businesses, and Council.

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Strategic planning processes are also included in this group of activities. The development, sharing and implementation of effective plans and policies are the foundation of good governance. Of special importance is our participation in the Waikato Mayoral Forum, which works to ensure consistent local government application across communities, cost cutting through sharing of services and the provision of cohesive community leadership. Within this strategic planning role are a number of planning initiatives, including the Waipā 2050 Growth Strategy,

the Future Proof Sub-regional Strategy, and the development of Ahu Ake, our district-wide Community Spatial Plan. The operative Waipā District Plan is a key document that provides Council with resource management planning controls that give effect to National, Regional, and Sub-regional directives, while enabling appropriate development of the district and helping to protect our highly productive land. Council’s other strategies, policies and bylaws all help to ensure that we successfully deliver on our vision to build connected communities.

**Statement of service performance: Governance**

What to expect from us:

**Representation**

- The Community have access to timely and accurate information.
- We provide opportunities for our communities to engage with Council and participate in decision-making processes.

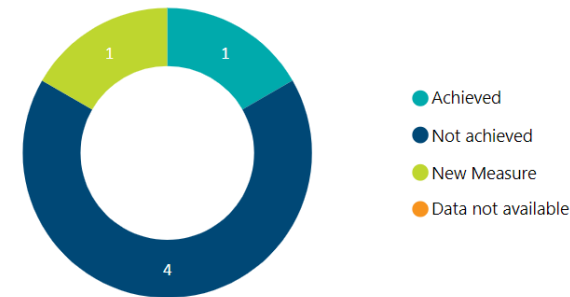
**Communications and Engagement**

- We provide regular communication to the district enabling community sharing and engagement.
- We showcase how we’re building champion communities.

**Statement of service performance overview**

This Group of Activity is responsible for 5.31 percent of Council’s performance measures.

**Performance Measure Results**



**Capital expenditure table**

	2020/21 Long-term Plan \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>To Improve Level of Service</b>			
External Promotions - Communication	-	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	-	-	-

**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	2,332	(462)	-	1,870	29
<b>Total</b>	<b>2,332</b>	<b>(462)</b>	<b>-</b>	<b>1,870</b>	<b>29</b>

**Waipā District Council funding impact statement for year ended 30 June 2022  
for Governance**

	2020/21 Long-term Plan \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	7,886	7,712	5,738
Targeted rates	1,053	1,020	1,024
Subsidies and grants for operating purposes	42	54	80
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	50	-	-
<b>Total sources of operating funding (A)</b>	<b>9,031</b>	<b>8,786</b>	<b>6,842</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,455	4,280	3,860
Finance costs	119	39	29
Internal charges and overheads applied	2,989	3,219	2,983
Other operating funding applications	971	1,099	1,094
<b>Total applications of operating funding (B)</b>	<b>8,534</b>	<b>8,637</b>	<b>7,966</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>497</b>	<b>149</b>	<b>(1,124)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	497	149	(1,124)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>497</b>	<b>149</b>	<b>(1,124)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(497)</b>	<b>(149)</b>	<b>1,124</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 6.2 PLANNING AND REGULATORY

### What we do

We provide planning and regulatory services to manage the natural and physical resources of the district, and to promote and protect the health and safety of our communities

Planning and Regulatory activities include;

- Animal Control
- Building Compliance
- Development Engineering
- Environmental Health
- Resource consents, enforcement and land information memorandums

As our district continues to experience significant development and population growth, robust planning and regulatory services will be integral to the creation of

liveable communities. Our planning and regulatory activities are governed and directed by national legislation, national directions, and regional and local policies

and bylaws. These policies and bylaws are subject to regular reviews and link to other Waikato councils when appropriate. Public health and safety activities are fundamental to the protection of life and property in the community.

We will continue to monitor the various legislative development and review processes, with significant changes considered and responded to as part of future annual and long term plans.

The current and projected growth increases the pressures on: our town character and outstanding landscapes; internationally significant peat lakes; stands of indigenous trees; natural features; rural character; and historically significant sites.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-22 10-Year Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Environmental champions


- *Environmental awareness and responsibility is promoted within the community*
- *We are responsive to climate change*

#### Cultural champions

- *We champion the unique history of Waipā*
- *We have a high level of cultural awareness*

#### Socially resilient

- *Waipā provides a high quality of life for current and future generations*

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**Identified effects on community wellbeing**

The planning and regulatory group of activities guide, enhance and maintain the quality of the district’s natural and physical environment and ensures that communities are safe in a district that is developed in a sustainable way. Maintaining Public Health and Safety are important components of this group of activities. Complaints about aggressive dogs are investigated and actioned. Dog owner education is undertaken where appropriate. This minimises danger, distress and nuisance to the public, and keeps people safe and educated about their responsibilities.

Environmental services teams operate under the Food Act, Health Act and other legislation where public health is the focus, and the Sale and Supply of Alcohol Act 2012 has reduction of alcohol related harm as its aim. All buildings that have had a Code Compliance Certificate issued at the completion of the building work will comply with the requirements of the Building Code. These buildings will therefore be safe and sound and provide a secure environment in which to work and live.

**Statement of service performance: Planning and Regulatory**

What to expect from us:

**Animal control**

- Animal control is managed in a way that ensures support is provided to both animals and the community in a timely manner.

**Building compliance**

- We ensure that buildings, including earthquake-prone buildings, are safe and fit for purpose.
- Noise and smoke control is provided to the community in a timely manner
- Food premises maintain a high level of food safety.

**Development engineering**

- We are responsive to enquiries and requests for information.

**Environmental health**

- We ensure the public sale and supply of alcohol is undertaken safely and responsibly.

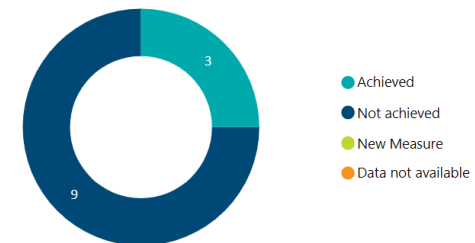
**Resource consents and monitoring, and land information memorandums**

- We achieve community aspirations through the implementation and enforcement of the District Plan

**Statement of service performance overview**

This Group of Activity is responsible for 10.62 percent of Council’s performance measures.

**Performance Measure Results**



### Capital expenditure table

		2020/21 Long-term Plan Notes \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>To Replace Existing Assets</b>				
Dog Pound Development	1	-	616	36
<b>TOTAL CAPITAL EXPENDITURE</b>		-	616	36

Explanation of funding impact statement operating variances between LTP and Actual

1. Decrease in expenditure for Dog pound Development due to timing of development. This project has been deferred to the 2022/23 years.

### Internal borrowing statement

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	327	(42)	474	759	4
<b>Total</b>	327	(42)	474	759	4

**Waipā District Council funding impact statement for year ended 30 June 2022 for Planning and Regulatory**

	Notes	2020/21	2021/22	2021/22
		Long-term Plan \$000	Long-term Plan \$000	Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		2,558	3,639	3,638
Targeted rates		14	-	-
Subsidies and grants for operating purposes		-	1	-
Fees and charges	1	5,194	5,474	7,026
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts		-	-	33
<b>Total sources of operating funding (A)</b>		<b>7,766</b>	<b>9,114</b>	<b>10,697</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2	5,804	6,777	7,722
Finance costs		8	5	4
Internal charges and overheads applied		1,926	2,726	2,692
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>7,738</b>	<b>9,508</b>	<b>10,418</b>
<b>Surplus (deficit) of operating funding (A - B)</b>		<b>28</b>	<b>(394)</b>	<b>279</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase (decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	150	-
- to replace existing assets		-	-	36
Increase (decrease) in reserves		28	(544)	243
Increase (decrease) of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>28</b>	<b>(394)</b>	<b>279</b>
<b>Surplus (deficit) of capital funding (C - D)</b>		<b>(28)</b>	<b>394</b>	<b>(279)</b>
<b>Funding balance ((A - B) + (C - D))</b>		<b>-</b>	<b>-</b>	<b>-</b>

**Explanation of significant costs of service variances between LTP and Actual**

1. Increase in fees and charges of \$1.6 million mainly due to an increase in revenue for Resource Consent fees of \$552,000, an increase in revenue for Building fees of \$858,000 due to increased growth.
2. Increase in expenditure of \$945,000 mainly due to an increase for Resource Management Consents - cost recovery

## 6.3 COMMUNITY SERVICES AND FACILITIES

### What we do

We provide recreational benefits and promote the social and environmental wellbeing of our communities. Community services and facilities activities include;

- Parks & Reserves
  - Open Spaces
  - Playgrounds
  - Public Toilets
  - Cemeteries
- Libraries
- Heritage
  - Property Services
  - Community Land & Buildings
  - Housing for the Elderly
- Public Swimming Pools
- Waste Management and Minimisation
- Emergency Management

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *Our services provide excellent value for money*
- *Waipā is a great place to invest and do business*
- *We have financially sustainable decision making and work programmes*

#### Environmental champions

- *Environmental awareness and responsibility is promoted within the community*

#### Cultural champions

- *We champion the unique history of Waipā*
- *We have a high level of cultural awareness*


#### Socially resilient

- *Waipā is a great place to live, work, play & invest*
- *Waipā provides a high quality of life for current and future generations*

### Identified effects on community wellbeing

The community services and facilities group of activities provides recreational benefit, and promotes the social and physical wellbeing and engagement of our communities. Parks, sports reserves and swimming pools provide for physical and environmental wellbeing, while libraries, museums and housing for the elderly

cater for social and cultural wellbeing. The Waipā Community Facilities Trust was established to ensure that levels of service for our swimming pool facilities are maintained and enhanced.

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**Statement of service performance: Community Services and Facilities**

What to expect from us:

**Parks, Reserves & Open Spaces**

- Provision of an adequate network of multi-purpose open spaces which provide for passive and active recreation and sporting activities.

**Playgrounds**

- Provision of an adequate network of playgrounds which provide for safe and stimulating play.

**Public Toilets**

- Provision of an adequate and accessible network of public toilets which meets the needs of the community and visitors while minimising public health risks and environmental impact, in a way that is most cost effective.

**Cemeteries**

- Provision of accessible cemeteries and interment services which meets the needs of the community.

**Libraries**

- Provision of library facilities with sufficient resources and services which provide the necessary support for the communities' learning and leisure needs.

**Community Land & Buildings**

- Council is responsive to community land and building-related service requests.

**Housing for the Elderly**

- Council is responsive to service requests relating to housing for the elderly.

**Heritage**

- The district's community and visitors are provided with appropriate opportunities to experience the district's heritage

through interpretation, education and conservation delivered directly by Council and through partnerships.

**Public swimming pools**

- Safe and pleasant aquatic facilities are provided which offer a variety of casual and programmed activities which cater for the needs of the community.

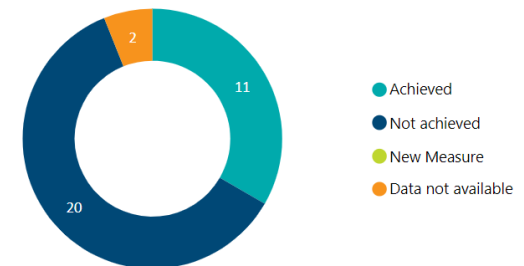
**Waste management & minimisation**

- Provision of an effective waste minimisation education programme.
- Provision of a convenient kerbside recycling service.

**Emergency Management**

- We remain suitably capable to provide a high level response in the event of a Civil Defence Emergency.

**Performance Measure Results**



**Statement of service performance overview**

This Group of Activity is responsible for 29.20 percent of Council's performance measures.

**Capital expenditure table**

	Notes	2020/21	2021/22	2021/22
		Long-term Plan \$000	Long-term Plan \$000	Actual \$000
<b>To Meet Additional Demand</b>				
Reserve Purchases - Developments	1	156	3,990	2,543
Playground Reserve Land Cambridge North	1	-	410	-
Playground Reserve Land CB North LTP Yr3	1	60	379	38
Cambridge North Land Acquisition and Development	-	-	1,800	2,006
C8 Hautapu Industrial Land Acquisition and Development	-	-	700	13
Waipuke Park Extension	2	-	-	5,276
T8 Land Acquisition and Development: Structure Plan Areas	-	-	-	610
T1 Land Acquisition and Development: Structure Plan Areas	-	-	-	180
<b>Total Capital Expenditure to Meet Additional Demand</b>		216	7,279	10,666
<b>To Improve Level of Service</b>				
Cambridge Town Belt Development		47	-	9
Reserve Developments		417	214	112
Development & Restoration of Lake Ngaroto		437	-	-
Addison Street Development - Property		-	15	-
Karapiro Domain Improvements		94	119	28
Peat Lake Programme		5	26	10
Cambridge Pool Playground		83	-	-
Storage Facilities for Climax Engine		-	105	-
Colgan Street Development - Property	3	-	886	-
Te Rahu Road Development - Property		-	385	-
Pukemako A & B - Planning & Restoration		-	-	48
Land Wars - Site Interpretation and Facilities		31	-	-
Flour Mill Sites - Access and Interpretation		16	-	-
Cycling - Te Awamutu/Ngaroto/Pirongia Connection	4	1,101	5,100	337
Kakepuku - Interpretation & Restoration		16	-	-
Public Conveniences - New Toilet Blocks		84	-	-
Lake Rotopiko - Heritage Development		36	50	48
Lake Mangakaware - Restoration & Development		-	7	-
Housing for the Elderly- Upgrade and New Buildings	5	2,124	3,170	1,007
Mt Pirongia - collaboration with DOC		26	30	31
Erosion Control and Amenity Enhancement		125	326	22
Design and Build Discovery Centre		4,326	-	-
Discovery Centre - Exhibition Planning, Design, Development & Install		785	-	-
District Wide Skateparks	6	-	-	562
Waipuke Reserve Development		88	53	47
Matakitaki Access & Restoration		-	-	5
Kihikihi Town Clock Repairs		-	-	73
Cemetery Capacity Developments		-	140	67
Band Rotundas within the District		-	-	144
Heritage Showcase Sites & Mobile App Planning Design		520	-	-
Destination Playgrounds		45	-	107

**Explanation capital expenditure variances between LTP and Actual**

1. Decrease in growth cell projects due to development timing.
2. Increase in expenditure for Waipuke park extension for land purchase due to the timing of development.
3. Colgan Street development property has been deferred to 2022/23 year due to a delay in development.
4. Cycling – Te Awamutu/Ngaroto/Pirongia Connection is lower than the 2021-31 LTP by \$4.7 million due to timing delays. This has been deferred to the 2022/23 year.
5. The construction of new Housing for the Elderly units for an estimated \$2.2m has had timing delays. This project has been carried forward to the 2022/23 year.
6. Increase in expenditure for Te Awamutu state park upgrade due to timing of construction. This project was brought forward from Year 2 of the 2021-31 LTP.

Land Acquisition - Structure Plan areas and Esplanade Reserves	364	-	-
Purchase of Land for Te Awamutu Hub Development	625	-	-
Cambridge Town Pool Development	-	-	310
Memorial Park	-	-	438
Museum Minor Assets	-	-	23
Maungatautari - Hicks Rd Formation	-	-	164
Te Rahu Road Development - Property	-	-	9
Rat-tu Reserve Enhancement	-	-	17
Collective Hydro Lakes	-	-	30
Other Minor Assets	-	-	39
Play provision outside of Structure Plans	-	-	239
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>11,395</b>	<b>10,626</b>	<b>3,926</b>
<b>To Replace Existing Assets</b>			
Karapiro/Arapuni Lakes Programme	21	-	-
Housing for the Elderly Renewals	-	300	-
Playground Equipment & Safety Surfaces Renewal	59	566	632
Parks Renewals	59	325	329
Plant Replacement - Mighty River Domain	52	80	66
Parks Plant & Equipment Replacement	-	196	102
Carpark Renewals	116	24	-
Library Books Te Awamutu	181	177	144
Library Books Cambridge	181	177	144
District Pools Plant Renewals	126	103	103
Other Minor Asset Renewals	406	129	208
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>1,201</b>	<b>2,077</b>	<b>1,728</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,812</b>	<b>19,982</b>	<b>16,320</b>

### Internal borrowing statement

	Opening	Loan		Closing	Interest
	Balance 1 July 2021	Repayments	Loans Raised	Balance 30 June 2022	
	\$000	\$000	0	\$000	\$000
Activity Loans	35,010	(2,458)	9,468	42,020	439
<b>Total</b>	<b>35,010</b>	<b>(2,458)</b>	<b>9,468</b>	<b>42,020</b>	<b>439</b>

### Explanation of funding impact statement operating variances between LTP and Actual

1. Increase in other revenue due to the consolidation of Waipa Communities Facilities Trust.
2. Decrease in payments to staff and supplies due to a reduction in employee benefits of \$229,000 due to vacant positions and a reduction in expenditure of \$864,000 for forestry due to the harvest being deferred to the 2022/23 year.



**Waipā District Council funding impact statement for year ended 30 June 2022  
for Community Services and Facilities**

	2020/21	2021/22	2021/22
	Long-term	Long-term	Actual
	Plan	Plan	Actual
Notes	\$000	\$000	\$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	15,027	16,166	16,158
Targeted rates	5,405	5,904	5,959
Subsidies and grants for operating purposes	11	287	410
Fees and charges	6,614	6,324	6,237
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	598
<b>Total sources of operating funding (A)</b>	<b>27,057</b>	<b>28,681</b>	<b>29,362</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2	19,910	20,456
Finance costs	1,531	390	449
Internal charges and overheads applied	3,165	3,547	3,673
Other operating funding applications	408	537	551
<b>Total applications of operating funding (B)</b>	<b>25,014</b>	<b>24,930</b>	<b>23,874</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,043</b>	<b>3,751</b>	<b>5,488</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,540	1,440	-
Development and financial contributions	649	1,375	289
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	8,481	941
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,189</b>	<b>11,296</b>	<b>1,230</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	216	7,279	10,666
- to improve the level of service	11,395	14,444	3,926
- to replace existing assets	1,201	2,077	1,728
Increase (decrease) in reserves	(7,580)	(8,753)	(9,602)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,232</b>	<b>15,047</b>	<b>6,718</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,043)</b>	<b>(3,751)</b>	<b>(5,488)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6.4 TRANSPORTATION

### What we do

The Transportation group is the primary service provider for the provision of the local transport network including roads, footpaths and cycleways, as well as road safety interventions and education.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *We have financially sustainable decision making and work programmes*
- *We provide new infrastructure as an economic stimulus for our district*

#### Environmental champions

- *We support programmes that promote environmental sustainability*

- *We are responsive to climate change*

#### Cultural champions

- *We partner with tangata whenua*

#### Socially resilient

- *Waipā provides a high quality of life for current and future generations*


### Identified effects on community wellbeing

The transportation group of activities provides the means for the transport of goods and people throughout the district and provides major social and economic benefits. It connects communities to many destinations such as work, shopping, leisure, education and entertainment.

Road and footpath rehabilitation activities are an essential part of the on-going maintenance programme. However in delivering these services there may be

disruption and nuisance caused to the public through road closures and dust generation. Although staff endeavour to minimise the negative impacts as much as possible and provide regular information about projects, parts of the community will always be inconvenienced in various ways.

Council continues to promote road safety initiatives and more sustainable forms of transport such as cycling.

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**Statement of service performance: Transportation**

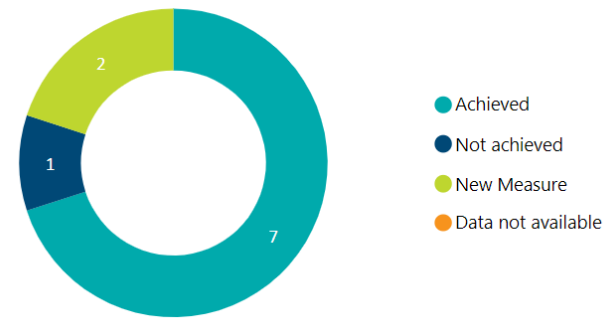
What to expect from us:

- Roads and road usage is managed to reduce the risk of harm to users.
- Provision of road and footpath networks which support usability and user comfort both now and in the future.
- We are responsive to roading issues raised by the community.
- Alternative transport options are available and user friendly.

**Statement of service performance overview**

This Group of Activity is responsible for 8.85 percent of Council’s performance measures.

**Performance Measure Results**



**Capital expenditure table**

	Notes	2020/21	2021/22	2021/22
		Plan \$000	Long-term Plan \$000	Long-term Actual \$000
<b>To Meet Additional Demand</b>				
Cambridge North Capital Projects	1	1,326	1,350	1
Cambridge Growth Cells (C1,C2 and C3) incl Land Purchase	2	1,826	31,150	20,512
Cambridge Growth Cells (C5 C6) Lamb Street		-	300	1
Hautapu Structure Plan and Cycleway	3	835	5,100	653
St Ledger and Kihikihi Road		261	300	39
Picquet Hill Plan Change Rooding	4	496	3,500	656
Frontier Road Plan Change		104	14	52
Urban Upgrades - Development Related	5	52	1,300	61
Hamilton Rd/Cambridge Rd Urbanisation		-	300	220
T9/T10 New Collector Road and Walkway		-	1,000	478
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>4,900</b>	<b>44,314</b>	<b>22,673</b>
<b>To Improve Level of Service</b>				
Seal Extensions		500	-	1
New Footpaths		125	100	166
Car Park Improvements		52	-	12
Town Concept Plans Implementation	6	543	1,300	544
Passenger Transport Infrastructure		21	100	5
Street Light Improvements		365	150	78
Cycling Projects District Wide	7	695	4,310	3,462
Associated & Minor Improvements		887	1,355	480
Bridge Footpath Widening		-	-	18
Cambridge Bypass Rooding Improvements		2,443	-	-
CBD Accessibility Improvements		230	-	-
Major Improvements		241	215	2
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>6,102</b>	<b>7,530</b>	<b>4,768</b>
<b>To Replace Existing Assets</b>				
Footpath Renewals		449	375	333
Amenity Lighting Renewals		-	3	-
Car Park Renewals		37	55	22
Drainage Renewals		371	389	52
Sealed Road Resurfacing		2,662	4,030	4,176
Unsealed Road Metalling		63	60	22
Pavement Rehabilitation		2,662	1,800	1,751
Structures Component Renewal		418	410	169
Traffic Services Renewals		26	40	57
Guardrail Renewals		52	55	37
Cycleway Renewals		-	-	-
Bus Shelter Renewals		10	10	3
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>6,750</b>	<b>7,227</b>	<b>6,622</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>17,752</b>	<b>59,071</b>	<b>34,063</b>

**Explanation of significant capital variances between LTP and Actual**

1. The majority of Cambridge North Growth projects have been deferred due to developer timing
2. Cambridge Growth Cells (C1, C2 & C3) projects have been delayed due to development timing. These budgets has been carried forward to the 2021/22 year.
3. The Cambridge North Growth projects have been deferred due to developer timing delays and has been carried forward to the 2022/23 year
4. A reduction in expenditure for Piquet Hill Plan change rooding due to delays in construction. This project has been deferred to the 2022/23 year.
5. A reduction in expenditure for Urban upgrades due to development delays. This project has been deferred to the 2022/23 year.
6. A reduction in expenditure for Ohaupo Town Concept due to development delays. This has been deferred to the 2022/23 year.
7. Decrease in cycling projects district wide of \$848,000 mainly due to majority of the costs for Te Awa River Ride happening in the 2020/21 year.

**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	16,554	(1,879)	-	14,675	329
<b>Total</b>	<b>16,554</b>	<b>(1,879)</b>	<b>-</b>	<b>14,675</b>	<b>329</b>

**Waipā District Council funding impact statement for year ended 30 June 2022 for Transportation**

	2020/21 Long-term Plan \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
	Notes		
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	12,600	13,100	13,096
Targeted rates	374	269	274
Subsidies and grants for operating purposes	1 2,929	2,902	4,805
Fees and charges	765	1,469	1,223
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>16,668</b>	<b>17,740</b>	<b>19,398</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,648	8,652	8,751
Finance costs	1,062	286	212
Internal charges and overheads applied	1,531	1,891	2,171
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,241</b>	<b>10,829</b>	<b>11,134</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,427</b>	<b>6,911</b>	<b>8,264</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	5,074	5,178	5,191
Development and financial contributions	2,847	5,045	1,642
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	2,589
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>7,921</b>	<b>10,223</b>	<b>9,422</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	4,900	44,314	22,673
- to improve the level of service	6,102	7,530	4,768
- to replace existing assets	6,750	7,227	6,622
Increase (decrease) in reserves	(3,404)	(41,937)	(16,377)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>14,348</b>	<b>17,134</b>	<b>17,686</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,427)</b>	<b>(6,911)</b>	<b>(8,264)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2020/21	2021/22	2021/22	
	Notes	Long-term Plan \$000	Long-term Plan \$000	Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties		12,600	13,100	13,096
Targeted rates		374	269	274
Subsidies and grants for operating purposes	1	2,929	2,902	4,805
Fees and charges		765	1,469	1,223
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts		-	-	-
<b>Total sources of operating funding (A)</b>		<b>16,668</b>	<b>17,740</b>	<b>19,398</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers		7,648	8,652	8,751
Finance costs		1,062	286	212
Internal charges and overheads applied		1,531	1,891	2,171
Other operating funding applications		-	-	-
<b>Total applications of operating funding (B)</b>		<b>10,241</b>	<b>10,829</b>	<b>11,134</b>
<b>Surplus (deficit) of operating funding (A - B)</b>		<b>6,427</b>	<b>6,911</b>	<b>8,264</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure		5,074	5,178	5,191
Development and financial contributions		2,847	5,045	1,642
Increase (decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	2,589
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding (C)</b>		<b>7,921</b>	<b>10,223</b>	<b>9,422</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand		4,900	44,314	22,673
- to improve the level of service		6,102	7,530	4,768
- to replace existing assets		6,750	7,227	6,622
Increase (decrease) in reserves		(3,404)	(41,937)	(16,377)
Increase (decrease) of investments		-	-	-
<b>Total applications of capital funding (D)</b>		<b>14,348</b>	<b>17,134</b>	<b>17,686</b>
<b>Surplus (deficit) of capital funding (C - D)</b>		<b>(6,427)</b>	<b>(6,911)</b>	<b>(8,264)</b>
<b>Funding balance ((A - B) + (C - D))</b>		<b>-</b>	<b>-</b>	<b>-</b>

#### Explanation of funding impact statement operating variances between LTP and Actual

1. Increase in subsidies and grants of \$1.9 million mainly due to an increase in MBIE external funding of \$1 m for Te Awa Cycleway and an increase in NZTA local share funding of \$864,000.

## 6.5 STORMWATER

### What we do

We are the primary service provider for managing stormwater in urban areas. Council maintains all public rural drains in Waipa.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *We provide new infrastructure as an economic stimulus for our district*
- *Our services provide excellent value for money*

#### Environmental champions

- *We are responsive to climate change*

#### Cultural champions

- *We partner with tangata whenua*


#### Socially resilient

- *Waipa provides a high quality of life for current and future generations*

### Identified effects on community wellbeing

Effective stormwater systems are important in managing the effects of high intensity rainfall in urban environments to avoid regular flooding. Some of our stormwater systems were designed in the 1950s and are insufficient to deal with the effects of the higher intensity rainfall events expected with climate change. Improvements to these systems are built into Council's Long Term Plans, including a consent strategy which is underway for the development of a District Wide Stormwater Comprehensive Consent in 2022.

Stormwater discharges from urban and industrial areas into rivers can also have potentially negative consequences for environmental wellbeing, for example from oil or diesel spills. However the likelihood of these occurrences are managed by dedicated Trade Waste Officers that work with commercial and industrial entities on a regular basis to ensure there are mechanisms in place to minimise the likelihood of spills reaching the environment. Planning and monitoring is also underway to ensure Council maintains its comprehensive stormwater discharge consent.

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### Statement of service performance: Stormwater

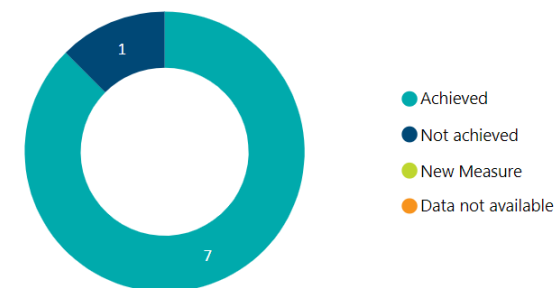
What to expect from us:

- Provision of a safe and reliable stormwater system which minimises flooding and environmental impact.

### Statement of service performance overview

This Group of Activity is responsible for 7.08 percent of Council’s performance measures.

### Performance Measure Results



### Capital expenditure table

	Notes	2020/21	2021/22	2021/22
		Long-term Plan \$000	Long-term Plan \$000	Actual \$000
<b>To Meet Additional Demand</b>				
Cambridge Growth Cells (C1,C2 and C3)	1	15,225	48,056	16,005
Hautapu Industrial Stormwater	2	1,678	6,907	61
Cambridge Deferred Residential Stormwater Works		730	-	210
Cambridge North Residential Stormwater Works	3	-	5,398	-
Bond Road Stormwater Culvert		-	-	1
Kihikihi Stormwater Works		262	234	-
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>17,895</b>	<b>60,595</b>	<b>16,277</b>
<b>To Improve Level of Service</b>				
Consent, Remedial and Flood Mitigation Work		-	528	4
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>-</b>	<b>528</b>	<b>4</b>
<b>To Replace Existing Assets</b>				
Renewals		525	1,347	897
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>525</b>	<b>1,347</b>	<b>897</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>18,420</b>	<b>62,470</b>	<b>17,178</b>

Explanation of significant capital variances between LTP and Actual

1. The Cambridge Growth Cells (C1, C2 & C3) have been deferred due to developer timing delays and has been carried forward to the 2022/23 year.
2. Capital expenditure for Hautapu Industrial Stormwater works has been delayed due to developer timing. This has been carried forward to the 2022/23 year.
3. The Cambridge North Growth projects have been deferred due to developer timing delays and has been carried forward to the 2022/23 year.



**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	120	(120)	-	-	2
<b>Total</b>	<b>120</b>	<b>(120)</b>	<b>-</b>	<b>-</b>	<b>2</b>

**Explanation of funding impact statement operating variances between LTP and Actual**

1. Increase in subsidies and grants revenue due to external funding received from the New Zealand Government Three Waters reform programme.
2. Increase in payments to staff and supplies of \$514,000 mainly due to an increase in budget for Stormwater water reform projects offset by a reduction in employee benefits of \$218,000 due to vacant positions.

**Waipā District Council funding impact statement for year ended 30 June 2022 for Stormwater**

	2020/21 Long-term Plan Notes \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	282	319	318
Targeted rates	3,417	3,933	3,955
Subsidies and grants for operating purposes	1	-	766
Fees and charges	-	4	18
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>3,699</b>	<b>4,256</b>	<b>5,057</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2	1,683	1,748
Finance costs	-	7	2
Internal charges and overheads applied	489	560	804
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,172</b>	<b>2,315</b>	<b>3,068</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,527</b>	<b>1,941</b>	<b>1,989</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	6,112	7,395	687
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	23
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,112</b>	<b>7,395</b>	<b>710</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	17,895	60,595	16,277
- to improve the level of service	-	528	4
- to replace existing assets	525	1,347	897
Increase (decrease) in reserves	(10,781)	(53,134)	(14,479)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,639</b>	<b>9,336</b>	<b>2,699</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,527)</b>	<b>(1,941)</b>	<b>(1,989)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6.6 WASTEWATER TREATMENT AND DISPOSAL

### What we do

We provide a safe, effective and reliable system for managing wastewater in urban areas to maintain public health and protect land and waterways from contamination.

The wastewater treatment and disposal activity includes the reticulation network for the collection of sewage and trade waste and its treatment and disposal.

Wastewater treatment and disposal is a core service of Council and is recognised by our Significance and Engagement Policy. The Infrastructure Strategy outlines the strategic intent of this activity and this is supported by the Activity Management Plan.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes Economically progressive

- *We provide new infrastructure as an economic stimulus for our district*
- *Our services provide excellent value for money*

### Environmental champions

- *We are responsive to climate change*

### Cultural champions

- *We partner with tangata whenua*


### Socially resilient

- *Waipa provides a high quality of life for current and future generations*

### Identified effects on community wellbeing

Wastewater treatment and disposal is a cornerstone of public health. Waipa District Council continue to work closely with Waikato Regional Council and Iwi partners on confirming long term development and resource consent options for the site for all to be in place prior to the expiry of the short term consent in 2026. Council intend to apply for a new long term consent in 2022 and design is currently underway for an upgrade to the Cambridge Wastewater Plant to be completed by 2026.

Te Awamutu Wastewater Treatment Plant has also been generally compliant over the past 12 months. Plant upgrades have been completed, with phase 4 upgrades planned for future years of the LTP.

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### Statement of service performance: Wastewater Treatment and Disposal

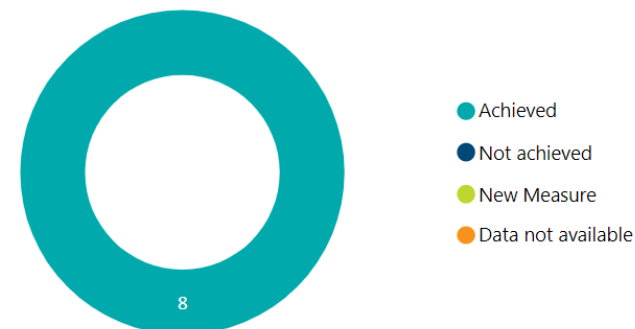
What can you expect from us:

- Provision of a safe and reliable system for the treatment and disposal of wastewater which minimises public health risks and environmental impact.

### Statement of service performance overview

This Group of Activity is responsible for 7.08 percent of Council’s performance measures.

### Performance Measure Results



### Capital expenditure table

	2020/21 Long-term Plan Notes	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>To Meet Additional Demand</b>			
Cambridge Growth Cells (C1,C2 and C3)	1	950	2,018
Hautapu Industrial Wastewater	2	839	88
Cambridge Wastewater Treatment Plant Upgrades	3	449	1,716
Te Awamutu Wastewater Treatment Plant Upgrade		344	75
District Wide Wastewater Pump Station Upgrades		-	410
District Wide Wastewater Pipe Upgrades	4	-	3,542
Te Awamutu Growth Provision (T8)		-	126
<b>Total Capital Expenditure to Meet Additional Demand</b>		2,582	12,523
<b>To Improve Level of Service</b>			
Waikeria Prison Expansion		6,556	-
Cambridge Wastewater Treatment Plant Upgrade Stage 1		7,872	-
Scada & Telemetry Upgrade	5	-	739
District Wide Modelling and Condition Assessment		-	36
<b>Total Capital Expenditure to Improve Level of Service</b>		14,428	36
<b>To Replace Existing Assets</b>			
Renewals		982	-
Cambridge Pipe Bridge		-	144
Plant and Pumps		231	3,045
<b>Total Capital Expenditure to Replace Existing Assets</b>		1,213	3,045
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>18,223</b>	<b>15,604</b>

#### Explanation of significant capital expenditure variances between LTP and Actual

1. The Cambridge Growth Cells (C1, C2 & C3) have been deferred due to developer timing delays and has been carried forward to the 2022/23 year
2. Hautapu Industrial Wastewater has been deferred to the 2022/23 year due to timing of development.
3. Cambridge Wastewater Treatment plant upgrade is lower than budget due to a delay in timing of the development.
4. The cost of the District Wide Wastewater pipe upgrades is lower than the 2021-31 LTP budget mainly due to timing of development and has been deferred to the 2022/23 year.
5. The Scada & Telemetry upgrade is \$739,000 higher than budget due to development timing with budget carried over from the 2020/21 year.

**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	21,165	(1,664)	760	20,261	271
<b>Total</b>	<b>21,165</b>	<b>(1,664)</b>	<b>760</b>	<b>20,261</b>	<b>271</b>

**Explanation of funding impact statement operating variances between LTP and Actual**

1. Increase in revenue due to funding from the New Zealand Government Three Waters reform programme.
2. Decrease in expenditure of \$1.5 million mainly due to a decrease in budget for Cambridge Wastewater Treatment Plant of \$1.2 million due to savings in costs from the opening of the new plant and a reduction in employee benefits of \$451,000 due to vacant positions

**Waipā District Council funding impact statement for year ended 30 June 2022 for Wastewater Treatment and Disposal**

	2020/21 Long-term Plan \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
	Notes		
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	720	664	661
Targeted rates	7,040	10,049	10,142
Subsidies and grants for operating purposes	1	-	1,109
Fees and charges	588	1,300	1,164
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>8,348</b>	<b>12,013</b>	<b>13,076</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2	2,985	6,132
Finance costs		619	346
Internal charges and overheads applied		1,258	872
Other operating funding applications		-	-
<b>Total applications of operating funding (B)</b>	<b>4,862</b>	<b>7,350</b>	<b>6,018</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,486</b>	<b>4,663</b>	<b>7,058</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,983	-	-
Development and financial contributions	3,120	4,202	885
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	17
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8,103</b>	<b>4,202</b>	<b>902</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	2,582	12,523	4,260
- to improve the level of service	14,428	36	1,051
- to replace existing assets	1,213	3,045	3,095
Increase (decrease) in reserves	(6,634)	(6,739)	(446)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,589</b>	<b>8,865</b>	<b>7,960</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,486)</b>	<b>(4,663)</b>	<b>(7,058)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6.7 WATER TREATMENT AND SUPPLY

### What we do

The water treatment and supply group of activities includes all the services involved in abstracting, treating, storing and distributing water to users through the reticulation network.

We provide reticulated water supplies to Cambridge, Te Awamutu, Kihikihi, Pirongia, Ōhaupō, Pukerimu and Karāpiro and operate seven water treatment plants. We are responsible for maintaining water supply assets worth \$232.6million including 607km of water pipes plus pump stations, reservoirs and treatment plants. Water infrastructure remains a significant challenge facing our district over the coming decade, particularly given our projected population growth.

Our water supply and treatment challenges are;

- Some of our water infrastructure is old and needs replacing.
- We have water pressure, taste and odour issues to resolve.

- Compliance with new resource consent conditions, including restrictions on how much water we can take from water sources.
- Compliance with new rules to protect the environment.
- Compliance with drinking water standards.

Council has developed a Three Waters Master Plan to inform the work programme for the water treatment and supply activity, along with stormwater and wastewater activities. The Master Plan operates in conjunction with the subregional three waters strategy, which was prepared by the Future Proof partnership to provide an overarching framework for the development and maintenance of the Three Waters network of the Waipā and Waikato districts and Hamilton city. Waipā is continuing to deliver the Smart Water demand.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *We have financially sustainable decision making and work programmes*
- *We provide new infrastructure as an economic stimulus for our district*
- *Our services provide excellent value for money*

#### Environmental champions


- *We are responsive to climate change*

#### Cultural champions

- *We partner with tangata whenua*

#### Socially resilient

- *Waipā provides a high quality of life for current and future generations*

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**Identified effects on community wellbeing**

Growth within the district is at an all-time high, and Council have completed significant scheduled infrastructure upgrades aimed at ensuring continuity of supply.

Demand is managed through universal water metering, and water education conservation strategies throughout the year, as well as imposing water alert restrictions across the district and sub-region in conjunction with partners Hamilton City Council.

**Statement of service performance: Water treatment and supply**

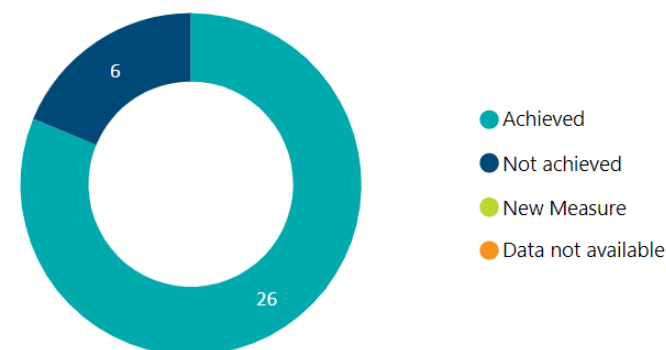
What can you expect from us:

- Provision of potable water within specified areas via a safe and reliable treatment and supply system.
- Provision of wholesome potable water within specified areas via a safe and reliable treatment and supply system.
- Water supply and demand is managed to ensure prudent use of water.

**Statement of service performance overview**

This Group of Activity is responsible for 28.32 percent of Council’s performance measures.

**Performance Measure Results**



**Capital expenditure table**

	2020/21 Long-term Plan Notes	2021/22 Long-term Plan	2021/22 Actual
	\$000	\$000	\$000
<b>To Meet Additional Demand</b>			
Dedicated Main Leamington to Hautapu	79	225	-
Cambridge North to Hautapu Pipeline	-	744	124
Cambridge Growth Cells (C1,C2,C3,C4 and C7)	1	1,181	1,023
Dedicated Cambridge North Water Main	799	-	-
Te Awamutu Growth Cells	-	350	380
Pukerimu Airport Supply	928	-	-
Water Supply Provision Cambridge (C6)	257	-	-
Cambridge Water Reticulation Active Control	463	-	132
Hautapu East Water Development (C10)	-	620	43
Alpha Street Water Treatment Plant Upgrade	-	40	-
Te Awamutu Internal CBD Rising Main	-	58	33
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>3,707</b>	<b>3,060</b>	<b>933</b>
<b>To Improve Level of Service</b>			
Te Awamutu Fire & Water LOS Service Upgrades	-	63	16
Cambridge Fire & Water LOS Service Upgrades	190	124	57
Parallel Rd Water Treatment Plant Upgrade	2	4,196	962
Parallel Rd to Taylors Hill Pipeline	4,196	-	18
District Wide Water Modelling	-	54	-
District Wide Zone Identification	-	86	-
Fairview Rd Water Main	-	58	4
Standby Generators for Treatment Plants	-	248	187
Parallel Rd Treated Water Storage	-	-	65
Scada & Telemetry Upgrade	-	-	789
Kihikihi Alternate Water Supply	3	-	1,386
Frontier Road to Taylors Hill Main Trunk	174	-	-
Raw Water Main Renewal & Inlet Pump Installation	-	-	202
Minor Equipment	-	-	346
Te Awamutu Active Reticulation Control	463	-	267
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>9,219</b>	<b>633</b>	<b>4,299</b>
<b>To Replace Existing Assets</b>			
District Wide Water Main Renewals	4	2,507	2,272
Connection and Meter Renewals	-	336	223
Reservoir Renewals	210	451	525
Plant & Pumps	277	790	1,075
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>2,994</b>	<b>3,849</b>	<b>3,166</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>15,920</b>	<b>7,542</b>	<b>8,398</b>

## Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge Growth Cell work was delayed to align with developers and other planned works.
2. The cost of the Parallel Rd Water Treatment Plant is higher than the 2021/31 LTP due additional costs for technical improvements. This project will be carried forward to the 2022/23 year.
3. Increase in expenditure for Kihikihi Alternate Water Supply due to development timing with budget carried over from the 2020/21 year.
4. Reduction in expenditure for District Wide Water Main Renewals due to delays in construction as this is now a joint project with Otorohanga District Council. This project has been deferred to the 2022/23 year.

**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	25,073	(834)	619	24,858	321
<b>Total</b>	<b>25,073</b>	<b>(834)</b>	<b>619</b>	<b>24,858</b>	<b>321</b>

**Explanation of funding impact statement operating variances between LTP and Actual**

1. A reduction in revenue for targeted rates due to Fonterra transferred from targeted rates to fees and charges.
2. Increase in revenue due to funding from the New Zealand Government Three Waters reform programme.
3. Increase in expenditure of \$776,000 is mainly due to an increase in expenditure for the water treatment three waters operating projects of \$473,000 and an increase in employee benefits of \$337,000.

**Waipā District Council funding impact statement for year ended 30 June 2022 for Water Treatment and Supply**

	2020/21 Long-term Plan notes \$000	2021/22 Long-term Plan \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	746	530	530
Targeted rates	1 11,068	11,665	8,587
Subsidies and grants for operating purposes	2 -	-	2,671
Fees and charges	1 478	550	3,919
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>12,292</b>	<b>12,745</b>	<b>15,707</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3 7,009	6,154	6,930
Finance costs	789	399	321
Internal charges and overheads applied	367	1,148	1,225
Other operating funding applications	5	5	-
<b>Total applications of operating funding (B)</b>	<b>8,170</b>	<b>7,706</b>	<b>8,476</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,122</b>	<b>5,039</b>	<b>7,231</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,828	2,978	546
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	13,677
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,828</b>	<b>2,978</b>	<b>14,223</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,707	3,060	933
- to improve the level of service	9,219	633	4,299
- to replace existing assets	2,994	3,849	3,166
Increase (decrease) in reserves	(8,970)	475	13,056
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,950</b>	<b>8,017</b>	<b>21,454</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,122)</b>	<b>(5,039)</b>	<b>(7,231)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 6.8 SUPPORT SERVICES

### What we do

This group provides a range of specialist skills and services to support the organisation to efficiently deliver services

Support Services activities include performance measures for;

- Information Services
- Customer Support

Additionally, the Support Services group of activities is responsible for financial management, human resources, legal services, and business improvement and risk management functions which work closely with the other groups of activities to understand our business, community and statutory needs.

### The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2021-31 Long Term Plan.

### How the Governance group of activities helps deliver our community outcomes

#### Economically progressive

- *We have financially sustainable decision making and work programmes*
- *Our services provide excellent value for money*

#### Environmental champions

- *We support programmes that promote environmental sustainability*

#### Cultural champions

- *We have a high level of cultural awareness*
- *We respect the cultural diversity in our district*

#### Socially resilient

- *Waipa is a great place to live, work, play and invest*
- *Waipa provides a high quality of life for current and future generations*

### Statement of service performance: Support Services

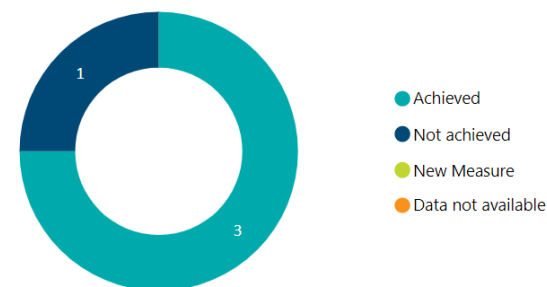
What to expect from us:

We provide a responsive customer support service to our community.

### Statement of service performance overview

This Group of Activity is responsible for 3.54 percent of Council’s performance measures

### Performance Measure Results



**Capital expenditure table**

	2020/21 Long-term Plan Notes	2021/22 Long- term Plan \$000	2021/22 Actual \$000
<b>To Improve Level of Service</b>			
Buildings	1,386	374	23
Computer Hardware Upgrades	-	-	-
Computer Software Upgrades	1	-	1,462
<b>Total to Improve Level of Service</b>		1,386	1,836
<b>To Replace Existing Assets</b>			
Plant	2	664	1,321
Buildings	-	94	440
Carparks Renewals	36	-	-
Computer Hardware Renewals	126	70	80
Computer Software Renewals	108	20	60
<b>Total to Replace Existing Assets</b>		934	1,505
<b>TOTAL CAPITAL EXPENDITURE</b>		2,320	3,341
			1,838

Explanation of significant capital expenditure variances between LTP and Actual

1. Capital expenditure on computer software upgrades was lower than budget due to costs associated with Technology One contracts being carried over to the 2022/23 year.
2. Capital work on Plant renewals in lower than LTP budget due to timing delays.

**Internal borrowing statement**

	Opening Balance 1 July 2021 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2022 \$000	Interest \$000
Activity Loans	8,989	(575)	1,659	10,073	125
Development Contribution Loans	42,214	(3,406)	39,981	78,789	525
<b>Total</b>	51,203	(3,981)	41,640	88,862	650

**Waipā District Council funding impact statement for year ended 30 June 2022 for support services**

	2020/21	2021/22	2021/22
	Long-term	Long-	Actual
	Plan	term Plan	Actual
Notes	\$000	\$000	\$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	295	362	362
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	37
Fees and charges	49	63	37
Internal charges and overheads recovered	12,900	15,139	15,510
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	394
<b>Total sources of operating funding (A)</b>	<b>13,244</b>	<b>15,564</b>	<b>16,340</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1 11,610	14,223	15,013
Finance costs	304	100	192
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,914</b>	<b>14,323</b>	<b>15,205</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,330</b>	<b>1,241</b>	<b>1,135</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	315	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>315</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,386	1,836	888
- to replace existing assets	934	1,505	950
Increase (decrease) in reserves	(990)	(1,785)	(703)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,330</b>	<b>1,556</b>	<b>1,135</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,330)</b>	<b>(1,241)</b>	<b>(1,135)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Explanation of funding impact statement operating variances between LTP and Actual**

1. Increase in expenditure of \$790,000 mainly due to an increase in expenditure for SaaS Maintenance of \$283,000 which includes additional Microsoft licenses, increase in insurance of \$176,000 Public Liability and Personal Indemnity insurance and an increase in security costs of \$80,000 due to COVID-19 protocols.

## 6.9 DETAILED TRACKING AGAINST SERVICE PERFORMANCE MEASURES

This section provides the detailed results and variance explanations for our level of service performance measures.

### Non-Financial Performance Summary

A review of all performance measures was carried out, with a range of new targets and measures being developed to show the standard of performance expected over the next ten years and the means by which we intend to measure that performance. Data is sourced from Resident Surveying, external data and our Customer Request Management system to monitor progress against the targets set out in the LTP.

### Resident Perception Survey Methodology

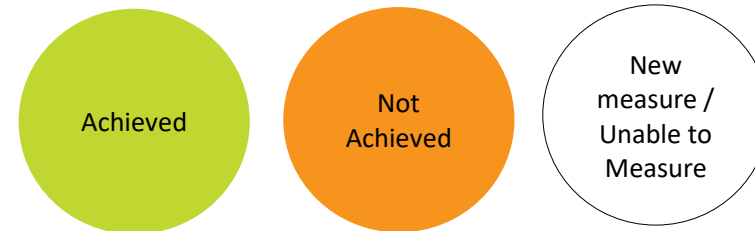
The results of the survey are based on a 10-point satisfaction scale. The survey is a quota sample, designed to cover the important variables within the population. In reporting the results the 'don't know' responses have been removed. At an aggregate level the survey has an expected 95 percent confidence interval (margin of error) of +/-4.2 percent.

### COVID-19

The effects of COVID-19 remained present and the disruption of varying alert levels has had an ongoing impact on a number of Council's performance measures. Where COVID has impacted performance .this is outlined in detail in the commentary

A total of two measures were unable to be reported on due to library door counters not currently operating and therefore no data being available for the two associated measures. The Maungatautari water treatment plant is no longer active and therefore is no longer being reported on.

### Key



**Governance | Representation**

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
The Community have access to timely and accurate information.	The percentage of official information requests responded to within statutory timeframes.	99.25%	100%	99.43%	There was a total of 353 LGOIMA requests for the 2021/22 year, two of which did not meet target for the following reasons: For a cross departmental LGOIMA, due to the volume of information requested, the full 20 working days were required. Staff were in touch with the requester, however, due to technical issues the response missed the 5pm cut off and was sent the following morning. The requester acknowledged the apology. An initial response was provided which met the statutory timeframe, however due to an error a corrective response was issued 13 June which Waipā considers to be the official response and exceeded timeframes by one day. The requester was satisfied with the response.
	Percent of respondents to residents perception survey <sup>2</sup> who are satisfied with Council “for being transparent and communicating openly.”	21%	≥prior year’s results	21%	Achieved.
We provide opportunities for our communities to engage with Council and participate in decision-making processes.	Percentage of respondents to residents’ perception survey <sup>3</sup> who are satisfied with the opportunities provided to them to participate in Council decision making processes.	New measure	Baseline measure	13%	New measure.

<sup>2</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied are those percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: “How would you rate Council for being transparent and communicating openly?”.

<sup>3</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percentage of individuals who scored Council an 8-10 on the ten point survey scale. Full working of question: “How satisfied are you with the opportunities provided to you to participate in Council making decision processes?”

## Governance | Communications and Engagement

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We provide regular communication to the district enabling community sharing and engagement.	Average audience reach through traditional media <sup>4</sup> .	New measure	≥200,000 month	187,798	Data collection was not available for the period of 1-28 July 2022, therefore when assessed against a 12 month period, this has resulted in not meeting target. When assessed against the available time period, the target would have been met (205,000 per month).
	Average impression rate <sup>5</sup> of Antenno posts	New measure	50%	39%	The post & publishing approach for Antenno allows notifications to be read by the user without opening the Antenno app, which has likely affected the ability to meet this target. Staff changes have also impacted on the frequency of Antenno notifications, resulting in less notifications going out to the public. Usage of Antenno is up overall despite this, following a change to our recycling calendar notifications going fully digital which resulted in a large increase in the number of Antenno app downloads, which went from 4,700 users in January 2022, to 6,158 users in February 2022.
We showcase how we're building champion communities.	Overall percent of respondents to residents' perception survey who have pride in their district <sup>6</sup> .	New measure	≥75%	58%	This measure displayed a significant drop in comparison to the 2020/21 result. The year was a challenging one in relation to the impacts of COVID and planned government reforms. A reduction in perception was seen across a number of questions. Positively there were a high number of residents (72%) who rated Waipā an 8 to 10 for a high quality of life. There are a number of initiatives in progress which will likely have a positive impact on perceptions going forward.

<sup>4</sup> Traditional Media includes Television, Radio, Print, and Websites

<sup>5</sup> Impression rate is the number of unique devices that have displayed the posts published via Antenno

<sup>6</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council an 8-10 on the ten point survey scale. Full working of question: "How proud do you feel to be able to say that you live in this district?".

### Planning and Regulatory | Animal Control

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Animal control is managed in a way that ensures support is provided to both animals and the community in a timely manner.	The percentage of urgent dog attack allegations acted upon within one hour of Council being notified. <sup>7</sup>	100%	≥95%	92%	There remained one urgent attack meeting the criteria that was not responded to within one hour in December. It was received at the change over from staff to contractor on a public holiday but was still attended slightly over the 60-minute timeframe. One additional attack took place in June which was not responded to within 1 hour as the CRM was assigned to the Animal Control Officer while they were away from their desk and without an immediate phone call to their mobile. The attack has since been followed up and investigated.

### Planning and Regulatory | Building Compliance

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We ensure that buildings, including earthquake-prone buildings, are safe and fit for purpose.	Building consent applications are processed within statutory timeframes. <sup>8</sup>	99.24%	100%	99.21%	There have been 2,027 consents granted, of which 2,011 were granted within statutory timeframes. There were a number of contributing factors for this result. The unexpected and unprecedented growth in the district has seen a significant increase in building consents submitted, despite anticipating a drop in business post COVID. The significant increase in the volume of consent applications within the Waipā District and New Zealand wide has put a strain on the capacity of staff and

<sup>7</sup> Urgent is defined as a dog attack on a human or other animal where the Council has been notified within 12 hours of the event. Acted upon is defined as a phone call or site visit.

<sup>8</sup> The Building Act 2004 states the time limit is “within 20 working days after receipt by the building consent authority of the application”.

					availability of contractors. Due to the COVID Alert Level changes and technology issues along with consent numbers still exceeding our projected level we have not achieved the target of 100%.
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### Planning and Regulatory | Development Engineering

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We are responsive to enquiries and requests for information.	Enquiries are responded <sup>9</sup> to within 4 working days.	94.18%	≥95%	86.61%	An increase in staff resource has led to an improvement in response times and an easing of pressures over the last three months, however due to call volumes being higher than average as well as staffing shortages prior to Christmas the target was unable to be met. The high RMA workload meant that adjustments in priority have had to be made throughout the year which has also contributed to the lag in response times.

### Planning and Regulatory | Environmental Health

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	100%	100%	100%	Achieved.
Noise and smoke control is provided to the community in a timely manner.	The percentage of excessive noise complaints investigated within 1 hour.	95.89%	≥95%	87.25%	There have been 698 excessive noise complaints, of which 609 were investigated within 1 hour. Throughout the year there was a decline in daytime noise complaint response times as staff have continued to work remotely and in bubbles, reducing resource availability. The focus was shifted to ensure that all calls were followed up (via site visit or phone call) rather than opting not to attend some calls. There were also a

<sup>9</sup> Responded to is defined as contact with the requestor (could include phone call or visit).



					number of call outs to properties which staff or contractors are unable to attend if Police are not available to accompany them. Afterhours response times had fallen throughout the year, with a noted increase in calls to rural properties which has been discussed with contractors.
	The percentage of smoke complaints investigated within 1 hour.	86.64%	≥95%	84.85%	There has been a total of 33 smoke complaints, of which 28 have been responded to within 1 hour. While smoke complaints were not considered a priority during COVID-19 Alert Level 4 & 3 restrictions, all were attended. Since fire control moved to FENZ the number of complaints in this category has fallen considerable, the low volume of smoke complaints enables a small number of off-track requests to significantly reduce the result.
Food premises maintain a high level of food safety.	All premises that sell food to the public are registered.	99.86%	100%	99.33%	As the majority of food premises have not been able to operate or have operated at reduced levels due to COVID restrictions, a number have not re-registered and/or have not paid fees. Staff are working through following up these operators.

### Planning and Regulatory | Resource Consents, enforcement and land information memorandums

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We process all applications within agreed timeframes.	The percentage of Resource Consents processed within statutory timeframes.	100%	100%	95.46%	There has been a total of 749 resource consents and notices issued throughout the 2021/22 year, 34 of which have not met the statutory timeframes. This is a result of increased workload and reduced resourcing throughout the year. Recruitment processes were carried out to fill vacancies and contractors were also used to assist with consent processing.
	The percentage of LIMs processed within statutory timeframes.	100%	100%	100%	Achieved.

	<p>The percentage of requests for general resource consent information and planning enquiries responded to within ten working days.</p>	<p>New measure</p>	<p>100%</p>	<p>93.81%</p>	<p>There has been a total of 3,427 general planning enquires received throughout the 2021/22 year, 3,222 of which were responded to within ten working days, of which have not met the statutory timeframes. This is a result of increased workload and reduced resourcing throughout the year. Recruitment processes were carried out to fill vacancies and contractors were also used to assist with planning enquiries.</p>
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We ensure we investigate compliance with the District Plan when requested.	We respond <sup>10</sup> to requests to check compliance of the District Plan and land use consents within 4 working days.	100%	100%	100%	Achieved.
We complete the required safety inspections of swimming pools and associated barriers.	We will inspect 500 swimming pool fences per annum. <sup>11</sup>	418	500	397	As a result of COVID restrictions and reduced resources, staff have been unable to conduct inspections at the expected volume.

### Community Services and Facilities | Parks and Reserves

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of an adequate network of multi-purpose open spaces which provide for passive and active recreation and sporting activities.	Percentage of residents who are satisfied with parks, reserves and open spaces <sup>12</sup> .	71%	≥previous year result	61%	Some of Waipā's key parks were impacted during the COVID-19 lockdown period, to assist the police in reducing gatherings of large numbers of people (i.e. Lake Te Koo Utu). There has also been an increase in vandalism across all public facilities and open spaces over the last 12 months.
	Percentage of residents who have utilised parks, reserves and open spaces in the last year <sup>13</sup> .	82%	≥previous year result	84%	Achieved.

<sup>10</sup> Responded to is defined as contact with the requestor (could include phone call or visit) or e-mail to the accused.

<sup>11</sup> The Building Act 2004 states - All swimming pools in the District must be inspected every 3 years from 1 January 2017.

<sup>12</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: "How would you rate your overall satisfaction with each other the following facilities...Parks, reserves and open spaces?"

<sup>13</sup> From Waipā District Council Annual Resident Perception Survey result. Full working of question: "Which of the following facilities have you visited or used within the last year...Parks, reserves and open spaces?"

Provision of an adequate network of playgrounds which provide for safe and stimulating play.	Percentage of residents who are satisfied with playgrounds <sup>14</sup> .	67%	≥previous year result	53%	Playgrounds were impacted throughout the COVID-19 Alert Level 3 & 4 restrictions, when they were closed off for use. There have been some playground equipment removals following a Health and Safety audit and failing assets, which impacted Leamington Domain, Lindsay Park and McLean Street. Lake Te Koo Utu playground was closed while renewal completed and is once again a well-used playground. We have a contractor on board, who is progressing our renewal and development programme across the next 3 years.
	Percentage of residents who have utilised playgrounds in the last 12 months <sup>15</sup> .	42%	≥previous year result	37%	Playgrounds were impacted through COVID-19 Alert Level 3 & 4 restrictions, when they were closed off for use. There have been some playground equipment removals following a Health and Safety audit and failing assets, which impacted Leamington Domain, Lindsay Park and McLean Street. Lake Te Koo Utu playground was closed while renewal completed and is once again a well-used playground. We have a contractor on board, who is progressing our renewal and development programme across the next 3 years.
Provision of an adequate and accessible network of public toilets which meets the needs of the community and visitors while minimising public health risks and environmental impact, in a way that is most cost effective.	Percentage of residents who are satisfied with public toilets <sup>16</sup> .	48%	≥previous year result	34%	The number of public toilets available were reduced during COVID-19 Alert Level 3 & 4 restrictions, with additional cleaning of the toilets which remained open. There was also additional cleaning across all toilets during Alert Level 2 and Red traffic light setting. During the last 12 months, there has been an increase in vandalism and graffiti of Waipa facilities, resulting in some toilets being closed for periods of time while repairs have been completed.

<sup>14</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: “How would you rate your overall satisfaction with each other the following facilities...Playgrounds?”

<sup>15</sup> From Waipā District Council Annual Resident Perception Survey result. Full working of question: “Which of the following facilities have you visited or used within the last year...Playgrounds?”

<sup>16</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: “How would you rate your overall satisfaction with each other the following facilities...Public toilets?”

Provision of accessible cemeteries and interment services which meets the needs of the community.	Percentage of residents who are satisfied with cemeteries <sup>17</sup> .	67%	≥previous year result	44%	Cemeteries were impacted throughout the COVID-19 Alert Level 3 & 4, as well as Red and Orange traffic light settings with restrictions surrounding the number of people able to gather. At times this significantly impacted family and friends abilities to attend funeral services. Work is underway to review future cemetery capacity and development opportunities, in consultation with the community.
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<sup>17</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: “How would you rate your overall satisfaction with each other the following facilities...Cemeteries?”.

### Community Services and Facilities | Public Libraries

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of library facilities with sufficient resources and services which provide the necessary support for the communities' learning and leisure needs.	% of population who are active <sup>18</sup> library users	69.60%	≥65%	63.24%	Active users were impacted by COVID-19 restrictions. A clean up of users who haven't used the library in 3 years was undertaken. It has been identified that often one card per family is used rather than individual cards which has an impact on reporting. We expect as library hours return to normal we will start seeing an increase of people joining the library.
	The number of walk-in library visitors per annum	No result <sup>19</sup>	Unable to measure <sup>20</sup>	Unable to measure	The door counters in both Te Awamutu and Cambridge libraries are no longer operational, therefore a result cannot be reported. Work is underway to implement an alternative technology which incorporates broader security requirements for the libraries
		No result	Unable to measure	Unable to measure	
	Size of the Library collection compared to the LIANZA standard of 3 items per resident.	2.82	2.95 to 3.05	2.68	The Cambridge Library is limited in size which prevents Waipa from safely meeting this measure. While the population continues to grow the collection is unable to grow with it due to capacity constraints.
Percentage of customers who are satisfied with libraries <sup>21</sup> .	70%	≥75%	57%	Libraries were impacted throughout COVID-19 Alert Level 3 & 4, as well as Red and Orange traffic light settings. The opening of libraries and number of visitors who could enter the facilities was affected. Also introduced in December 2021 where central government vaccine mandates, which caused angst in the community and prohibited some of our library members, who were unvaccinated. Due to ongoing winter illness impacting staff resources, the library services have not returned to full hours.	

<sup>18</sup> Active – library card used in past 2 years

<sup>19</sup> The door counters in both Te Awamutu and Cambridge libraries were not operational in 2021/22 therefore no result is available.

<sup>20</sup> The Library RFID project, which includes installation of security gates, is scheduled for 2022/23 Q2. This will enable measurement of the number of walk-in library visitors per annum from 2023/24.

<sup>21</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: "How would you rate your overall satisfaction with each other the following facilities...The district's libraries?".

	Number of participants in library programmes.	1,786	≥previous year result	8,655	Achieved.
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### Community Services and Facilities | Property Services

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Council is responsive to community land and building-related service requests.	The median response time (hours) for an urgent <sup>22</sup> service request relating to land and buildings to be actioned.	1.25 hours	2 hours	0 hours	Achieved. There were no service requests deemed urgent within this period.
	The median response time (days) for a non-urgent <sup>23</sup> service request relating to land and buildings to be actioned.	0.81 days	2 days	0.98 days	Achieved.
Council is responsive to service requests relating to housing for the elderly.	The median response time (hours) for an urgent <sup>24</sup> service request relating to housing for the elderly to be actioned.	0.00 hours	2 hours	1.15 hours	Achieved.
	The median response time (days) for a non-urgent <sup>25</sup> service request relating to	0.29 days	2 days	0.76 days	Achieved.

<sup>22</sup> Urgent service requests defined as a health & safety or public safety issue.

<sup>23</sup> Non-urgent service requests defined as any other service request other than a health & safety or public safety issue.

<sup>24</sup> Urgent service requests defined as a health & safety or public safety issue.

<sup>25</sup> Non-urgent service requests defined as any other service request other than a health & safety or public safety issue.

	housing for the elderly to be actioned.				
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### Community Services and Facilities | Heritage

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment	
The district’s community and visitors are provided with appropriate opportunities to experience the district’s heritage through interpretation, education and conservation delivered directly by Council and through partnerships.	The percentage of visitors surveyed who were satisfied with their Heritage Facility visit. <sup>26</sup>	94.55%	95%	100%	Achieved.	
	Number of annual visitors to key Heritage sites.	Te Awamutu Museum <sup>27</sup>	5,109	≥4,500	3,245	Visitor numbers have been impacted by the frequent changes to COVID-19 Alert Levels and Traffic Light restrictions throughout the year, as well as the rise in Omicron cases.
		Pirongia Visitor Centre	3,220	≥2,000	1,983	Visitor numbers have been impacted by the frequent changes to COVID-19 Alert Levels and Traffic Light restrictions throughout the year, as well as the rise in Omicron cases.
		Cambridge Museum	4,772	≥4,000	2,664	Visitor numbers have been impacted by the frequent changes to COVID-19 Alert Levels and Traffic Light restrictions throughout the year, as well as the rise in Omicron cases.
		Lake Ngā Roto	58,220	≥previous year result	58,220	A Public Health Warning was issued on 30 December 2021 and subsequently upgraded to a warning of extreme risk on 21 January 2022 which is also thought to have impacted visitor numbers, the warning was lifted 23 February 2022.

<sup>26</sup> As identified through the Museum’s survey questionnaire.

<sup>27</sup> Excludes school students visiting the museum as part of the LEOTC programme



	Usage of Te Ara Wai Journeys website <sup>28</sup> .	12,180	≥previous year result	9,642	With a limited marketing budget, Te Ara Wai Journeys is mainly promoted to visitors in the Museum which throughout the year has been significantly impacted by COVID-19 restrictions. Videos on the Te Ara Wai website were not operational for 3 weeks throughout January due to a temporary expiration of Waipā's Vimeo subscription which is thought to have impacted visitor numbers. There was a significant rise in numbers throughout February & March once videos were reinstated.
	The number of school students experiencing Heritage based through the LEOTC <sup>29</sup> programme.	2,256	4,400	709	The frequent changes to COVID-19 restrictions have resulted in school closures, and in turn, a reduction in bookings and a number of movements or postponements for existing bookings.

### Community Services and Facilities | Public Swimming Pools

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment	Activity
Safe and pleasant aquatic facilities are provided which offer a variety of casual and programmed activities which cater for the needs of the community.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	83%	≥80%	77%	Swimming pool and other Council facilities have been impacted by the COVID-19 restrictions and Protection Framework measures alongside the temporary, government led, requirement for patrons to be vaccinated to enter the facility. Survey comments have also been received regarding cost of entry and hours of operation.
		Cambridge	0%	≥80%	79%	

<sup>28</sup> Number of individual Te Ara Wai Journeys website sessions.

<sup>29</sup> Learning Experience Outside the Classroom.

	The number of admissions per annum. <sup>30</sup>	Te Awamutu	147,118	110,000	92,239	Swimming pools and other Council facilities have been impacted by the COVID-19 alert levels and Protection Framework measures alongside the temporary, government led, requirement for patrons to be vaccinated to enter the facility. Survey comments have also been received regarding cost of entry and hours of operation.
		Cambridge	20,289	120,000	95,171	
	The percentage of compliance with water quality standards. (no. of tests compliant).	Te Awamutu	94.68%	≥85%	93.50%	Achieved.
		Cambridge	97.83%	≥85%	94.32%	Achieved.

<sup>30</sup> Results previously provided as a combined total, now split by site.


## Community Services and Facilities | Waste Management and Minimisation

What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of an effective waste minimisation education programme.	Number of face-to-face participants in the waste minimisation programme.	1,482	≥previous year result	1,557	Achieved.
Provision of a convenient kerbside recycling service.	Annual average quantity (kg) of recycled material per household. <sup>31</sup>	87.50	170-180	146.20	Throughout the year the recycling collections were compromised by ongoing high levels of contamination and non-recyclable items in the bins, this has to be separated out through the sorting process and is sent to landfill. However, it is not always possible to separate out the contaminated materials which often means entire loads have to be sent to landfill, resulting in reduced volume of good materials that can be recycled. COVID-19 restrictions have also impacted the recycling collections with the assisted service having been suspended for several weeks during lockdown, which resulted in lower volumes of recycling collected during this time.
	Number of residents satisfied with the kerbside recycling service. <sup>32</sup>	69%	≥previous year result	601%	For most of the year the recycling bins have consistently been serviced on the scheduled dates. The assisted service experienced a brief disruption due to COVID-19 restrictions. Over the past two to three months, the impacts of COVID-19 have continued to affect the service causing delays to the scheduled collection due to drivers off work with COVID-19.

## Community Services and Facilities | Emergency Management

<sup>31</sup> Household defined as: a property rated for recycling.

<sup>32</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale.

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What you can expect from us	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
We remain suitably capable to provide a high level <sup>33</sup> response in the event of a Civil Defence Emergency.	Percentage scored in an emergency response annual evaluation exercise <sup>34</sup> .	New measure	≥previous year result	Advancing 61 -80%	New measure.

### Transportation

The service we provide	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Roads and road usage is managed to reduce the risk of harm to users.	Number of annual crashes resulting in fatal and serious injuries on Waipa local roads (five year average).	25.00	<prior year result	24.407	Achieved.
	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. [M]	2 more	<prior year result	13 less	Achieved.
Provision of road and footpath networks which	The percentage of the sealed local road network that is resurfaced. <sup>35</sup> [M]	79.54%	75%-120%	94.13%	Achieved.

<sup>33</sup> High level is considered to be Advancing or Mature score. Scores are based on the CDEM Capability Scoring Guide & Capability level.

<sup>34</sup> Council will be assessed on the capability shown during the exercise and scored a percentage based on the CDEM Capability Scoring Guide & Capability level: Unsatisfactory = 0-20%, Early Developing = 21-40%, Late Developing = 41-60%, Advancing = 61-80%, Mature = 81-100%.

<sup>35</sup> As compared to the average annual target set in the Asset Management Plan (82.6 centre line km per year).

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
support usability and user comfort both now and in the future.	The percentage of footpaths whose condition meets the desired minimum standard for condition. <sup>36</sup> [M]		98.28%	≥95%	95.63%	Achieved.
	Length (km) of network which remains unsealed.		New measure	<prior year result	13.44%	New measure.
	The percentage of vehicle kilometres travelled on smooth sealed local roads. <sup>37</sup> [M]		94%	≥87%	93%	Achieved.
We are responsive to roading issues raised by the community.	The % of customer service requests relating to roads & footpaths within the time frame specified in the long term plan. <sup>38</sup> [M]		87.53%	≥90%	92.64%	Achieved.
Alternative transport options are available and user friendly.	Usage of the ratepayer funded passenger	Bus <sup>39</sup>	137,862	>prior year result	109,561	Bus use was negatively impacted by the nationwide COVID-19 response in the August to December 2021 period. The remainder of the year January to June 2022, bus use reverted to more typical numbers.

<sup>36</sup> Full wording of mandatory measure is: The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan). For Council this is based on a five point scale (excellent, good, average, poor and very poor) the percentage will be the length of footpath recorded as average, good or excellent condition grade.

<sup>37</sup> Full wording of mandatory measure is: The average quality of ride on a sealed local road network, measured by smooth travel exposure. Note the road roughness survey was last completed in October 2017 and includes updates on arterial and collector roads completed in March 2019. Those results are used to determine the 30<sup>th</sup> June 2019 result.

<sup>38</sup> Full wording of mandatory measure is: The percentage of customer service requests relating to roads & footpaths to which the territorial authority responds within the time frame specified in the long term plan – 10 working days.

<sup>39</sup> Te Awamutu and Cambridge services to Hamilton

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
	transport services	Total Mobility	2,232	>prior year result	2,751	Achieved.
	Length of dedicated cycling facilities within the road corridor <sup>40</sup>		New measure	>prior year result	35.78 km	New measure.

## Stormwater

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of a safe and reliable stormwater system which minimises flooding and environmental impact.	The number of complaints received about the performance of the stormwater system. <sup>41</sup> [M]		3.38	≤10	3.73	Achieved.
	Compliance with the resource consents for discharge from the stormwater system. <sup>42</sup>	Number of Abatement notices [M]	0	0	1	There has been one abatement notice issued throughout the year for unlawful discharge of sediment to the unnamed tributary of the Mangaohoi Stream, this applies to the location of the Kihikihi Domain.
		Number of Infringement notices [M]	0	0	0	Achieved.

<sup>40</sup> Defined as cycleways which are within the road corridor, but which are separate to the actual road, this includes cycleways which are designed to be shared by pedestrians and mobility device users.

<sup>41</sup> Full wording of mandatory measure is: The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.

<sup>42</sup> Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices; and (b) infringement notices; and (c) enforcement orders; (d) successful prosecutions, received by the territorial authority in relation to those resource consents.

The service we provide	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
	Number of Enforcement orders [M]	0	0	0	Achieved.
	Number of Convictions [M]	0	0	0	Achieved.
	The number of flooding events in the district. <sup>43</sup> [M]	0	≤5	0	Achieved.
	For each flooding event, the number of habitable floors affected. <sup>44</sup> [M]	0	≤0.09	0	Achieved.
	The median response time (hours) to attend a flooding event from the time that notification is received. <sup>45</sup> [M]	No flooding events	2	No flooding events	Achieved.

<sup>43</sup> Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

<sup>44</sup> Full wording of mandatory measure is: For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the territorial authority’s stormwater system).

<sup>45</sup> Full wording of mandatory measure is: The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.

## Wastewater Treatment and Disposal

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of a safe and reliable system for the treatment and disposal of wastewater which minimises public health risks and environmental impact.	The number of dry weather sewerage overflows. <sup>46</sup> [M]		0.00	≤1	0.11	Achieved.
	Compliance with consents for discharge from the sewerage system. <sup>47</sup>	Number of Abatement notices. [M]	1	0	0	Achieved.
		Number of Infringement notices. [M]	0	0	0	Achieved.
		Number of Enforcement orders. [M]	0	0	0	Achieved.
		Number of Convictions. [M]	0	0	0	Achieved.
	The median response time for call-outs in response to a	The time (hours) from notification for service personnel to reach the site. [M]	0.95 hours	2 hours	0.60 hours	Achieved.
		The time (hours) from notification that resolution of	0.95 hours	6 hours	1.60 hours	Achieved.

<sup>46</sup> Full wording of mandatory measure is: The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.

<sup>47</sup> Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, (d) convictions received by the territorial authority in relation to those resource consents.



The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
	sewerage overflow. <sup>48</sup>	a blockage or other fault. [M]				
	The number of complaints received about any of the following: odour, system faults, blockages, and the response to any of these issues. <sup>49</sup> [M]		3.42	<10	2.92	Achieved.

### Water Treatment and Supply

The service we provide	How we measure success			Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Provision of potable water within specified areas via a safe and reliable treatment and supply system.	The extent to which the local authority's drinking water supply complies with the drinking-water	Water Treatment Plants – compliance with bacteriological criteria [M]	Alpha Street	C	C	C	Achieved.
			Frontier Road	C	C	C	Achieved.
			Karāpiro	C	C	C	Achieved.
			Parallel Road	C	C	C	Achieved.
			Rolleston Street	C	C	C	Achieved.
			Te Tahi	C	C	C	Achieved.
		Alpha Street	C	C	C	Achieved.	

<sup>48</sup> Full wording of mandatory measure is: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, (b) Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.

<sup>49</sup> Full wording of mandatory measure is: The total number of complaints received by the territorial authority about any of the following (expressed per 1000 connections to the territorial authority's sewerage system): Sewerage odour, sewerage system faults, sewerage system blockages, territorial authority's response to issues with its sewerage system.

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment	
	standards. 50, 51, 52, , , , .	Water Treatment Plants – compliance with protozoal criteria [M]	Frontier Road	C	C	C	Achieved.
			Karāpiro	C	C	NC	The Karāpiro water treatment plant failed to meet the required log credits due to a programming issue in May 2022, as a technical non-compliance there was no risk to public. The programming issue has now been rectified.
			Parallel Road (Membrane Plant)	C	C	NC	The Membrane Plant experienced a PLC programming issue while it was still in the defects phase of the contract. The non-compliance was highlighted as an item for priority to fix and amendment, the work being dependent on the contractors/consultants engaged to rectify, as a technical non-compliance there was no risk to public. The programming issue has now been rectified.
			Rolleston Street	C	C	C	Achieved.
			Te Tahi	C	C	C	Achieved.
	Network zones – compliance [M]	Cambridge	NC	C	C	Achieved.	
		Kihikihi	C	C	C	Achieved.	
		Maungatautari	Not Applicable	C	Not Applicable	No longer active.	

<sup>50</sup> Full wording of mandatory measure is: The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking water standards (bacteria compliance criteria); and (b) part 5 of the drinking water standards (protozoal compliance criteria).

<sup>51</sup> The details of how this measure is reported against have changed (Treatment Plant element has been split out into individual plants rather than combining those supplying the same network, proposed decommission of Hick Rd, and new Maungatautari network zone), therefore the 2017/18 results were not audited split this way as part of the Annual Report 2017/18.

<sup>52</sup> This is preliminary assessment of compliance with the drinking water standards until confirmation has been received from the Regulator.

The service we provide	How we measure success			Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
			Ōhaupō	C	C	NC	E.coli was detected during routine sampling. Extensive sampling and continuous data leading up to the incident, suggested that contaminated water was highly unlikely at point of leaving the treatment plant and therefore that it occurred in the zone. The non-compliance caused no risk to public.
			Pirongia	C	C	C	Achieved.
			Pukerimu Rural	NC	C	NC	E.coli was detected in the Pukerimu zone during routine sampling. Extensive sampling and continuous data leading up to the incident, suggested that contaminated water was highly unlikely at point of leaving the treatment plant and therefore that it occurred in the zone. The non-compliance caused no risk to public.
			Te Awamutu	C	C	C	Achieved.
Provision of wholesome potable water within specified areas via a safe and reliable	Median response time for call-outs in response to a fault or unplanned interruption to the network. <sup>53</sup>		Attendance for urgent call-out from the time of notification. (hours) <sup>54</sup> [M]	0.80 hours	2 hours	0.57 hours	Achieved.

<sup>53</sup> Full wording of measure is: Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured.

<sup>54</sup> Full wording of mandatory measure is: Attendance for urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
treatment and supply system	Resolution of urgent call-outs from the time of notification (hours). <sup>55</sup> [M]	2.02 hours	6 hours	1.82 hours	Achieved.	
	Attendance for non-urgent call-outs from the time of notification (days) <sup>56</sup> [M]	0.90 days	2 days	0.72 days	Achieved.	
	Resolution of non-urgent call-outs from the time of notification (days) <sup>57</sup> [M]	0.98 days	10 days	0.77 days	Achieved.	
	The total number of complaints received about any of the following: Drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the response to any of these issues. <sup>58</sup> [M]	11.55	>15	11.47	Achieved.	

<sup>55</sup> Full wording of mandatory measure is: Resolution of urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

<sup>56</sup> Full wording of mandatory measure is: Attendance for non-urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

<sup>57</sup> Full wording of mandatory measure is: Resolution of non-urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

<sup>58</sup> Full wording of the measure is: The total number of complaints received by the local authority about any of the following (expressed per 1000 connections to the local authority's networked reticulation system): Drinking water clarity, drinking water quality, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, the local authority's response to any of these issues.

The service we provide	How we measure success		Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
Water supply and demand is managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. <sup>59 60</sup> [M]	Cambridge & Karāpiro.	8%	<12%	5%	Achieved.
		Te Awamutu & Pirongia.	9%	<12%	9%	Achieved.
		Kihikihi	22%	<20%	23%	Water loss has increased this past year. Input volumes have significantly increased with WTP capacity upgrades, no water restrictions and warm weather increasing consumption.
		Ohaupo & Pukerimu	6%	<20%	10%	Achieved.
	The average consumption of drinking water per day per resident. <sup>61</sup> [M]	Cambridge & Karāpiro	194	190	199	No water restrictions or significant water conservation messages were put in place across Waipa last year. Combined with warm weather and long periods without rain, consumption has increased across the district with the exception of Kihikihi.
		Te Awamutu & Pirongia	168	190	187	Achieved.
		Kihikihi	188	190	185	Achieved.
		Ohaupo & Pukerimu	168	190	190	Achieved.

<sup>59</sup> Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

<sup>60</sup> Water loss calculations determine any 'unknown' water usage, this includes any illegal hydrant takes/theft, or any leakage.

<sup>61</sup> Full wording of the mandatory measure is: The average consumption of drinking water per day per resident within the territorial authority district.

### Support Services | Information services

The service we provide	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
The online services Council provides are reliable.	The Council website and online forms have an availability uptime of 99% <sup>62</sup> .	99.95%	≥99%	99.95%	Achieved.

### Support Services | Customer Support

The service we provide	How we measure success	Actual for 2020/21	Target for 2021/22	Actual for 2021/22	Comment
The community has enquiries completed at first resolution provided by Customer Support.	Percentage of query calls received by Customer Support resolved at the time.	90.38%	≥80%	90.20%	Achieved.
	Percentage of walk in queries received by Customer Support resolved at the time.	95.09%	≥90%	94.66%	Achieved.
The community has a positive experience when contacting Council.	Percentage of respondents to residents' perception survey who are satisfied with how their enquiry or complaint has been handled <sup>63</sup> .	54%	≥previous year result	45%	Disruption to recycling and waste services and the perceived lack of communications likely resulted in a decrease in customer satisfaction in relation to the handling of queries.

<sup>62</sup> www.Waipadc.govt.nz and eservices.Waipadc.govt.nz sites only.

<sup>63</sup> From Waipā District Council Annual Resident Perception Survey result. Satisfied is that percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: "Overall, how satisfied are you with how your complaint or query was handled?"

## **PART 7 - TĀ MĀTOU HAUTŪTANGA, Ō TĀTOU TĀNGATA / OUR LEADERSHIP AND PEOPLE**

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### **In this section**

This section describes the Council's democratic and corporate governance arrangements and presents information relating to our elected members, committees, groups and business units, organisational structure and staff.

## 7.1 TE KAUNIHERA O WAIPĀ / OUR COUNCIL

Te Kaunihera o Waipā | Waipa District Council is made up of the Mayor and 13 Councillors, one of whom serves as Deputy Mayor.

Along with all local authorities in New Zealand, the Council is elected every three years. The Mayor is elected ‘at large’, meaning by all the district’s residents who are eligible to vote. The

Councillors are elected by voters from their respective geographical areas (wards). The Deputy Mayor is appointed by the Mayor. The next local government elections will be held on 8 October 2022 and will include the introduction of a Māori Ward, a first for Waipa. The Maungatautari Ward Councillor resigned

on 26 April 2022, creating a vacancy which the Council resolved to leave unfilled until the elections in October.



## 7.2 WAIPA DISTRICT COUNCIL 2021 REPRESENTATION REVIEW

**After adopting a Māori Ward on 19 May 2021, Waipa District Council was required to complete a representation review in 2021.**

Councillors adopted a proposal to see Waipa ratepayers and residents have less councillors to represent them in the 2022 local body elections, after community feedback supported a proposal to reduce the number of councillors from 13 to 11.

**27 August 2021**  
 Consultation on the 2021 Representation Review ran from Friday 27 August to Wednesday 29 September 2021.

**12 October 2021**  
 Elected members heard from submitters on 12 October at a Finance and Corporate Committee meeting and considered community feedback on the recent 2021 representation review.

Council received 49 submissions and one late submission on the representation review. The majority of submitters agreed with Council’s recommendation to reduce the number of general

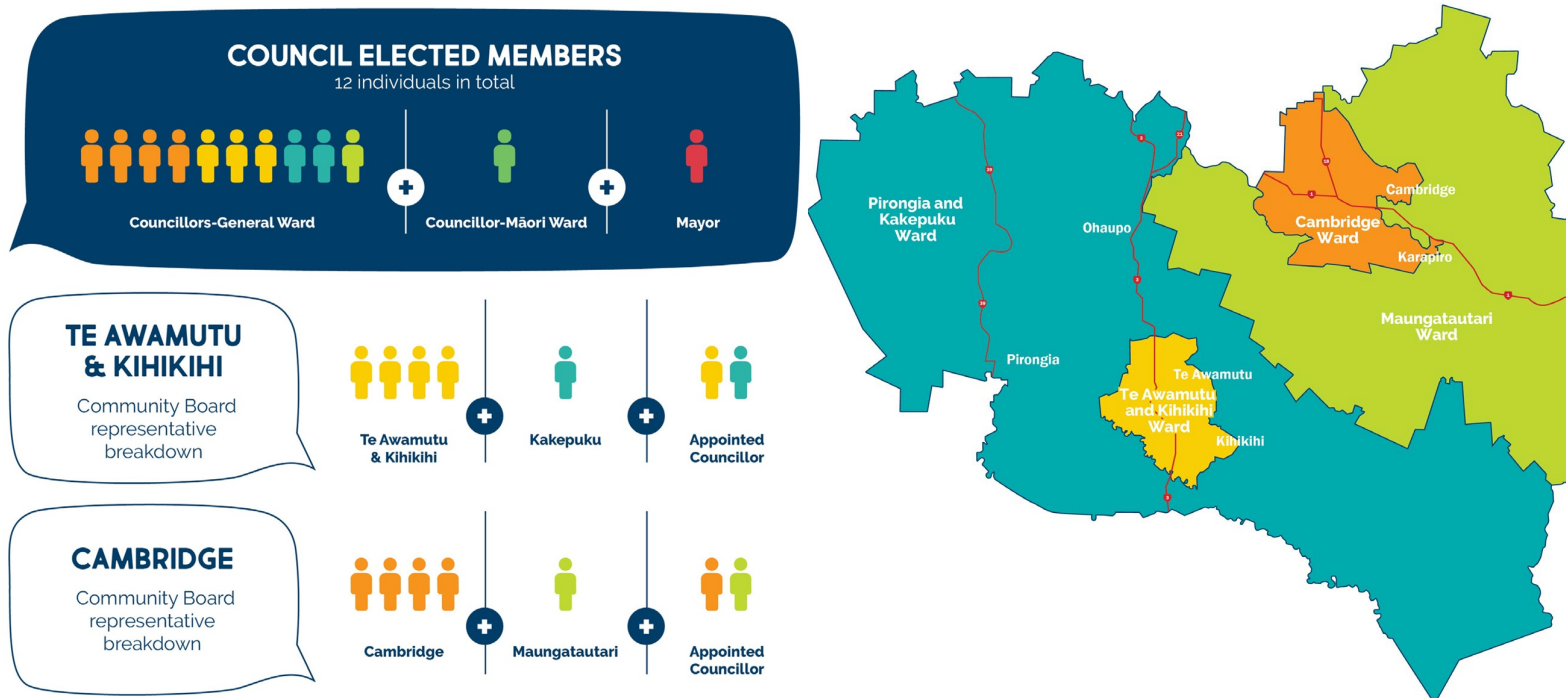
ward councillors from 13 to 10 to reflect the number of Councillors appropriate for a Council the size of Waipa . Rounding up the full 11 Councillors will be the new Māori Ward Councillor, which was approved following a public consultation in April 2021, a first for the district.

The community also provided feedback in support of keeping the Te Awamutu Community Board and Cambridge Community Board structure.

**26 October 2021**  
 At the Waipa District Council meeting on 26 October 2021, Councillors adopted a proposal for what the elected member representation for the community would look like for the 2022 local body elections. One appeal was received. Appeals are dealt with by the Local Government Commission.

**28 March 2022**  
 After considering the appeal, the Local Government Commission decided that the basis for elected member representation for the 2022 local body elections, would be the same as the Council’s final proposal for its representation structure.

Our new representation looks like this:



## 7.3 HOW DECISIONS ARE MADE

### Strategic Planning & Policy Committee

Full Council and an appointed Te Kahoni representative Miriata Tauroa.

Chair: Councillor O'Regan.

Purpose: To oversee the development and implementation of liveable spaces in our communities, with a focus on the promotion of the social, economic, environmental and cultural well-being of communities. To oversee the development and implementation of Council's plans (including long term, annual plans and district plan), bylaws, strategies and policies and where appropriate, with the exception of the district plan, to act as Council's hearings committee for consultation submissions in relation to these.

### Finance & Corporate Committee

Full Council and an appointed Te Kahoni representative Bronwyn Koroheke.

Chair: Councillor A Brown.

Purpose: To undertake Council's corporate and governance functions specifically in relation to financial and non-financial reporting, financial and treasury policies and arrangements, insurance arrangements, property management and Council Controlled Organisations.

### Service Delivery Committee

Full Council and an appointed Te Kanohi representative Bill Harris.

Chair: Councillor Webber.

Purpose: To have responsibility for overseeing Council's infrastructure work programme, asset management planning and levels of service in relation to the service delivery areas of Transportation and Waste Minimisation and Management, Road Asset Technical Accord, Water Services and Community Services, including the consideration of regional integration of services.

### Regulatory Committee

Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Councillor L Brown, Councillor Gordon and an appointed Te Kanohi representative Poto Davies.

Chair: Councillor Gower.

Purpose: To manage the regulatory aspects of Council's business, in particular in relation to the Resource Management Act 1991, and to oversee Council's emergency management functions.

### Audit & Risk Committee

Mayor Mylchreest, Councillor A Brown, Councillor Gordon, Councillor O'Regan, Councillor St Pierre and independent chairperson Bruce Robertson.

Chair: Bruce Robertson.

Purpose: To provide independent assurance and assistance to the Waipā District Council on Council's risk, control and compliance framework, and its external accountability responsibilities.

### Te Ara Wai Governance Committee

Mayor Mylchreest, Councillor A Brown, Councillor O'Regan, Councillor Stolwyk, Lee-Ann Muntz, Paraone Gloyne, Puawai Cairns and Glenda Taituha.

Chair: Lee-Ann Muntz.

Purpose: To provide a governance and strategic overview for the establishment of Te Ara Wai.

### District Licensing Committee

Ross Murphy, Patsi Davies, Michael Cameron, Roy Johnstone, John Gower.

Chair: Sara Grayson Commissioner (Chairperson); Alternate Commissioner – Tegan McIntyre.

Deputy Chairperson and Member: Councillor Gower.

Purpose: To consider and determine applications for licences, managers certificates, renewal of licences and managers certificates, temporary authorities and other matters pursuant to section 187 of the Sale and Supply of Alcohol Act 2012.

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#### **Pirongia Ward Committee**

Two Pirongia Ward Councillors – Councillor Thomas and Councillor St Pierre, and the Chairperson or their nominee of the Pirongia Community Association, Te Pahu Residents’ and Ratepayers Association, Kaipaki Community, Purekireki Marae, Koromatua Community, Ohaupo Community and a representative from Te Whakakitenga o Waikato.

Chair: Councillor St Pierre.

Purpose: To allocate funds, to consider the draft annual plan and to perform similar representative functions as the community boards, and to manage the three reserves known as Franklin Street, Rangimarie and Te Ngahere reserves.

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#### **Chief Executive Performance Management Committee**

Mayor Mylchreest, Councillor O’Regan, Councillor Stolwyk, Councillor Thomas.

Chair: Mayor Mylchreest.

Purpose: To conduct the reviews of the performance of Council’s Chief Executive and make recommendations to Council.

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#### **Waipa Iwi Consultative Committee**

Mayor Mylchreest, Councillor Stolwyk, Councillor O’Regan, Councillor Brown, Councillor Webber, Councillor Gower, Waikato Tainui Trust Board – representative to be advised, Raukawa Settlement Trust – representative to be advised, Ngāti Hikairo – representative to be advised, Ngāti Haua – representative to be advised, Maniapoto Trust Board – Gabrielle Kuiahine Morgan-Logan, Ngā Iwi Toopu o Waipa Chairperson – Gaylene Roberts, Kaumatua – Jim Keremeta, Wharepuhunga – Kataraina Hodge, Purekireki – Haupai Puke, Puniu – Harold Maniapoto, Kakepuku – Dominic Tumoana Viles, Kaniwhaniwha – Thomas Lord, Maungatautari – Josephine Taute, Ngāti Ngawaero – Kate Searancke, Ngāti Apakura (Apakura Runanga Trust Board) – Bill Harris.

Chair: Mayor Mylchreest.

Purpose: To facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management matters. The Committee will advise Council and the various Iwi on Treaty of

Waitangi implications for policies and activities of Council.

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#### **Maungatautari Reserve Committee**

Mayor Mylchreest, Councillor Coles, Councillor Gordon, Councillor Webber, Extraordinary Vacancy - unfilled, Hiiri Taute (Pohara Marae), Poto Davies (Ngāti Koroki Kahukura /MEIT and Maungatautari Marae), Representative to be advised (Ngati Haua), Geoff Canham (Consultant), one representative from the Maungatautari Ecological Island Trust, one representative from the Department of Conservation and one representative from the Waikato Regional Council. [Landowners to be appointed once available]

Chair: Mayor Mylchreest.

Purpose: To facilitate Council’s role in relation to the administration and management, including co-governance and management of the Maungatautari Reserve in accordance with the requirements of the Reserves Act 1977, reserve management issues as they relate to the reserve and to the ecological island project, and to oversee the services of MEIT for day-to-day management of the enclosures and to oversee the Reserve Management Plan for the reserve.

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#### **District Promotions Sub-Committee**

Mayor Mylchreest, Councillor Coles, Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Merv Gyde, Kevin Burgess.

Chair: Mayor Mylchreest.

Purpose: Make allocation decisions in respect of Council's District Promotions Fund and Community Event Fund.

## 7.4 OPPORTUNITIES FOR COMMUNITY INVOLVEMENT IN DECISION MAKING

### The community had their say

During the 2021/22 year we ran 8 formal engagement processes;

- Let's Talk Waipa - 2022/23 Draft Annual Plan
- 2022-52 Transport Strategy
- 2021 Representation Review
- Kihikihi Village Urban Development plan
- Ōhaupō Pedestrian Crossing
- Te Awamutu and Cambridge Skate Park concept plans
- Animal Nuisance Bylaw
- Waipa Cemetery Concept Plan

Formal engagement and consultation is only one part of what we did.

We also welcomed our community's thoughts, ideas and opinions through social media, surveys, face-to-face through our Customer Support team, and through online channels. We also saw a huge influx of Antenno users, after stopping delivery of our recycling calendars, and asking people to get reminders digitally instead, reducing waste and reaching our audience in a whole new way.

Waipa District Council's Facebook page continued to grow with 11,014 active followers and our Waipa Home of Champions Instagram page, which celebrates all things Waipa, also had an increase, growing from 1,609 to 1,775 followers.

### Let's talk Annual Plan, 2022/23 Draft Annual Plan consultation

During March and April 2022, we carried out the 2022-23 Draft Annual Plan consultation which sets the district's property rates for that year. This year, we proposed an average rates increase of 4.3 percent, and keeping to health

and safety guidelines due to COVID-19, we took our consultation online and held community 'Cuppa with your Council' webinars. Here, our community spoke directly with the people in charge, elected members, management and staff to get their questions answered.


We received 27 submissions during the consultation period and finalised our 2022/23 Annual Plan at the end of June. The community supported deferring \$5.28m for the Te Awamutu-Ngā Roto-Pirongia cycleway to the 2022/23 year, continuing the Urban Mobility programme, despite Waka Kotahi NZ Transport Agency not able to fund to the total amount, and exploring other ways to help address our recycling contamination issue through increased recycling audits, increase in the annual recycling charge or reducing the number of collections, to offset the increasing cost of disposing of the contaminated materials to landfill.

During the submissions, the community also requested additional funding totalling about \$1.1 million for community projects, and we were able to accommodate some of these, which impacted the overall rates by 0.1 percent, landing us on the forecasted average rates increase for 2022/23 of 4.4 percent.

### Thirty year Transport Strategy locked in

Our 30-year "big picture" Transport Strategy was formally adopted by Waipa District Council after we sought community feedback on how we would move people, goods and vehicles around the Waipa district.

We held a six-week consultation period with more than 170 submissions received, traversing issues ranging from climate change to public transport

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and the desire for a third river crossing in Cambridge. The strategy embraced decreasing reliance on private vehicles, either through improved public transport or by encouraging safe cycling and walking. This reflects government policy, including a bigger emphasis on reducing carbon emissions.

With COVID-19 restrictions playing a major part in the consultation, we again took our consultation online, using video, online and printable surveys and emails as our key avenues for feedback, and with social media playing a

major part in the number of submissions received. We also used traditional media by way of media releases to reach our wider community to ensure no stone was left unturned.

**Feeding back to Council**

We love to hear from our community and always encourage feedback on our services, projects and activities. Whether you need information or want to share your thoughts, you can either visit one of our offices or contact us by phone, email, Antenna or social media.

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## 7.5 MĀORI INVOLVEMENT IN DECISION MAKING

Council fosters the development of Māori capacity to contribute to decision making by working within the ‘Policy for liaison with Māori and Joint Management Agreements’ and continuing to support the representative structure already put in place through the Iwi Consultative Committee and Ngā Iwi Tōpū o Waipā.

Council’s objectives (as captured in the Policy referenced above) are:

- Council is committed to ongoing development of the capacity of Māori to contribute to Council’s decision-making processes.
- Council is committed to decision-making processes that are robust, effective and transparent.

The purpose of the Iwi Consultative Committee is to facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to history, culture, recreation, health, housing, environment and resource management. The Committee advises Council and Iwi on Treaty of Waitangi implications for policies and activities of Council.

The Iwi Consultative Committee is comprised of:

- The Mayor,
- The Deputy Mayor; and
- The Chairs of the
  - Strategic Planning and Policy Committee
  - Service Delivery Committee
  - Finance and Corporate Committee
  - Regulatory Committee
- One representative from each of the
  - Waikato Tainui Trust Board
  - Maniapoto Māori Trust Board; and the
  - Raukawa Settlement Trust

- The Chairperson of Ngā Iwi Tōpū o Waipā
- A Kaumatua representative; and
- A further nine members recommended by Ngā Iwi Tōpū o Waipā are appointed by Council to represent the hapū of the Waipā district.


This committee is supported by Ngā Iwi Tōpū o Waipā, with which Council has an arrangement for the purpose of reviewing resource consent applications and considering other matters of significance. This arrangement recognises the mandate Ngā Iwi Tōpū o Waipā has in acting on behalf of most iwi and hapū of the district.

Te Kanohi representatives with voting rights have also been appointed to the Strategic Planning and Policy, Regulatory, Service Delivery, and Finance and Corporate Committees of Council. These appointments were made after nomination by Ngā Iwi Tōpū o Waipā.

In May 2021 Council voted to establish a Māori Ward with one member from the 2022 local elections.

Council also has Joint Management Agreements in place with the Waikato-Tainui Trust Board, the Maniapoto Māori Trust Board and the Raukawa Settlement Trust. We also have co-management responsibilities for some reserves through the Ngāti Koroki Kahukura Reserves Joint Management Board now known as Ngā Pae Whenua and with Ngāti Hauā for the Pukemako Reserve.

Council will continue to work in together with mana whenua/iwi as we move forward. Council puts priority on maintaining relationships with mana whenua/iwi and other key partners to enable community and economic growth.

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## 7.6 COMMUNITY BOARDS

Waipa has two Community Boards and their role is to act as an advocate for their communities on council matters. The community boards are governed under the provisions of Local Government Act 2002. The community board meetings, held monthly, also have a public forum for members of the public to come and talk to them about concerns or ideas for the community. The


community boards have delegations from council to carry out duties including sister cities relationships (Cambridge) and to distribute the Waipa Community Discretionary Fund to community groups and organisations that apply for small projects.

### Cambridge Community Board

The Cambridge Community Board covers the Cambridge and Maungatautari wards.

### Te Awamutu Community Board

The Te Awamutu Community Board covers the Te Awamutu and Kakepuku wards.

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## 7.7 OUR ORGANISATION

Our Chief Executive, Garry Dyet, is appointed by Council to manage Council operations and lead the Council's administrative organisation. The Chief Executive is legally responsible for

employing the staff required to carry out the responsibilities of Council. The number of staff, their positions and the organisational structure is determined by the Chief Executive. Our

organisational structure is based around five groups led by Group Managers plus the Human Resources team, the Manager of which also reports to the Chief Executive.

Our five business groups are:

- Business Support
- Customer and Community Services
- District Growth and Regulatory
- Strategy
- Service Delivery

Our Chief Executive is responsible for:

- advising the Mayor and Councillor's on policy matters
- making sure that any strategy and policy the Council adopts is correctly carried out
- and ensuring that our organisation is all heading in the same direction in supporting the realisation of Council's vision and community outcomes.



**Garry Dyet**  
Chief Executive



**Ken Morris**  
Deputy Chief Executive  
Group Manager Business Support



**Sally Sheedy**  
Group Manager Customer and Community  
Services



**Wayne Allan**  
Group Manager District Group  
& Regulatory Services



**Kirsty Downey**  
Group Manager Strategy



**Dawn Inglis**  
Group Manager Service Delivery



**Stephanie Shores**  
Manager Human Resources

## 7.8 THE WAY WE DO THINGS / OUR VALUES

At Waipā District Council we are guided by a set of values that help shape who we are and what we stand for.

We expect our values to guide our thoughts, behaviour, actions, and decisions whilst representing the council. They have been developed by

Waipā District Council staff and are our guide to the way we work. These values help us do great work so that we can deliver on our vision for Waipā to be the ‘Home of Champions – Building Connected Communities’.

<p><b>BEING SAFE AND WELL MATTERS</b></p> <p>We know that to stay happy, healthy and productive we must look out for each other and take care of ourselves.</p>	<p><b>TE PIRIPONO KI TE IWI MĀORI ME TE TIRITI</b> COMMITMENT TO MĀORI AND THE TREATY</p> <p>Me tū tira tātou - stand together. We respect the importance of partnering with Māori.</p>	<p><b>WE ARE BETTER TOGETHER</b></p> <p>We recognise and value each other's unique qualities and experience. Many views, one purpose, great decisions.</p>	<p><b>WE STRIVE TO IMPROVE</b></p> <p>We look to make a positive difference by finding ways to make things better. We improve by learning from both our successes and failures.</p>	<p><b>WE DO THE RIGHT THING</b></p> <p>Our actions are guided by a desire to do the right thing for our people, colleagues, community and assets.</p>
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## 7.9 MANAGING OUR RISKS

**Council has a strong risk management framework in place with a number of components that provide assurance that Council is managing it's risks appropriately.**

### Our top risks

Every year the Audit and Risk Committee, Councillors and the Leadership Team review and agree on a set of top risks, those risks that may stop Council from achieving its objectives. These are actively managed throughout the year and their status reported on to Council's Audit and Risk Committee on a quarterly basis. These are supported by Council's risk appetite statement which outlines at a risk portfolio level the amount of risk Council is prepared to accept in pursuit of its objectives.

### Business Resilience

Business Resilience is the ability of an organisation to adapt and respond to risks and new circumstances. It in turn supports community resilience. Business Continuity, Crisis Management and Emergency Management are individual disciplines which interconnect, supporting each other. Combined they provide the basis for Business Resilience here at Council. Council has an

established and tested Crisis Management model. The model has been effectively used to manage our internal response to COVID-19 and ensure the continued delivery of services to the community. All of these disciplines are underpinned by strong risk management practices.

### Audit and Risk Committee


Council's Audit and Risk Committee was established in 2015 and meets on a quarterly basis chaired by an independent external appointee.

The general objective of the Audit and Risk Committee is to assist and advise Waipā District Council on its responsibility and ownership for enterprise risk management, Council's control and compliance framework, and its external accountability responsibilities.

### Internal audit programme

Council has a comprehensive internal audit programme in place, managed by the Group Manager Business Support and overseen by the Audit and Risk Committee. Every three years a plan of internal audits are agreed over a range of functions. The purpose of each audit is to ensure Council has the right balance of internal controls for our key processes and improves it's maturity in key business functions over time. Each audit evaluates the effectiveness of the controls and provides recommendations as to how Council could improve.

Council currently has eight multi-year programmes underway in various stages including procurement and contract management, business resilience and risk management. Cybersecurity, compliance management and asset management planning programmes have also commenced.

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## 7.10 STRIVING TO IMPROVE

**Aligned with our values Council is continually looking at ways to improve performance on behalf of the community. Seeking to find new ways to improve both the effectiveness and efficiency of Council remained the focus of a number of internal priorities for the year. Below are a number of highlights.**

### Digital Capability

Council continued the delivery of its 'Digital Roadmap' with the objectives of enhancing digital capability in response to growing digital customer experience expectations and the objectives of creating efficiencies, lowering the cost of interactions and reducing risk due to business disruption. Highlights included the implementation of Council's first learning management system, upgrading the financial system to leverage new functionality, welcoming a new staff intranet and automating Council's Environmental Health inspection processes. Waipa's staff digital literacy program continued to support staff to thrive in a digital based world.

### Council's Carbon Footprint

A comprehensive baseline of Council's carbon footprint has been completed with monitoring now established on an annual basis with targets currently under review. Staff from across Council are part of a working group seeking to find innovative ways to reduce Council's footprint with a number of initiatives underway to date. Council's project management lifecycle is currently being reviewed to include carbon evaluation and

monitoring elements from business case through to benefit realisation stages.

### Staff Engagement

Council's yearly staff engagement survey was completed with the results showing strong and maintained levels of engagement across staff despite a challenging year. The survey received an amazing 91 percent response rate. The results are used to inform internal priority areas for the forward year. Results strongly supported a change in work practices based upon our COVID experience with a move to a blended working model where feasible. The implementation of a flexible working policy is now underway. Council continues to support a program of Tikanga training across staff which includes elements of onsite learning and an offsite marae visit. Leadership Training also continues, building the capability of people leaders across Council with a recent focus on managing a flexible workforce.

### Policy and ByLaws


Council continued its program of reviewing external policies and bylaws. The Smokefree and Vapefree Policy was adopted which declares Waipa District Council-owned public places to be smokefree and vapefree. The

Animal Nuisance Bylaw was adopted which regulates the keeping of bees, poultry and other animals within urban areas of the district. Council's internal organisational policy setting process was reviewed. A new template was adopted which aims to communicate the key points to staff in a more clear and concise language. The new template is accompanied by an internal policy rationalisation project whereby Council is seeking to reduce the number of organisational policies over time and enable values based decision making.

### Procurement

Council continued to improve its procurement practices and evolve it's approach over the last year to ensure that we are addressing the current market issues in a way that will make Council a client of choice. We continue to improve our contract management processes and regularly review our supporting documentation for staff.

We have engaged with our key contractors and included weightings in our evaluations that recognise those contractors who demonstrate how they will contribute to Waipa through employment, training, use of local supply chain and subcontractors.

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## 7.11 INDEPENDENT AUDITORS REPORT

PLACEHOLDER

## PART 8 - GLOSSARY AND ABBREVIATIONS

### Glossary

- **Activity:** Services provided by or on behalf of Council.
- **Amortisation:** The reduction of the value of an asset by prorating its cost over a period of years.
- **Annual Plan:** Contains details of Council’s action plan for the next financial year, the budget and the level of rates required to fund that spending. It also contains details of any variation from the financial statements and funding impact statement that are included in Council’s current 10-Year Plan.
- **Annual report:** Report prepared once a year to assess Council’s performance against its objectives, activities, performance targets and budgets as outlined in the 10-Year Plan.
- **Asset:** A resource; Council’s asset ownership extends over land, buildings, plant, equipment, forestry and infrastructure such as roads, bridges, footpaths, sewerage schemes, water supply and stormwater reticulation.
- **Capital Expenditure:** Money spent to build or buy a new asset, or to improve the standard of any existing asset.
- **Community:** A group of individuals and organisations that are linked together by some common factor, interest, identity or administrative boundary.
- **Community Outcomes:** The outcomes that a local authority aims to achieve for its community and district in the present and for the future.
- **Community Wellbeing:** The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
- **Council Controlled Organisations:** A company or entity in which one or more local authority has a shareholding of 50% or more, voting rights of 50% or more, or the right to appoint 50% or more of the directors. Section 6(4) of the Local Government Act 2002 details entities which are exceptions.
- **Development Contributions:** Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
- **District Plan:** Required by the Resource Management Act 1991, it defines how resources and development will be managed by the district. The Plan is based on economic, cultural, social and environmental wellbeing.
- **Equity:** The market value of assets less any liabilities.
- **Funding Impact Statement:** A financial statement that discloses the revenue and financial mechanisms that Council proposes to use.
- **Future Proof:** The term used to refer to the growth strategy that is being prepared for the sub-region. Included in the sub-region are the following authorities – Waipa District Council, Waikato District Council, Waikato Regional Council and Hamilton City Council.
- **General Rate:** A charge calculated using the rateable value of property that is paid to Council to fund its general services but not services funded by targeted rate, fees or charges.
- **Governance:** Is how Council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic direction for the district.
- **Hapū:** A cluster of related whānau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.
- **Indicator:** A measure or combination of measures, either qualitative or

quantitative, against which performance or progress can be assessed.

- **Interest:** Interest on bank accounts, overdrafts and debt.
- **Iwi:** Larger than the hapū - A cluster of related hapū, descended from a single ancestor, varying in size.
- **Levels of Service (LOS):** The extent of a service provided by Council.
- **Local Authority:** A regional, district or city council.
- **Local Government Act 2002:** The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
- **Long Term Plan (LTP):** Refer to 10-Year Plan.
- **Ngā Iwi Tōpū o Waipā:** A representative group of local tangata whenua, made up of mandated hapū representatives appointed by relevant Marae committees.
- **Operating Costs:** These are costs to run Council's services on a day-by-day basis

#### Abbreviations:

- **ETS:** Emissions Trading Scheme
- **GST:** Good and Services Taxation
- **LGA:** Local Government Act 2022
- **LGFA:** Local Government Funding Agency
- **NZ GAAP:** Generally accepted accounting practice in New Zealand

and range from maintenance of infrastructure to staff salaries.

- **Partnership:** This refers to the Council's relationship with groups within the community to achieve outcomes. This does not refer to a legal partnership.
- **Passenger Transport:** Can also be referred to as public transport – includes buses.
- **Rates:** Rates are what each property owner pays for the services provided by councils. The charge is set in accordance to the Local Government (Rating) Act 2002.
- **Renewals:** Activities required to upgrade, refurbish or replace current facilities or assets, with facilities or assets of equivalent capability or service potential.
- **Revenue:** Revenue received by Council to fund the services it provides. Revenue sources include – rates; fees and charges for using a particular service; penalties and fines; and grants and subsidies.
- **Shared service:** Waikato Mayoral Forum initiative to share costs across the region

where possible through Local Authority Shared Services Limited.

- **Strategy:** A plan of action designed to guide progress towards the long-term vision.
- **Tangata Whenua:** Māori people who belong to a particular area by ancestral connection.
- **Targeted Rate:** A rate that is levied to fund a particular service or facility.
- **Ward:** An administrative and electoral area of the district. There are five wards in our district – Cambridge; Te Awamutu; Pirongia; Maungatautari and Kakepuku.
- **Vested Assets:** An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
- **10-Year Plan:** A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's 10-Year Plan is the basis for its accountability to the community.

- **NZTA:** New Zealand Transport Agency
- **PBE:** Public benefit entity
- **PPE:** Property, plant and equipment
- **SVDS:** Shared Valuation Data Service
- **WLASS:** Waikato Local Authority Shared Services Limited

- **WRAL:** Waikato Regional Airport Limited
- **WRTM:** Waikato Regional Transportation Model



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# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Manager Finance  
**Subject:** **Outstanding Management Report Matters**  
**Meeting Date:** 30 September 2022

### 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

Outstanding Management report items are submitted to the Audit and Risk committee at each meeting, documenting the progress officers have made in clearing these findings.

Audit reviewed the outstanding findings as part of their interim audit visit for the 2021/22 financial year and have cleared seven of the previously reported items. Officers are working with the audit team to possibly reduce the number of outstanding findings by a further two, and the remaining items will be revisited during the final audit.

### 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee receive the report of Jolanda Hechter, Manager Finance titled Outstanding Management Report Matters (document number 10863132).*

### 3 COMMENTARY - KŌRERO

At each meeting of the Audit and Risk Committee a report is considered providing a status update on outstanding audit management report items arising from previously received audit management reports. This report provides the latest update on the status of management follow-up actions on the outstanding management report recommendations for all prior years.

At the March 2022 Audit and Risk Committee meeting, Council officers had agreed to meet with Audit New Zealand to discuss and clear, a number of items that officers believe to be cleared. At that stage Audit had not formally cleared. Audit was

requested to revisit these findings as part of their interim audit visit for the 2021/22 financial year. Extensive engagement between officers and the audit team led to Audit closing seven matters, which have now been removed from the appendix, with the possibility of further reducing the number of items by a further two subject to further Audit work being done. Audit will revisit the remaining findings during their final audit visit.

Officers have furthermore simplified the report by reducing the detailed tables and updated comments in the appendix to the status update for June 2022 and September 2022.

#### 4 APPENDIX - ĀPITITANGA

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No:	Appendix Title
1	Table of details outstanding management report matters



Jolanda Hechter  
**MANAGER FINANCE**



Approved by Ken Morris  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**

## APPENDIX 1

### Summary of Management Report Matters

#### 2017/2018 Interim Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
<p>Finance staff should not be provided with “super user” access to the Finance System.</p> <p>That an electronic control is put in place to ensure segregation of duties over changes to Accounts Payable masterfile data.</p> <p>That regular reviews are performed to determine the appropriateness of users with access to the system.</p>	<p><b>July 2022 update</b></p> <p>No Finance Staff has superuser access anymore. Only 2 staff have superuser access but are outside Finance team. Their superuser access is for admin purposes only –IS Solutions Lead and TechnologyOne Finance Systems Lead.</p> <p>The system also has an automated workflow rule for GL data entry that ensures the creator of the journal is not the same person who approves it.</p> <p>System configuration also segregates the duties for Accounts payable Masterfile changes.</p> <p><b>Matter progressing.</b></p>	<p><b>Urgent</b></p>	<p><b>June 2022 update</b></p> <p>Management have proposed the removal of this finding and tracking the control that was implemented in response to the 2020/21 audit findings.</p> <p><b>September 2022 update</b></p> <p>Management believes these findings were addressed and user access is appropriate</p> <p><b>No further action proposed.</b></p>

#### 2018/2019 Interim Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
<p>Bribery and corruption policies, risks assessments, and associated processes are enhanced to reflect good practice.</p>	<p>Draft Fraud Policy has been updated – due for approval in September 2022.</p> <p>We note that Council’s draft ‘Guide to Protecting Against Fraud and Corruption’ document includes information that covers:</p> <ul style="list-style-type: none"> <li>• Fraud and corruption risks (Incentives/ Pressure, Opportunities and Attitudes)</li> </ul>	<p><b>Beneficial</b></p>	<p><b>June 2022 update</b></p> <p>This matter is progressing.</p> <p><b>September 2022 update</b></p> <p>The updated draft policy has been reviewed by Audit and the further two recommendations implemented. This policy can be found</p>

Audit Recommendation	Most recent audit status	Priority	Management Status update
	<ul style="list-style-type: none"> <li>The key processes for conducting investigations.</li> </ul> <p>The two other matters previously identified still remain outstanding.</p> <p><b>Matter progressing.</b></p>		<p>elsewhere in the agenda for approval.</p> <p><b>No further action proposed.</b></p>

### 2018/2019 Annual Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
Implement or address the recommendations made by the valuers to ensure asset data is accurate and complete.	<p>Council believes this should be removed due to it being implemented (which identified the significant issues in the prior year).</p> <p><b>Audit team to follow-up on this during the final audit.</b></p>	Necessary	<p><b>June &amp; September 2022 update</b></p> <p>Management proposes this finding be removed as the valuers recommendations were implemented in the 2020/21 financial year. Findings raised in the 2020/21 management report are being tracked below.</p> <p><b>No further action is required.</b></p>

### 2019/2020 Interim Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
<p>Establish a central register for contractors working at the District Council that is reconciled against payments made to contractors and the network.</p> <p>Staff who previously worked at the District Council and return to work as a contractor should also follow the same process as a contractor.</p>	<p>Management is planning on leveraging the Human Resource Planning system to address this matter. The project is at scoping phase.</p> <p><b>Matter progressing.</b></p>	Necessary	<p><b>June and September 2022 update</b></p> <p>This is part of Phase 2 of the HRP process. Project scoping underway.</p> <p><b>Staff will continue to progress this matter.</b></p>

## 2019/2020 Annual Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
We recommend the District Council adopts a financial delegations policy that documents the delegations for both operations and capital expenditure	A policy has been drafted but is yet to be reviewed.  <b>Open.</b>	Necessary	<b>June &amp; September 2022 update</b>  A policy has been drafted and is in the review process.  <b>Staff will continue to progress this matter.</b>

## 2020/2021 Annual Report

Audit Recommendation	Most recent audit status	Priority	Management Status update
Discovered assets/Roading disposals – Audit recommend management completes a full reconciliation between the Asset Management system and the Finance system on an annual basis. Project costs and asset disposals also needs to be reviewed against accounting standards.	This will be assessed at final audit  <b>Matter remains open.</b>	Necessary	<b>June 2022 update</b>  The implementation of this process will be reviewed by audit as part of the final audit 2021/22.  <b>September 2022 update</b>  The Work in progress accounts for new assets are monitored and costs evaluated in line with PBE IPSAS 17.  An asset reconciliation will be prepared between Asset Finder and TechOne.  <b>Matter progressing.</b>
Performance reporting – audit recommends that Council ensures service requests are reviewed before performance is reported in the annual report to ensure correct classification	Classifications have been reviewed on a regular basis throughout the year. Council have also run some workshops with appropriate staff to ensure they better understood what was needed and provided additional written guidance.  <b>This will reviewed at the final audit.</b>	Necessary	<b>June and September 2022 update</b>  Workshops were held with both the Waters and Transportation teams during 2021 to reinforce the importance of the correct classification of CRMs and to provide further training and support. One page quick reference guides have been developed

Audit Recommendation	Most recent audit status	Priority	<i>Management Status update</i>
			<p>for units to use, including links to standard operating procedures for each of the measures.</p> <p>Regular internal detailed checks of the 3 Waters complaints measures to identify and correct any miss-classified CRM complaint fields are also undertaken on a regular basis.</p> <p><b>No further action is required.</b></p>
<p>Review network login accounts and remove redundant accounts.</p> <p>IT change management policies and procedures to be followed by all staff and contractors.</p>	<p>Council confirmed that a full review of users was done and dormant accounts were deleted. We noted from work performed that there were still a number of redundant user accounts that remain.</p> <p>Account management procedure was updated.</p> <p><b>Matter progressing.</b></p>	<p>Necessary</p>	<p><b>June 2022 update</b></p> <p>Full review of users done and dormant accounts deleted.</p> <p>Account management procedure was updated.</p> <p>All system changes are logged in the Change Management Database.</p> <p><b>September 2022 update</b></p> <p>IT audit work confirmed that a number of redundant user accounts remain.</p> <p><b>Matter progressing.</b></p>
<p>Finalise and test organisational business continuity and IT Disaster Recovery.</p>	<p>Disaster recovery plans updated but test is still outstanding.</p> <p>Business Continuity planning/review by departments completed in early part of 2022.</p> <p><b>Matter progressing.</b></p>	<p>Necessary</p>	<p><b>June 2022 update</b></p> <p>Disaster recovery plans updated.</p> <p>Business Continuity planning/review by departments completed in early part of 2022.</p> <p>The KPMG follow-up review report is included in this agenda.</p>

Audit Recommendation	Most recent audit status	Priority	<i>Management Status update</i>
			<p>Officers suggest this matter is reviewed by audit in their next visit.</p> <p><b>September 2022 update</b></p> <p>Officers suggest this matter is reviewed by audit in their next visit.</p> <p><b>Matter progressing.</b></p>
<p>Incomplete interest register – in addition to the annual interest declaration, interest register to be updated on an ad-hoc basis as required.</p> <p>Include interest declaration as a standing agenda item.</p>	<p>Disclosure of members’ interests is a standing agenda item at each Council meeting.</p> <p>We identified some related parties through our Companies Office and Charities Register searches that had not been included in Council’s interest register.</p> <p><b>Issue outstanding.</b></p>	<p>Necessary</p>	<p><b>June 2022 update</b></p> <p>Procedures in place to address the finding.</p> <p><b>September 2022 update</b></p> <p>Information was provided to Audit to confirm the status of this finding.</p> <p><b>Matter progressing.</b></p>
<p>Sensitive expenditure policy</p>	<p>Audit has reviewed the draft Sensitive Expenditure policy and recommended additional changes to align with good practice.</p> <p><b>Matter progressing.</b></p>	<p>Necessary</p>	<p><b>June 2022 update</b></p> <p>Policy review is underway.</p> <p><b>September 2022 update</b></p> <p>The additional guidance was taken into account and the draft policy has been submitted to the committee for endorsement in this agenda.</p> <p>Audit to re-evaluate the approved policy.</p> <p><b>No further action is required.</b></p>

# COMMITTEE REPORT



**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Business Resilience and Risk Advisor  
**Subject:** **Review of Performance of Effectiveness of ARC/Recommendation to Incoming Council**  
**Meeting Date:** 30 September 2022

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## 1 PURPOSE - TAKE

The purpose of this report is to provide the results of the annual survey of the performance and effectiveness of the Audit and Risk Committee and approve recommendations to the incoming Council in regard to an Audit and Risk Committee being re-established for the new triennium.

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## 2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

This report seeks to review the performance and effectiveness of the Committee utilising the results of what is now the seventh survey to be carried out seeking the perceptions of the various stakeholders in this Committee in regard to a number of matters associated with the role and function of the Committee and the part it plays in Council's governance structure.

The first of these surveys was carried out in late February/early March 2016, with the view to establishing a benchmark. Further surveys have been carried out annually with the latest being this one in July/August 2022. The surveys are a means of determining if there is discernible longitudinal change in perception over the course of the Committee's existence.

At the end of the triennium this is also an appropriate time for the outgoing Audit and Risk Committee to potentially offer up some recommendations to the incoming Council on the potential role, responsibilities and membership of a similar Committee as we move into a new triennial term of Council.

With the unexpected postponement of this meeting any recommendation from this Committee will be merged into a report incorporating other recommendations on Council's governance structure being made by the outgoing Council to the incoming Council, at the start of the new term.



### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*That the Audit and Risk Committee*

- a) *Receives the report of Genny Wilson, Business Resilience and Risk Advisor, titled Review of Performance of Effectiveness of ARC/Recommendation to Incoming Council (ECM 10862307);*
- b) *Agrees the key aspects from the discussions on the potential role, responsibilities and membership of a similar Committee as we move into a new triennial term of Council, be provided as recommendations to the incoming Council, alongside other governance structure recommendations, to be made by the outgoing Council to the incoming Council.*

### 4 BACKGROUND – KŌRERO WHAIMĀRAMA

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Council’s Audit and Risk Committee was established by a Council resolution on 29 September 2015 and it met for the first time in December 2015.

#### **The Role, Responsibilities and Matters Considered by the Audit and Risk Committee**

Council’s Audit and Risk Committee was established after due consideration of the increasingly common practice throughout the sector to establish these committees as an important part of the governance structure. It also follows the best practice advice of the Office of the Auditor General.

The Committee, like most in the sector, was established with a terms of reference that sees it playing a largely advisory role apart from its ability to exercise authority to:

- Receive and consider external and internal audit reports
- Receive and consider staff reports on audit, internal control and risk management related matters
- Make recommendations to the Finance and Corporate Committee and/or Council on financial, internal control and risk management policy and procedure matters as appropriate
- To approve the Auditors engagement and arrangements letters.

The key responsibilities of the Committee are in the areas of:

- External audit and external accountability
- Internal audit; and
- Risk management.

The Committee has had an extensive work programme throughout the time of its existence, including, in no particular order, such matters as:

- Review of Council’s risk management policy, strategy and framework, reporting mechanisms and the monitoring of risk
- Review of key policies including:
  - sensitive expenditure policy
  - fraud, bribery and corruption policy
  - risk and compliance management
  - protected disclosure procedure
  - business resilience policy
  - treasury management policy
  - various health and safety policies
- Review of our performance reporting framework for both financial and non-financial performance
- Approving the introduction of internal audit into the organisation
- Approval of three-yearly and annual internal audit programmes
- Approval and oversight of the improvement programmes to implement recommendations from internal audits, including
  - Risk management
  - Payroll
  - Business continuity and business resilience
  - Procurement
  - Contract Management
  - Cybersecurity
  - Professional services panel utilisation
  - Fraud risk management
  - Asset management
  - Health and safety and wellbeing
  - Compliance management
  - Project management and governance
- Insurance arrangements
- The appropriateness of Council’s 10-Year Plan and Annual Plan assumptions
- Agreement of audit arrangements letters for the annual audit
- Consideration of the interest declarations made by elected members and senior staff and the processes around recording, monitoring and publishing this information
- Review of the intended accounting policies, key accounting estimates and the results of asset revaluation exercises which are key components in our Annual Reports
- Consideration of certain aspects of Council’s approach to procurement and contract management
- The Information Systems Governance Framework
- The Tax Governance Framework
- Procurement Governance Framework
- Business continuity management
- The recommendation of draft Annual Reports to Council for adoption

- Considering the appropriateness of Council's cyber-security risk management practices
- The development of Strategic Risk Profiles (our 'Top Risks') and determining 'risk appetite' considerations in regard to those risks
- Development of a Risk Appetite Statement for Council approval
- Review of a report into Council's Project Delivery structure and framework for delivering the significantly increased capital works programme set out in the 2018-28 and 2021-31 10-Year Plans
- Consideration of the results of the New Zealand Transport Agency funding audit
- Consideration of particular risks around significant, specific operational risks at the Cambridge Wastewater Treatment Plant
- Consideration of regular quarterly updates on capital programme works delivery
- Consideration of capital works carry-forward programmes
- Acceptance of audit management reports and the monitoring of outstanding management report items
- Regular litigation updates; and
- The provision of a forum where the Chief Executive and other members of the Executive can share their views of organisational risk.

Many of these matters were previously very much in the domain of management with little in the way of governance understanding or input. The creation of the Audit and Risk Committee has greatly improved the visibility and understanding of a number of these items.

### **The Survey Results**

The latest iteration of what is now an annual stakeholder survey was conducted in July and August 2022, just in advance of this September 2022 meeting of the Committee.

A 59% response rate was secured with 27 invitees to the survey and 16 responses, including five Councillor / Audit and Risk Committee members including the independent Chair, two non-member Councillors, and nine staff with regular association with this Committee.

The results of the survey are set out in full in Appendix 1 with comparative graphs of each set of results shown side-by-side with the baseline August 2016 results, and the most recent August 2021 results, for easy comparison purposes.

#### **Brief observations:**

- It is clear the respondents see value in the role of the Audit and Risk Committee and believe they understand the risks facing Council.
- There is generally a further positive shift in perception in the past year which is excellent. It appears the gains made by this Committee over time are well-consolidated.

- Free text responses reiterate the importance of the governance role of the Audit and Risk Committee and the robust discussions.
- The understanding gained of the Top Risks, our risk profile and the annual risk workshop were commented on positively.
- Some areas for further development and education of the Committee have been identified and will be built into the next workplan.
- In particular there was comment on the need to widen the knowledge across non-member Councillors.
- There is also evidence of the need to improve knowledge and confidence in more specialised risk areas such as Treasury and Insurance.

## 5 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8, and have assessed that the matters in this report have a low level of significance.

## 6 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
<p><b>Option 1:</b> Keep Status quo, i.e. retain current structure for ARC</p>	<ul style="list-style-type: none"> <li>▪ Meets best practice of Office of Auditor General</li> <li>▪ Provides good governance and oversight of audits, risks and internal controls</li> <li>▪ Improves maturity of organisation through robust discussions and support to the Executive Team</li> <li>▪ Mitigates risk to the organisation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Councillors not on Audit and Risk have less visibility of the risks facing the organisation</li> </ul>
<p><b>Option 2:</b> Discontinue the Audit and Risk Committee</p>	<ul style="list-style-type: none"> <li>▪ Cost savings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of governance and oversight on behalf of Council</li> <li>▪ Fails to meet accepted best practice</li> <li>▪ Exposes organisation to more risk</li> </ul>

The recommended option is Option 1. The reason for this is that it meets the governance requirements for risk management, internal and external audits and

accountability, and internal controls. It also ensures that Council meets the best practice guidance from the Office of the Auditor General and lives the value of ‘we do the right thing’.

### **Potential Recommendations to be made to the Incoming Council**

Based on the survey results and comments, and other best practice guidance, areas of potential recommendation to the incoming Council would be:

***Continued Existence of the Committee – That the Audit and Risk Committee has added value to Council and should be re-established in the new Council term.*** This conclusion is well proven at Waipa District Council, and any decision not to re-establish an Audit and Risk Committee (or equivalent) in the new term would be a departure from good practice governance advice.

***Role and Responsibilities of the Committee – That the roles and responsibilities and delegations of the Committee remain largely as set out in the current Terms of Reference.*** The current Terms of Reference have served the purpose well for the past seven years and line up well with the good practice guidance from which they were originally derived.

***Size of the Committee – That the size of the Council’s Audit and Risk Committee remain either five or six members.*** Council’s Audit and Risk Committee has had six members for the current Triennium. The good practice guidance maintains that these Committees need to be small but focussed groups and has a strong emphasis on the experience and skillset that members bring.

It is probably not necessary for this Committee to have a balance of representation across the district – skillset and experience would be more important criteria than that. Reference to Office of the Auditor-General material suggests that the average number of members in these kind of Committees across the wider New Zealand public sector is four, however within Local Government that same average is 6.3.

***Number of Independent Members – That initially the number of independent members on the Audit and Risk Committee remain at one (provided we continue to have good skill-set and experience among the Committee member Councillors), and that Bruce Robertson be reappointed accordingly, however, that a further independent successor/s be identified and appointed mid-way through the term on the basis of good succession planning given the fact that Mr Robertson has indicated to management that if he is re-appointed, that this should be his last term.*** One of the key recommendations of the July 2019 draft report of the New Zealand Productivity Commission, on ‘Local Government funding and financing’ was that Audit and Risk Committees (or equivalent) “...should have an independent Chair, and ideally include at least one other external expert, to ensure they span the full range of necessary skills and experience.” While this appears to be a sound recommendation, given the skillset and experience justification that they provide, and while a number of larger Councils (including some in the Waikato have two independent members), the

flip-side is that a second independent member would add significant additional cost, and may not be necessary if Council is satisfied that the requisite skills and experience are already available to the Committee in the Councillor members of the Committee, and the already existing external member.

However, that said, discussions with Mr Robertson have led management to a place where there has been agreement with Mr Robertson, that should he be re-appointed to this role by Council, that this be his final term. This is largely on the basis of good practice, that there should be regular turnover to allow for new thinking and input. In fact those discussions were around a normal ideal term of office being just two terms (6 years). Mr Robertson has actually served the Committee for nearly 7 years.

On this basis, the discussion around re-appointment has only been driven by the extenuating circumstances of the significant reform that the sector is facing. The sector is in turbulent times, and Council needs to ensure it puts itself in the best position to traverse the reform ahead of it. Mr Robertson has an exceptionally well-recognised and fairly unique knowledge base, with exceptional incredible background, experience and networks within the sector. He has also of course built up a considerable understanding of the organisation and local government matters across the wider Waikato in the past seven years, with his appointments to both this role, and other roles within the region. Management believe that this knowledge is too valuable to lose at this point. In this regard it is believed that a convincing extenuating circumstance exists to appoint Mr Robertson for a further term which would take his tenure out to nearly 10 years.

Based on that outcome, it would be wise to ensure good succession planning, and the recommendation of management is that a search is begun mid-way through the triennium for a second independent to be appointed, to gain familiarity with Council over a year or so, with the view that this second appointee then succeed Mr Robertson in the following term.

***Whether the Chair be independent – That the Chair position remains an independent Chair position.*** This recommendation is well supported by the Productivity Commission recommendation as outlined above as well as other good practice guidance. The Office of the Auditor General indicates in its good practice guidance that, *“An independent chairperson is often the best option to promote free and frank debate during committee meetings. It also gives governors confidence knowing that they are receiving independent advice and assurance.”*

Mr Robertson has served Council exceptionally well as Chair, and the clear recommendation is that this be continued.

## 7 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

### Council's Vision and Strategic Priorities

#### Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that the Option 1 complies with Council's legal and policy requirements.

The legal implications of Option 1 and how these will be addressed are noted below:

#### Financial Considerations – Whaiwhakaaro ā-Pūtea

The total costs to fund the Audit and Risk Committee for the next triennium is budgeted for from 2022 to 2025 in the long term plan.

In regard specifically to the remuneration anticipated to be paid if Mr Robertson is reappointed to the independent Chair role, this is at a level, particularly with the extenuating circumstances described elsewhere in this report, where Council's procurement policy allows reappointment without the need for tender.

#### Risks - Tūraru

There are no known significant risks associated with the decisions required for this matter.

## 8 NEXT ACTIONS

Action	Responsibility	By When
Confirm recommendations from outgoing Council to incoming Council	GM Business Support	November

## 9 APPENDIX - ĀPITITANGA

No:	Appendix Title
1	Audit and Risk Committee Performance Survey Results



Genny Wilson  
BUSINESS RESILIENCE AND RISK ADVISOR



Reviewed by Georgina Knapp

**MANAGER BUSINESS IMPROVEMENT AND RISK MANAGEMENT**



Approved by Ken Morris

**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT**



## APPENDIX 1

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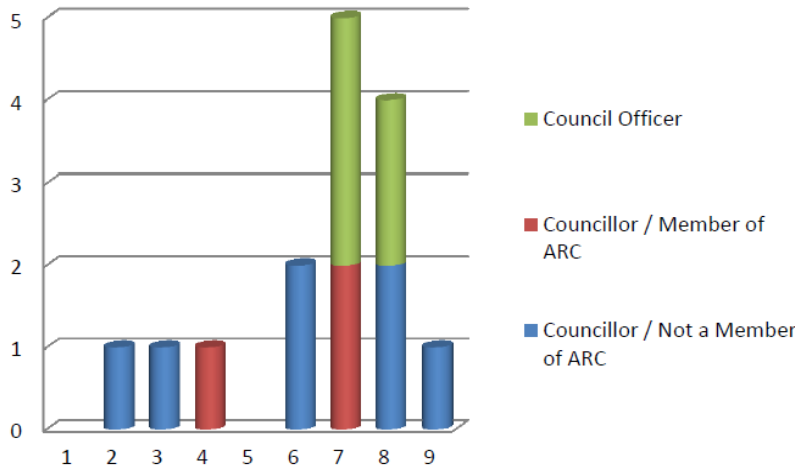
### Audit and Risk Committee Performance Survey Results (ECM 10882827)



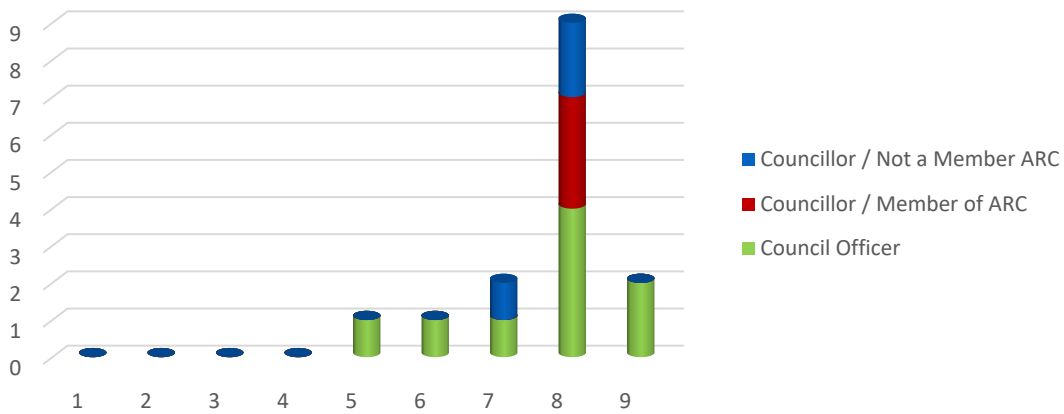
## Audit and Risk Committee Evaluation Survey 2022

Q1. Please rate on the scale 1 (minimal) to 9 (substantial), what is your overall assessment of the added value the Audit and Risk Committee brings to Waipa District Council.

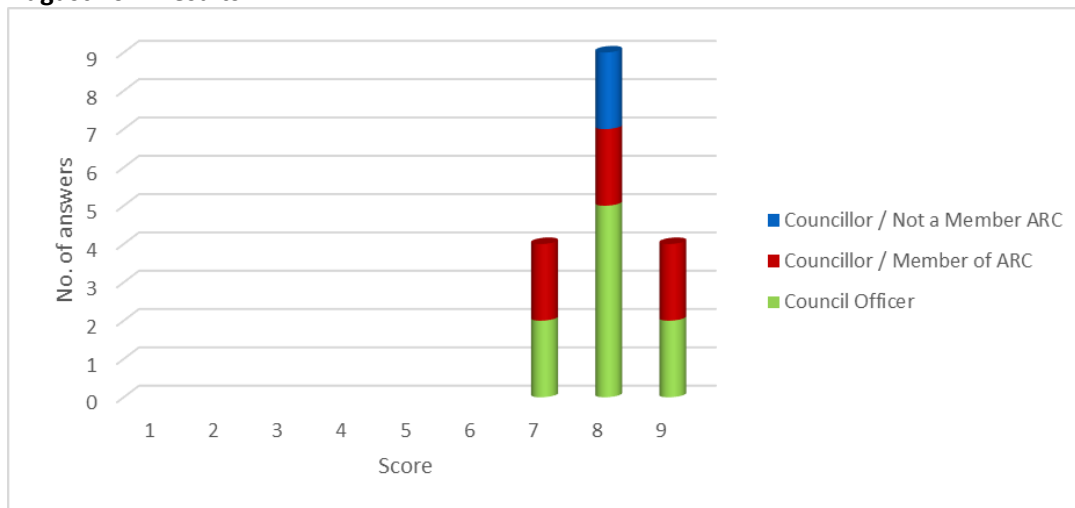
### March 2016 results



### August 2021 results



### August 2022 results

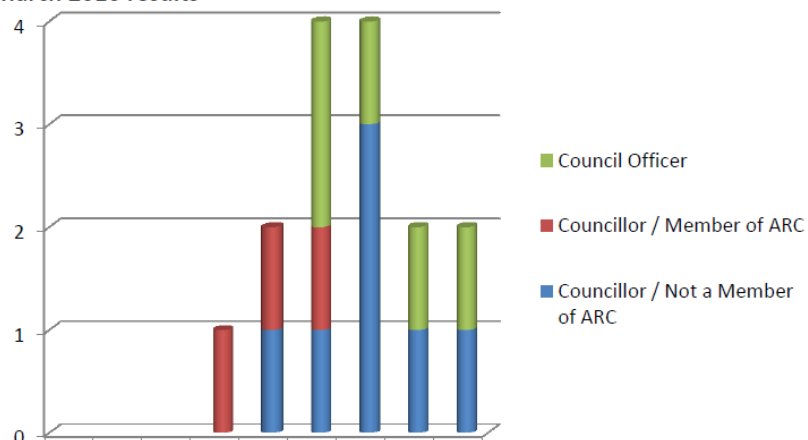




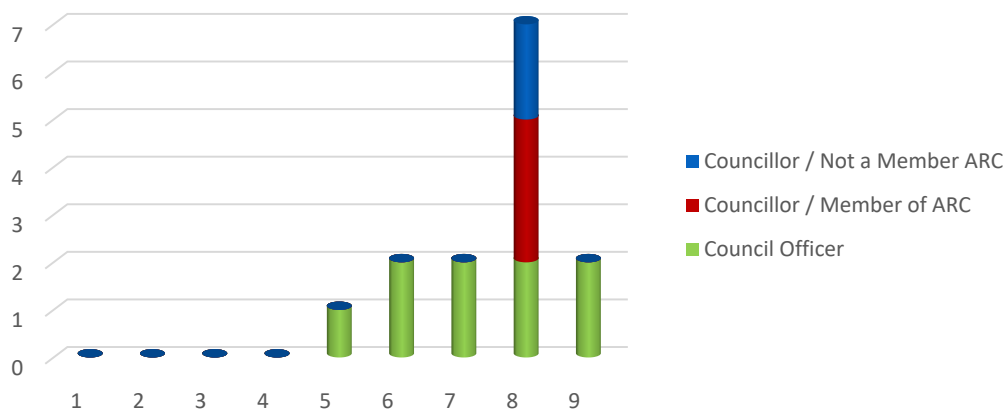
## Audit and Risk Committee Evaluation Survey 2022

**Q2. Please rate on the scale from 1 (very limited knowledge) to 9 (a comprehensive understanding), your appreciation of the risks facing Waipa District Council following nearly 7 years of the Audit and Risk Committee.**

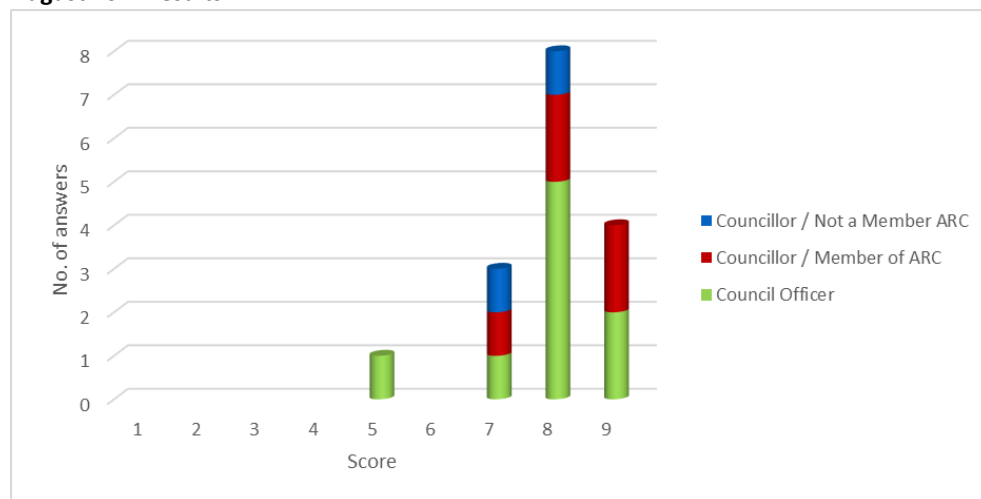
March 2016 results



August 2021 results



August 2022 results

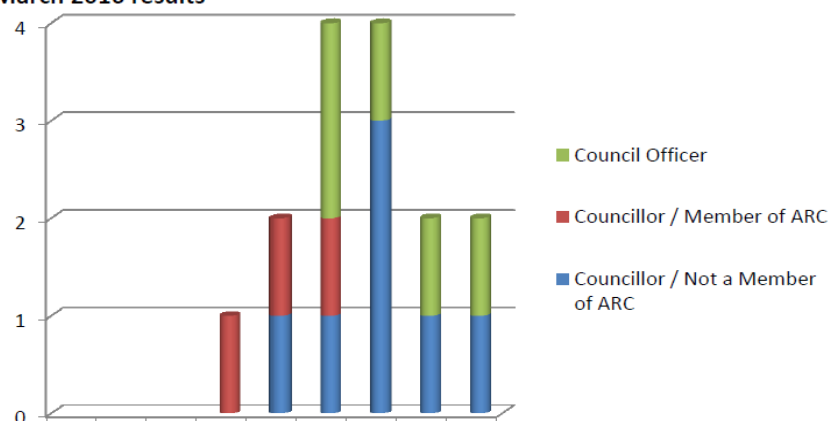




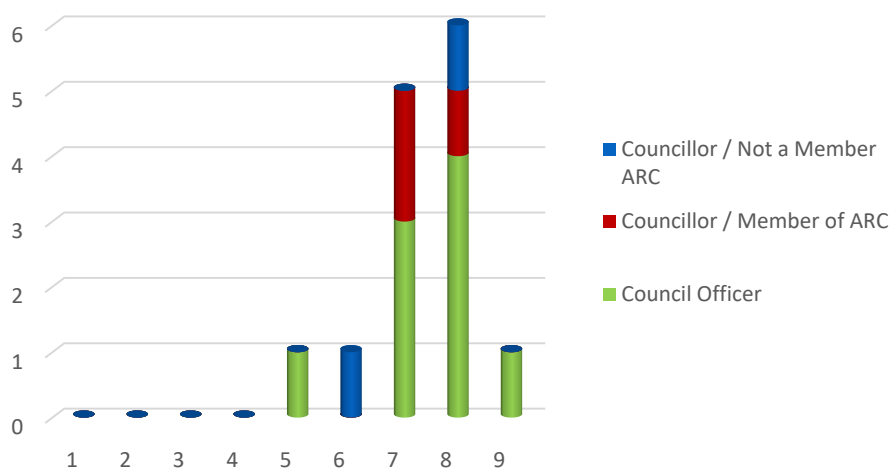
## Audit and Risk Committee Evaluation Survey 2022

**Q3. Please rate on the scale from 1 (not capable) to 9 (extremely capable), your capability to manage risk in your role for Waipa District Council following nearly 7 years of the Audit and Risk Committee.**

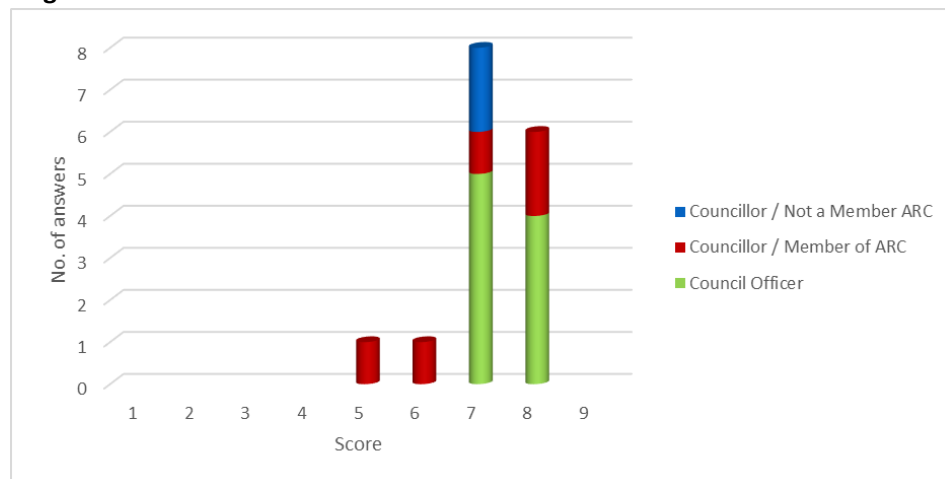
March 2016 results



August 2021 results



August 2022 results

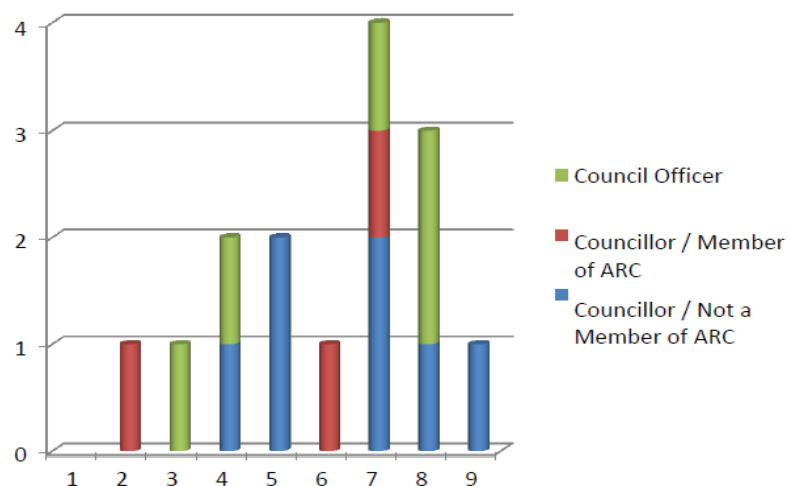




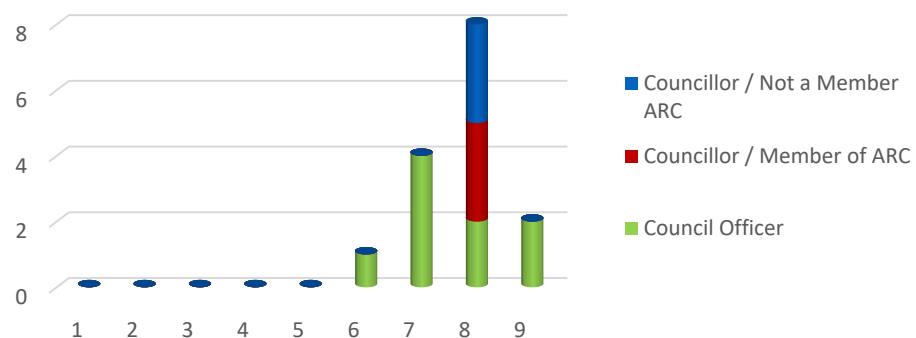
## Audit and Risk Committee Evaluation Survey 2022

**Q4. Please rate on the scale 1 (no support) to 9 (fully supported), the level of support you receive to manage risk in your role at Waipa District Council following nearly 7 years of the Audit and Risk Committee.**

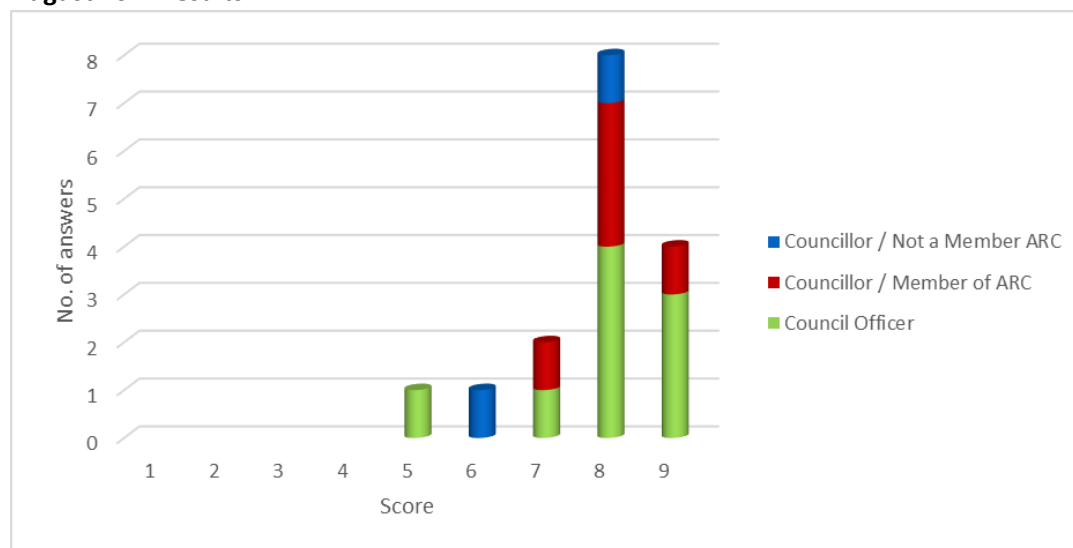
March 2016 results



August 2021 results



August 2022 results



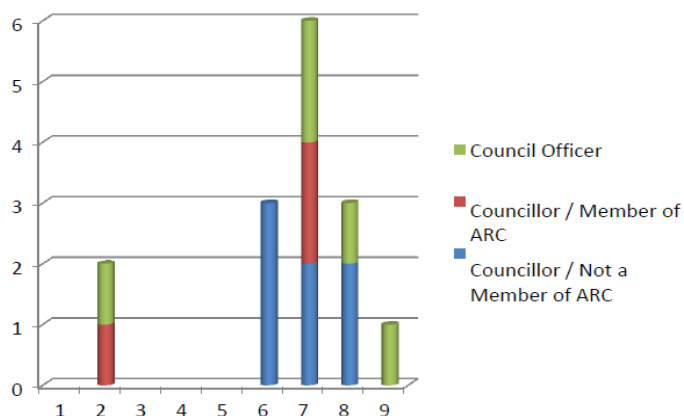


## Audit and Risk Committee Evaluation Survey 2022

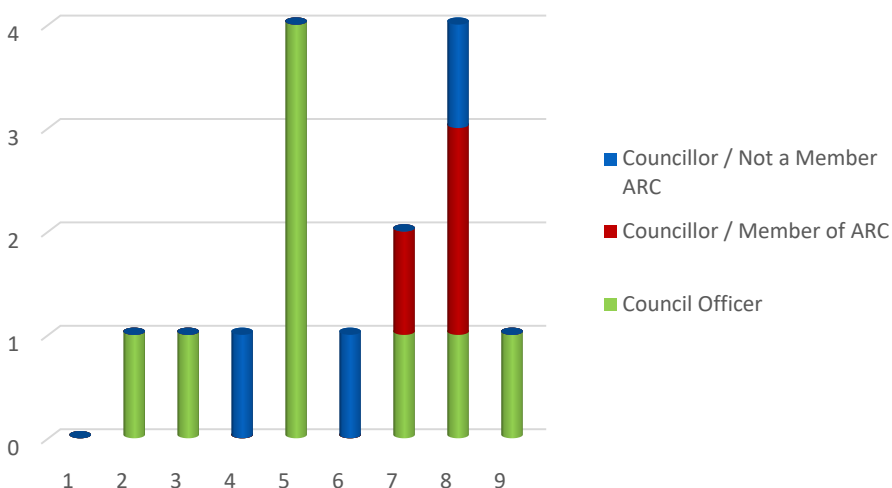
Q5.a. How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

### Treasury management policy

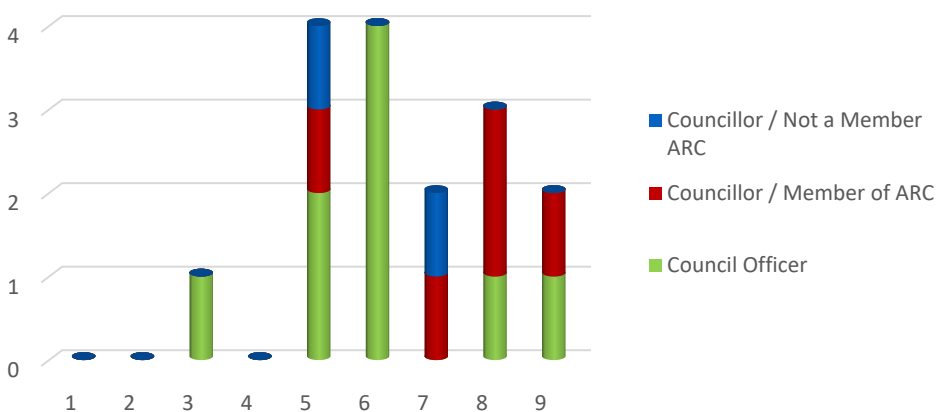
March 2016 results



August 2021 results



August 2022 results



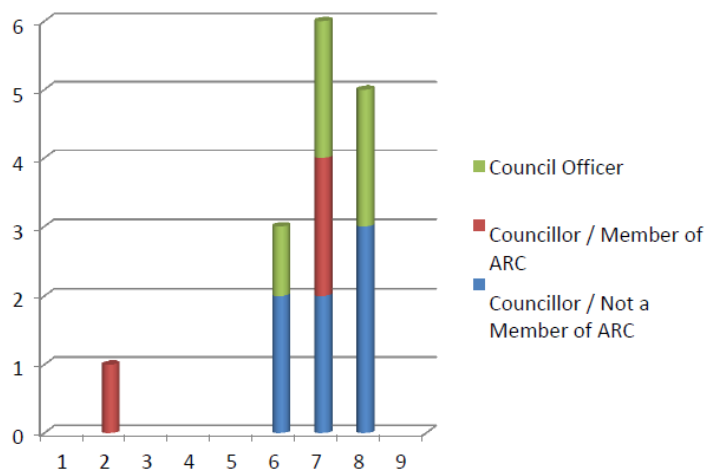


## Audit and Risk Committee Evaluation Survey 2022

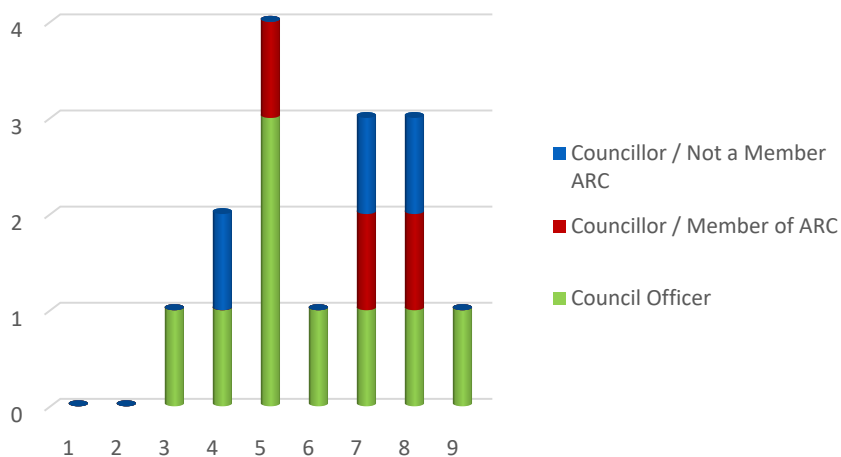
Q5.b. How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

### Insurance arrangements

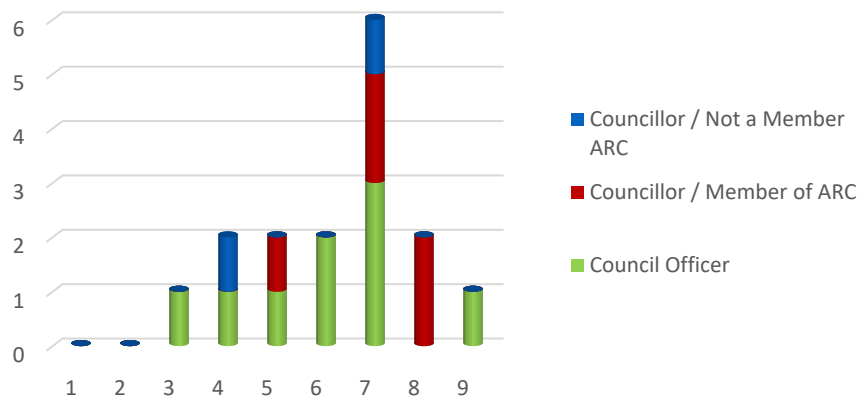
March 2016 results



August 2021 results



August 2022 results





## Audit and Risk Committee Evaluation Survey 2022

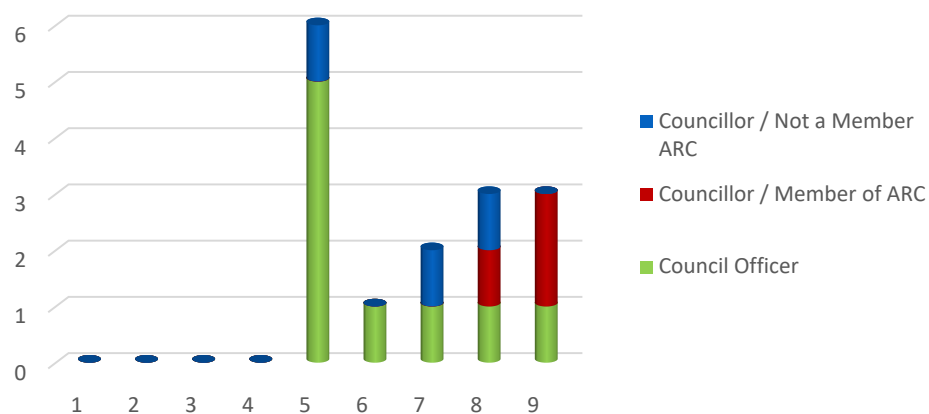
Q5.c. How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

### Financial management polices

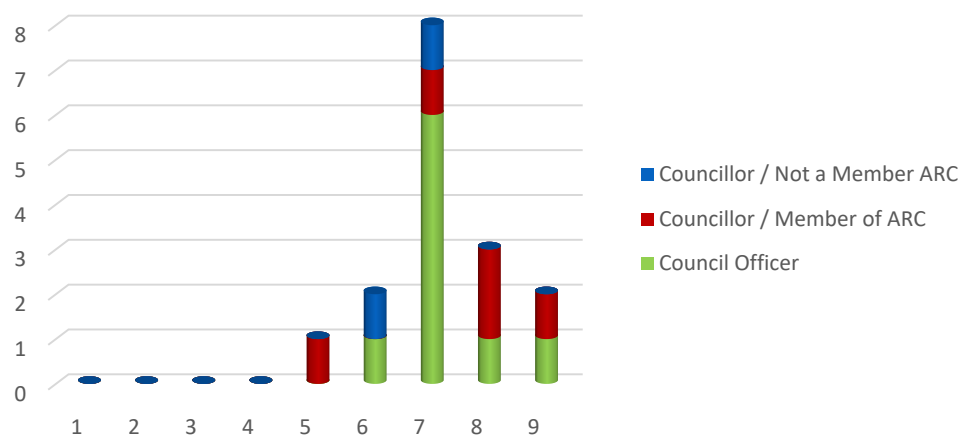
#### March 2016 results



#### August 2021 results



#### August 2022 results





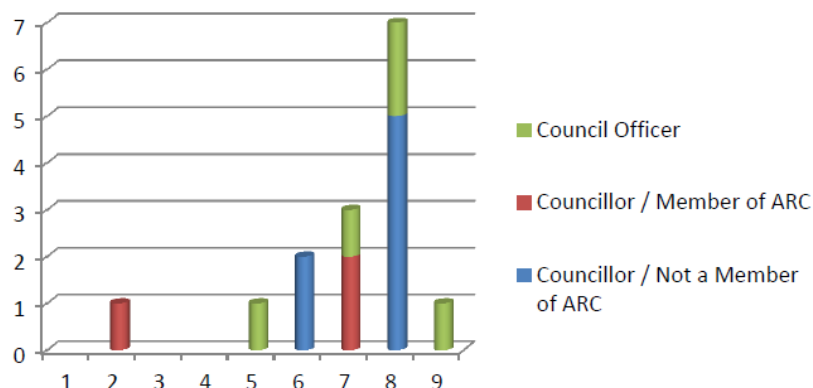


## Audit and Risk Committee Evaluation Survey 2022

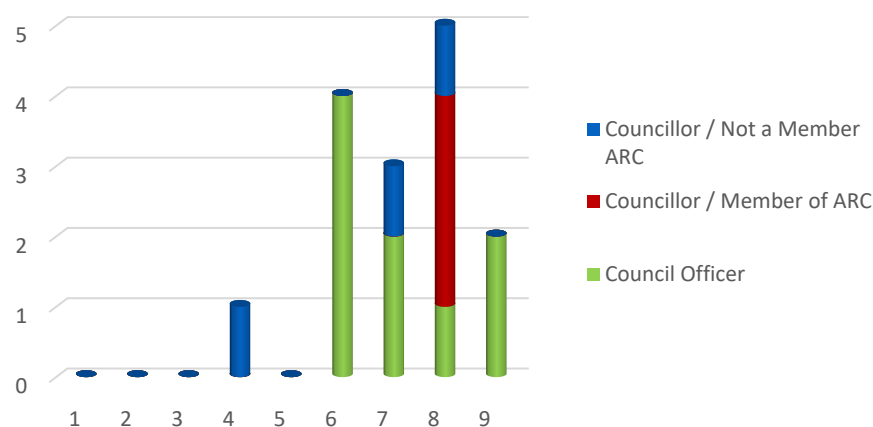
Q5.d. How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

### External audit / external accountability

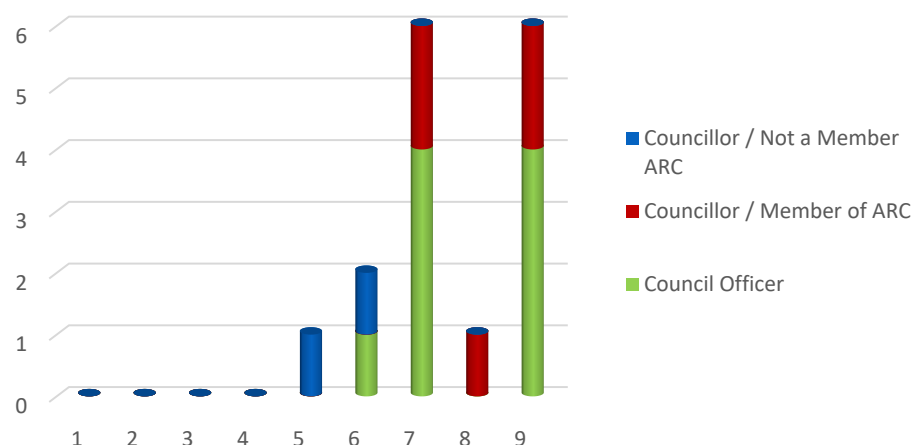
#### March 2016 results



#### August 2021 results



#### August 2022 results



## Audit and Risk Committee Evaluation Survey 2022

### Q6. What areas can you identify where the Audit and Risk Committee should focus more attention or where there is a need for more support?

- Continued education to the wider Council and staff in regards to risk and assurance functions.
- Impacts on staff resourcing and workloads shared with wider council
- Increasing the risk understanding of Councillors who are not members of ARC
- More direct identification of accountability for risk mitigation measures, to lower risk profile.
- More regular sessions like the one we had with Earl White from Bancorp giving us a greater understanding of economic challenges in a global and sense and how we fit into that.
- This in a sense is a whole of Council call - are there areas where they would wish the Committee to look. Are there systems, processes or key matters that Council seeks the Committees input/assurance on? I would be keen to explore how well the internal improvement plan and the Committees work are aligned and to explore the value of a short session with Committee and risk champions.
- Climate change risk and community/social well-being risk
- None
- Inflationary pressures and rising interest rates, staff churn and lack of qualified staff

### Q7. What aspects of the work of the Audit and Risk Committee do you think has produced the most value to you in your role with Waipa District Council?

- Oversight of top organisational risks
- Overall support and governance of risk management and encouragement.
- Identification of risks and linkages to the strategic planning cycle and performance management. Now getting more inter-connectedness across the elements of the planning cycle.
- Open conversations (PE)
- The annual identification of the Top Risks and setting of the Risk Appetite. Together with the discussions on the Quarterly Risk Report and the focussed Deep Dive discussions.
- Nil
- Support for recommendations arising from external audits to be fully addressed and closed out
- I have appreciated the guidance provided by the Chair in his knowledge of the audit field and in other areas of Local Government. He identifies potential issues and prompts management to address these ahead of time. Audit committee has good insight, are well prepared and serious about sound governance.
- Strategic internal review of emerging risk issues with supplier markets.
- I think the sessions when members contribute to discussions around clarifying and setting out our key organisational risks have been the most helpful.
- Understanding risk profile
- The formal, quarterly risk reporting is working well and is often referenced in our other discussions. The focus on key risks and work with GM's is starting to develop well.
- Overall risk management, risk reporting, internal audit programme
- Identifying, understanding and where appropriate mitigating the risks facing Waipa, plus focusing on the role of internal auditors and dealing with external audit concerns.
- Comprehensive overview of the current situation of Waipa District Council.

## Audit and Risk Committee Evaluation Survey 2022

**Q8. We would like to hear of any negative consequences that you have noticed following the establishment of the Audit and Risk Committee. This feedback is treated anonymously. Please provide your comments here:**

- Discussions had regarding impact on staff and workload pressures, yet the Councillors are still demanding more from staff
- None
- Nil
- None
- Questions have arisen about the selection process of the independent Chair given recent media coverage about “super consultants”.
- None that I am aware of.
- Nothing negative - all positive and valuable
- Needs to be more agile and react and respond rapidly to changing situations

**Q9. Any other comments would be welcome**

- Thanks for the opportunity to provide feedback - it's good to see gains made over time.
- Nil
- Thanks for the opportunity
- I appreciate the focus of Waipa on risk as part of its overall governance approach.
- Really impressed with the progress made by the committee and their work programme. Excellent mahi! Independent Chair Bruce Robertson adds excellent value and insights
- Audit and Risk Committee is an important part of Waipa District infrastructure.

# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Principal Policy Advisor  
**Subject:** Risk reporting on Ahu Ake - Waipā Community Spatial Plan project  
**Meeting Date:** 30 September 2022

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## 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

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Ahu Ake, the Waipā Community Spatial Plan (the Plan), is being developed to ensure that we achieve the Council's Vision and Community Outcomes and articulate the near term and long-term aspirations of our Waipā communities.

The Plan will be a leading document in our integrated strategic planning framework which will inform the development of the 2024-34 Long Term Plan and other strategic documents.

This report aims to provide the Audit and Risk Committee (ARC) with a quarterly update on risks identified for the project; and the development of the Plan in response to those identified risks.

This report is provided for information purposes and does not require any decision-making on the part of Committee Members.

The following appendix accompanies this report:

- Appendix 1 – Waipā Community Spatial Plan RAAID matrix 24 May 2022 (document number 10822623).

## 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*That the Audit and Risk Committee receive the report of David Totman, Principal Policy Advisor titled Risk reporting on the Waipā Community Spatial Plan project [document number 10863092].*

### 3 COMMENTARY - KŌRERO

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#### **BACKGROUND**

##### **Process to identify, assess, mitigate and manage project risks**

Following the workshops with the Project Control Group and Project Team on 12 November 2021 and 24 November 2021, the risk statements and associated risk mitigations were captured in the RAAID (Risks, Assumptions, Actions, Issues, Decisions) Matrix. The most recent version of the RAAID matrix (document number 10822623) is provided in Appendix 1 of this report.

##### **Reporting**

Quarterly reporting focuses on identified risks rated as 'Very High' and above through to the adoption of Ahu Ake - Waipā Community Spatial Plan.

There are eight identified risks presented in this report which are rated as 'Very High' and above (raw risk) associated with the preparation of the Plan. Seven of those risks have all been reduced to 'high' and 'medium' risks with risk mitigation and treatment.

This report focuses on:

1. Providing an update on the commentary on risks mitigations where relevant; and,
2. The review of the identified risk rated “Extreme” (raw risk), which has reduced to “Very High” (residual risk) with the application of risk mitigation and treatment.

#### **IDENTIFIED RISKS FOR DISCUSSION**

A risk register is maintained for the project and is regularly reviewed by the project owner, the project director, and the project manager. Risks are reported to the Project Control Group (PCG) regularly.

Overall project risks have been identified in relation to:

- Project delivery within a developing context (i.e., COVID-19 Pandemic, Government reforms);
- Partner involvement; and
- Community buy-in.

***Mana Whenua/Iwi aspirations are not appropriately reflected***

*If the aspirations of Mana Whenua and Iwi, and Mātauranga Māori, are not accurately and appropriately reflected in the Waipā Community Spatial Plan, then relationships between Waipā District Council, Mana Whenua, Iwi, and our Māori communities can be detrimentally affected, resulting in a failure to successfully deliver on the Council's vision to build connected communities.*

The Project Plan formulated during Phase 1 of the Project outlined the need for a dedicated workstream to ensure Mana Whenua and Iwi aspirations are captured on time and appropriately. This workstream is led by Steven Wilson, Maximize Consulting Ltd, who has been engaged by Council to provide guidance and input on Mana Whenua and Iwi engagement.

The project team is committed to delivering this project by applying a partnership model with partners involved at critical decision-making points through zui (online hui) and dedicated wānanga.

Additionally, the core project team provides regular updates to the Project Control Group (PCG), which includes Mana Whenua representatives.

**Risk mitigation update**

Working in collaboration with Mana Whenua and Iwi representatives, a combined Mātauranga Māori and Te Ture Whaimana evaluation of the five scenarios was completed by July 2022. This first evaluation was followed by a second at an on-line workshop held on 4 August 2022. This focussed on assessing the five scenarios against the Council's vision and community outcomes in the 2021-2031 Long Term Plan.

On 12 September, a joint Partners Workshop is to be held with elected members, Mana Whenua members of the PCG and a representative from each of the three Joint Management Agreement (JMA) partners. The purpose of this workshop is to outline a preferred scenario.

The partnership approach has helped to strengthen Council relationships with Mana Whenua.

The raw and residual risk rating remains unchanged.

**Rating**

The raw risk rating is 'Very High', and the residual risk is 'High'.

***Impact of the COVID-19 Pandemic on partners, stakeholders and our Waipā's communities***

*If COVID-19 is not successfully contained within the Waipā District, then the number of those who contract the virus will increase, and morbidity rates may also rise; there will be adverse impacts on the way we undertake our daily lives; there may be high rates of absenteeism in the workplace as people become unwell and/or are required to isolate; there will be restrictions on our ability to connect in person, and people will prioritise what is important to them.*

A business continuity plan has been prepared for the Strategy business unit, with the Waipā Community Spatial Plan being specifically referenced within that. The project and Communication & Engagement teams have prepared a staged and targeted engagement plan that considers the possible impacts of the COVID-19 pandemic. Considering the ongoing risks, engagement with both face to face and digital platforms, has been provided for to address the risk to the project.

**Risk mitigation update**

New Zealand remains at an 'Orange' COVID alert level, with mask wearing required in shared spaces and public areas of the Council buildings. While safety measures are being retained, our ability to connect in person has been mostly re-established but is at the discretion of those with whom the project team is interacting. It is also of course dependent on any country wide or local change in COVID and seasonal flu levels that prompt a change in the Council's protocols. In the meantime, the raw and residual risk rating remains unchanged.

**Rating**

The raw risk is 'Extreme', and the residual risk is 'Very High.'

### **Project delivery timeframe is too ambitious**

*The timeline for the development of the Waipā Community Spatial Plan is extremely ambitious, given the complexity of the project and the need to ensure successful delivery. If staff, consultants, partners and/or stakeholders have competing priorities, they may not have sufficient time and resources available to provide the required inputs for this project, and the quality of project deliverables could be compromised. The timing of the 2022 triennial local election in October 2022 might impact the ability to present a final plan for Council approval within the original project timeframes. If the project is not substantially progressed by October 2022, strategic direction will not be provided to inform the development of the 2024-34 Long Term Plan and the business cases.*

The project was set up with dedicated project director and project manager roles, including oversight and understanding of the technical requirements needed to develop the Plan through to completion. This structure allows for project synergies to be realised. The project team continuously seeks input from across the Council team (comprising staff in Growth Management, Community Services, Service Delivery and Strategic relationships) to ensure expertise is provided by the right people at the right time, thus minimising the reliance on a specific group of people for technical input.

Robust and regular updates are also provided to the PCG and the Strategic Planning and Policy (SP&P) Committee.

### **Risk mitigation update**

To ensure that the benefits are realised and to provide increased certainty about the affordability of the final Community Spatial Plan, the Project Control Group requested that quantitative elements be added to the overall evaluation framework. Part of this quantitative element was linked to the infrastructure assessments required for Plan Change 26 (PC26). These reports have since been completed but lacked sufficient financial information to be particularly useful to the scenario evaluation.

An alternative quantitative assessment has however, been achieved through combining three component assessments. The first is an economic assessment of the five scenarios looking at employment and economic productivity. This has been undertaken by Infometrics. The second is a GIS spatially based assessment of residents' accessibility to key services and facilities. The third assessment component uses the status quo scenario and current LTP costs as a basis to enable a comparative assessment and scoring of infrastructure costs for the other four scenarios. This last assessment was undertaken by the members of the project's internal technical advisory group.

We remain on track to provide direction to the 2024-34 Long Term Plan project with an emerging preferred scenario and associated interventions by September 2022.

A recommendation is to be made to the outgoing Council for the PCG to continue to meet and to make a recommendation to the new Council regarding an emerging



preferred scenario. The revised project timeline provides for adoption of the final plan by 30 June 2023.

For the above reasons, the raw and residual risk rating remains unchanged.

### **Rating**

The raw risk is 'Very High', and the residual risk is 'Medium.'

### ***Project collaborators and the Community do not support the project***

*If Elected Members, staff, partners, stakeholders and/or the communities of Waipā don't buy-in to and engage with the development of the Community Spatial Plan, or the implementation of the Plan's selected scenario is not affordable or sustainable, then the Plan will not reflect the aspirations of our communities; it will not be successfully delivered and implemented, and Waipā District Council will not achieve its vision to build connected communities.*

Our Communication Strategy has been updated to provide a more targeted approach where individual stakeholder organisations and groups are provided with opportunities to outline their priorities and explore how these might align with this project. Our internal communications (including our fortnightly Friday updates to Elected Members) focus on ensuring internal staff have adequate information to champion this project with their teams and activity areas.

### **Risk mitigation update**

The project team conducted their first round of key stakeholder engagement in April/ May 2022 to capture feedback and help to finalise the draft scenarios. Feedback was very positive, with most stakeholders commending Council for their forward-thinking.

With the current limited resources in the Council's Communications Team, the project has procured the services of Craig McKibbin as the project's communications and engagement lead.

A second round of stakeholder engagement began with an on-line webinar on 3 August 2022. The webinar explained the purpose of the spatial plan. It provided an overview of the five scenarios and concluded with access to an online survey to be completed by stakeholders.

A second round of internal communications is underway including providing a project update to the Customer Support team and a presentation to all staff as part of the State of the House update. The above actions have increased the project's internal and external visibility and "buy-in".

For the above reasons, the raw and residual risk rating remains unchanged.

### **Rating**

The raw risk is 'Very High', and the residual risk is 'Medium.'

### ***Project benefits are not realised due to its complexity within the agreed project scope and/or required timeframe***

*The project is becoming more complex as we progress the development of the Waipā Community Spatial Plan. If it becomes so complex that it is not possible to deliver all the benefits that we're seeking to achieve within the agreed project scope and/or required timeframe and this iteration of the Plan, then we may not meet the expectations of Council, partners, stakeholders, and the communities of Waipā.*

Phase 1 of the project provided clarity as to what can be achieved in version 1 of the Plan and what will be delivered in future iterations.

The project team is working closely with an internal working group of managers and team leads from across the following Council teams: District Plan, Growth Management, Transport, Water Services, Strategy and Asset Management. This collaboration will help to ensure that the first iteration of the Plan provides the strategic direction required to inform the 2024-34 Long-Term Plan, Growth Strategy, and the District Plan's upcoming review.

Additionally, the external resources engaged in developing the Plan also hold strategic roles within Future Proof and the Hamilton Waikato Metro Spatial Plan project, ensuring spatial and strategic alignment with these projects.

### **Risk mitigation update**

On 16 May 2022, the PCG reviewed and approved the updated timeframes given the additional items included in the project scope. While these items are supplementary to the initial scope, they have allowed for a better structure and robustness to the assessment of the scenarios. They also reinforce the alignment work with the Medium Density Housing Plan Change 26 and the 2024-24 Long Term Plan.

For the above reasons, the raw and residual risk rating remains unchanged.

### **Rating**

The raw risk is 'Very High', and the residual risk is 'Medium.'

***Organisational processes add barriers to the delivery of this innovative project***

*If Council's process requirements are unduly onerous and compliance is required, then this may detrimentally impact on our ability to be innovative, to fully utilise technology, and to move at pace, as we progress the development and implementation of the Waipā Community Spatial Plan.*

The project manager continues to establish close working relationships with Council's IT, Information Management and GIS teams to ensure the Plan is delivered as per initial expectations.

**Risk mitigation update**

There are no further updates on this risk mitigation measure and treatment.

**Rating**

The raw risk is 'Very High', and the residual risk is 'Medium.'

***Project fails to engage across key Waipā's demographic***

*If we do not actively engage with our diverse communities and across the generations, the Waipā Community Spatial Plan will not be representative of our communities and will not incorporate the insights and aspirations that are unique to our communities.*

Our stakeholder engagement plan (included in the Communication Strategy) outlines a diverse range of stakeholders targeted at critical stages in the development of the Plan. The project team endeavours to use a range of tactics to engage and to create interest and momentum around the engagement and consultation phase. Our communication strategy has also identified influencers and champions within our communities who can articulate the near to long term purpose of Ahu Ake, Waipā Community Spatial Plan.

**Risk mitigation update**

As mentioned earlier in the report under the risk 'project collaborators and the community do not support the report' a dedicated project Communications and Engagement Lead, Craig McKibben, has been appointed to manage the informal stakeholder and community engagement processes and the 'Special Consultative Procedure' consultation on the final draft plan. This will ensure the final plan is robust and supported. The project team are preparing for a 'road show' approach to engagement to target the more remote and small rural communities. The raw and residual risk rating remains unchanged.

**Rating**

The raw risk is 'Very High', and the residual risk is 'Medium'.

***National directions and reforms challenge the delivery and purpose of the project***

*If Central Government introduces legislative reform which cuts across the purpose/scope/implementation of the Waipā Community Spatial Plan, then this could undermine what we set out to achieve and our Elected Members and Community could perceive this as a total waste of time, effort and money.*

The project has been scoped to respond to changes arising from interventions already undertaken by the government (e.g. RMA and NPS housing requirements, Environment-focused NPS, Te Ture Whaimana etc.)

Through the initial stakeholder engagement phase, the project team have established working relationships with Central Government agencies, through a pre-existing multi-agency strategy (i.e. Future Proof), and at a Council level with the establishment of an internal advisory group. These connections and outcomes will champion Waipā and our work on placemaking, on the national stage.

Additionally, the project team provides robust reporting through to the PCG, SP&P, and ARC.

**Risk mitigation update**

There are no further updates on this risk mitigation measure and treatment.

**Rating**

The raw risk is 'Very High', and the residual risk is 'Medium.'

**OTHER MATTERS**

**Project timeframe**

Although the original project time-frames have changed and the Plan will not be adopted by the end of the calendar year, the project team remain confident that the project will be sufficiently progressed to inform the planning of the Long-Term Plan 2024-2034.

**Decision making**

There are no options presented for determination by the Committee. This report sets the scene for managing project risks and reporting and is provided for information purposes only.

**Financial considerations**

There are no financial considerations arising from the presentation of this report for information.

**Legal and regulatory considerations**

*s.10 Local Government Act 2022 - Purpose of Local Government*

Ahu Ake - Waipā Community Spatial Plan is being developed to ensure that we achieve Council's Vision and Community Outcomes; and to articulate the near term and long-term aspirations of our Waipā communities.

#### 4 APPENDIX ĀPITITANGA

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No:	Appendix Title
1	Waipā Community Spatial Plan RAAID matrix 24 May 2022 (document number 10822623)



David Totman  
**PRINCIPAL POLICY ADVISOR**



Approved by Kirsty Downey  
**GROUP MANAGER STRATEGY**

## APPENDIX 1

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Waipā Community Spatial Plan RAAID matrix 24 May 2022 (ECM 10822623)

Appendix 1

date updated 19/08/2022		Pre-Mitigation											Post-Reduction measures & Post-Mitigation									
Description	Risk Area	Qualitative Risk Analysis				Pre-Mitigation			Post-Mitigation			Risk or Opportunity	Risk Reduction Measure & Treatment Type	Likelihood post risk reduction measures		Consequence post risk reduction measures		Risk Evaluation		Risk Score	Risk Priority	Outcome of risk at end of project
		Threat or Opportunity (score not required for Opportunity)	Risk Manager	How likely is the event	Consequence Rating	Likelihood Rating	Consequence Rating	Risk Score	Likelihood Rating	Consequence Rating	Risk Score			Risk Status	Likelihood Rating	Consequence Rating	Likelihood Rating	Consequence Rating	Risk Score			
If the aspirations of Mana Whenua and Iwi, and Māori are not accurately and appropriately reflected in the Waipā Community Spatial Plan, then relationships between Waipā District Council, Mana Whenua, Iwi, and our Māori communities can be detrimentally affected, resulting in a failure to successfully deliver on the Council's vision to build connected communities.	Governance, reputation, legislative compliance and control	Threat	Project owner	Likely	Major	Likely	Major	Very High	4	4	16	Live	Very High Risk	Development of the Mana Whenua & Iwi Engagement Plan which will be updated as required; Provide regular updates with the rationale for decisions made and ensure that these align with the Mana Whenua & Iwi Engagement Plan and the Communications Strategy; Council's Significance & Engagement Policy also provides guidance as to the level of engagement required for different scenarios; Utilisation of the GIS tool to record Mana Whenua, Iwi and Māori aspirations, ensuring that we manage data appropriately in accordance with the data statement, to help build trust; Engagement of an independent advisor as a key member of the core project team; Appointment of Mana Whenua/Iwi representatives to the Project Control Group; Hal at key delivery milestones; Reporting to the Project Control Group, Iwi Consultative Committee and Ngā Iwi Toopū o Waipā.	Possible	Serious	3	3	9	High Risk		
If we are not able to engage with Mana Whenua, Iwi and Māori in ways that make it accessible for them to participate as partners in the development of the Waipā Community Spatial Plan then it will not reflect their values, insights, and aspirations, and the plan will not successfully deliver on the Council's vision to build connected communities.	Operations and Service Delivery	Threat	Project owner	Possible	Serious	Possible	Serious	High	3	3	9	Live	High Risk	Development of Mana Whenua & Iwi Engagement Plan; Engagement of independent advisor as a key member of the core project team; Appointment of Mana Whenua/Iwi representatives to the PCG; Hal at key delivery milestones; Reporting to the Iwi Consultative Committee and Ngā Iwi Toopū o Waipā; providing for a range of engagement tools - including on-line and in-person hui, utilisation of the GIS tool. Mana Whenua and Iwi Engagement Plan is in place and will be updated as required. Council's Significance & Engagement Policy also provides guidance with respect to engagement.	Possible	Moderate	3	2	6	Medium Risk		
If COVID-19 is not successfully contained within Waipā District, then the number of those who contract the virus will increase and morbidity rates may also rise; there will be adverse impacts on the way we undertake our daily lives; there may be high rates of absenteeism in the workplace as people become unwell and/or are required to isolate; there will be restrictions on our ability to connect in person; and people will prioritise what is important to them.	People (incl. H&S)	Threat	Project owner	Likely	Severe	Likely	Severe	Extreme	4	5	20	Live	Extreme Risk	Detailed project plan developed and implemented. In-house and external resourcing of core project team, with ability to bring in additional resources from within the current providers and wider if required to ensure business continuity. Regular and robust reporting to the PCG, SP & P and ARC. Ensuring access to a range of on-line tools. Monitor partners, staff and stakeholders ability to participate in the project. An organisational recovery programme, incorporating COVID-19 information sharing, is in place. The Western Waikato Civil Defence Emergency Management arrangements provide ongoing capability, monitoring and management. Council also has sound Crisis Management, and Business Continuity Planning frameworks in place.	Likely	Major	4	4	16	Very High Risk		
If the project budget is not transparent and well managed, then costs may exceed the available funds, and Council's reputation will be detrimentally affected if the Waipā Community Spatial Plan does not successfully deliver on the Council's vision to build connected communities.	Financial (S & P)	Threat	Project owner	Possible	Serious	Possible	Serious	High	3	3	9	Live	High Risk	Comprehensive monitoring and reporting of budget (Total budget / Spend to date / What is committed / Budget remaining) to project team, PCG. Monitor progress against project milestones, spend and benefits realised.	Possible	Moderate	3	2	6	Medium Risk		
The timeline for the development of the Waipā Community Spatial Plan is extremely ambitious. If staff, consultants, partners and/or stakeholders have competing priorities, they may not have sufficient time and resources available to provide the required inputs for this project, the quality of project deliverables could be compromised, the timeframe may not be met in regards to the outcome sought to be achieved by the 2022 triennial local election in October 2022 and the strategic direction will not be provided for the development of the 2024-34 Long Term Plan.	Operations and Service Delivery	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	Detailed project plan developed and implemented. Our interim deliverables are designed to a level of detail that are able to be used for the LTP and the preparation of business cases. In-house and external resourcing of the core project team, with an ability to bring in additional resources if required to ensure business continuity. Regular and robust reporting to the PCG, SP & P and ARC. Ensuring open and clear communication with the project team leading the development of the 2024-34 Long Term Plan. Implementation, monitoring and review of the Communications Strategy will be critical.	Possible	Moderate	3	2	6	Medium Risk		
If Elected Members, staff, partners, stakeholders and/or the communities of Waipā don't buy-in to and engage on the development of the Community Spatial Plan, or the affordability of the plan's selected scenario is not sustainable then the plan will not reflect the aspirations of our communities; it will not be successfully delivered and implemented; and Waipā District Council will not achieve its vision to build connected communities.	Governance, reputation, legislative compliance and control	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	Detailed project plan is developed and implemented. Communications Strategy (including internal and external communications and engagement) is prepared and delivered. Community Advisors, staff within the Strategic Partnerships team and the Business Development Manager, as well as Executive Team members, will play a valuable relationship building and champion role.	Possible	Moderate	3	2	6	Medium Risk		
The project is becoming more complex as we progress the development of the Waipā Community Spatial Plan. If it becomes so complex that it is not possible to deliver all of the benefits that we're seeking to achieve within the agreed project scope and/or required timeframe and this iteration of the plan, then we may not meet the expectations of Council, partners, stakeholders and the communities of Waipā.	Governance, reputation, legislative compliance and control	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	Detailed project plan is developed and implemented. Communications Strategy (including internal and external communications and engagement) is prepared and delivered. Robust reporting to PCG, SP & P, ARC, ICC, NITOW. Providing clarity as to what is able to be achieved in version 1 of the plan, and what will be delivered in future iterations.	Possible	Moderate	3	2	6	Medium Risk		
If Council's process requirements are unduly onerous and compliance is required, then this may detrimentally impact on our ability to be innovative, to fully utilise technology and to move at pace, as we progress the development and implementation of the Waipā Community Spatial Plan.	Governance, reputation, legislative compliance and control	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	Detailed project plan is developed and implemented. Communications Strategy (including internal and external communications and engagement) is prepared and delivered. Establish close working relationships between the core project team (including consultants) and Council's IT, Information Management and GIS teams. Robust reporting through to PCG, SP & P, ARC.	Possible	Moderate	3	2	6	Medium Risk		
If we do not actively engage with our diverse communities and across the generations, the Waipā Community Spatial Plan will not be representative of our communities, and will not incorporate the insights and aspirations that are unique to our communities.	Governance, reputation, legislative compliance and control	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	Detailed project plan is developed and implemented. Communications Strategy (including internal and external communications and engagement) is prepared and delivered. Identification and contact of our stakeholders in a timely manner i.e. appropriate with regard to the time of engagement and their level of input. Identify influencers and champions within our communities who can articulate the near to long term purpose of the Waipā Community Spatial Plan. Robust reporting through to PCG, SP & P will also allow for any gaps within our stakeholder list to be identified early in the process.	Possible	Moderate	3	2	6	Medium Risk		
If Central Government introduces legislative reform which cuts across the purpose/scope/implementation of the Waipā Community Spatial Plan, then this could undermine what we set out to achieve and our Elected Members and community could perceive this as a total waste of time, effort and money.	Governance, reputation, legislative compliance and control	Threat	Project owner	Possible	Major	Possible	Major	Very High	3	4	12	Live	Very High Risk	The project has been scoped to respond to changes arising from interventions already undertaken by the government (eg the new housing requirements, water NPS, Te Ture Whaimana etc). Detailed project plan is developed and implemented. Communications Strategy (including internal and external communications and engagement) is prepared and delivered. Establish close working relationships with Central Government agencies, pre-existing multi-agency strategy (i.e. FutureProof), but also at an internal level with the establishment of an internal advisory group. These connections and outcomes	Likely	Moderate	4	2	8	High Risk		

# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Chief Executive  
**Subject:** **Deep Dive into Risks**  
**Meeting Date:** 30 September 2022

### 1 PURPOSE - TAKE

The purpose of this report is to provide for a 'Deep Dive Risk Discussion' on Top Risk 8 – Failure to manage response to and the impacts of central government reforms.

### 2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

The agreed work programme for the Audit and Risk Committee provides for a 'Deep Dive Risk Discussion' at every meeting. This involves a detailed examination of the organisation's 'Top Risks' on a risk-by-risk basis, testing and reassessing the risk and the effectiveness of the planned mitigations for that risk.

At this meeting, Top Risk 8 – Failure to manage response to and the impacts of central government reforms, will be examined.

### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee*

- a) *Receives the report of Garry Dyet, Chief Executive titled Deep Dive into Risks (ECM 10875358).*

### 4 COMMENTARY – KŌRERO

#### TOP RISK 8 – FAILURE TO MANAGE RESPONSE TO AND THE IMPACTS OF CENTRAL GOVERNMENT REFORM

*"If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have*



*significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community”.*

## OVERVIEW

This report will cover the following reforms: Resource Management, Three Waters and the Future for Local Government Review, which are currently underway. These are addressed as follows:

### RESOURCE MANAGEMENT REFORMS

There is a broad consensus throughout the country that after 30 years the RMA, which is our cornerstone environmental and development legislation, is not working as intended. The current legislation has become too complex; takes too long to undertake Plan Changes and full Plan review processes; costs too much to implement; and has neither adequately protected the natural environment nor enabled development where needed. Additionally, the RMA processes have been slow to respond to new challenges, whether of climate change or freshwater quality.

The Government has signalled that reforming the resource management system is a priority. Accordingly, the RMA will be repealed and new Acts created, being the Natural and Built Environments Act (NBA) and the Spatial Planning Act (SPA). Both pieces of legislation are expected to be introduced into Parliament in October of this year (2022) and be in law by the end of next year (2023).

The third component of this legislative review is the Climate Adaptation Act (CAA). This has complex technical, risk sharing, legal and financial issues associated with rising sea levels. This legislation is expected to be introduced to Parliament in 2023.

In December 2020 when Cabinet agreed to repeal the RMA and transform the resource management system, there were five objectives that the future system would need to achieve.

These objectives were to:

- Protect and where necessary restore the natural environment, including its capacity to provide for the wellbeing of present and future generations;
- Better enable development within biophysical limits, including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure;
- Give effect to the principles of Te Tiriti o Waitangi and provide greater recognition of te ao Māori, including mātauranga Māori;
- Better prepare for adapting to climate change and risks from natural hazards, and better mitigate emissions contributing to climate change;
- Improve system efficiency and effectiveness, and reduce complexity, while retaining appropriate local democratic input.

The Government has signalled we can expect the following matters in the new NBA:

- The legislation will set up a framework of outcomes for restoring, enhancing or improving the natural environment where it is degraded;
- It will promote development outcomes within environmental limits – for example we can expect the housing intensification elevated by the Medium Density Residential Standards to be part of the legislation;
- Support the wellbeing of present generations, without compromising the wellbeing of future generations;
- Will give effect to the principles of the Treaty of Waitangi and te ao Māori;
- Will be explicit about having to comply with environmental limits to protect ecological integrity and human health by setting out how the environment will be protected and enhanced, covering land use, along with environmental protection, water takes and discharges and use of coastal marine areas;
- Specify required outcomes for our natural and built environments which will help set expectations for decision-makers regarding what the future system should deliver. Examples include:
  - the natural environment is protected and where degraded restored;
  - nationally and regionally significant landscapes, natural features, habitats for indigenous species, native biodiversity and the natural character of the coast, lakes and rivers are to be maintained or where appropriate enhanced;
  - important habitat for indigenous species and their ecosystems are protected and where necessary restored.
- Useful concepts will be retained that are currently in the RMA, and in case law, to minimise costs and uncertainty during the transition to the new system;
- Stronger direction on matters of national significance such as the introduction of the National Planning Framework (NPF), which will codify and over time expand national direction. The framework will set mandatory limits, or give directions for those limits and outcomes sought to be set in NBA plans for both the natural and built environments.

Includes guidance on:

- How to manage highly productive land;
- How we protect, maintain and restore indigenous biodiversity.

Stipulate environmental limits and targets on:

- Air; indigenous biodiversity; coastal waters; estuaries; freshwater; and soil.

The new Regional Planning Committees will need to consider how to manage the natural environment to maintain limits and meet targets in the National Planning Framework. This includes setting their own limits and targets, if the National Planning Framework has delegated these functions to them.

A Regional Spatial Strategy will be required for each region. This will:

- Be prepared on a time horizon of 30 years+;
- Identify where development, growth and infrastructure should be provided;
- Identify areas that are suitable for development, or need to be protected, or will require infrastructure or are vulnerable to climate change effects and natural hazards.

A NBA plan will be required for each region. This will:

- Set the framework for managing land and resource use at a regional level;
- Must give effect to the National Planning Framework;
- Achieve the aspirations of the Regional Spatial Strategy and be outcomes focused.

It has been signalled that cost recovery provisions will be strengthened to allow costs to be recovered for compliance, monitoring of permitted activities, and investigation of non-compliant activities. Financial penalties may also be increased.

In regard to the proposed Climate Adaptation Act, this is to address the complex issues around managed retreat. It is expected to provide additional tools to enable society to locate assets and activities away from areas at high risk from climate change and natural hazards.

The Government has budgeted \$179 million over four years for implementation of resource management reform. This will ensure funding to help complete the National Planning Framework, the first Regional Spatial Strategies and Natural and Built Environments Plans, and establish the National Māori entity.

The mitigant detailed in Risk 8 – Failure to manage response to and the impacts of central government reforms for RMA reforms is as follows:

*“Agreement to be part of response unit to manage Council’s response to reforms and inform decision making “*

Accordingly, a number of key Council staff are part of a response team that have been considering information provided by Central Government on the RMA reform including the preparation of submissions, discussion with elected members and lodgement of the submissions with the Ministry for the Environment. This includes submissions drafted and lodged on:

- Exposure draft of the Natural and Built Environments Bill (NBA) - lodged 4 August 2021;
- Resource Management Housing Supply and Other Matters Amendment Bill - lodged 16 November 2021
- Our Future Resource Management System November 2021 Discussion Document - lodged 28 February 2022

The Council staff RMA reform response team will continue to review and respond to the information provided.

At this stage we are waiting to see the new NBA Bill and Spatial Planning Bill, scheduled to be released in October.

### THREE WATERS REFORMS

The Water Services Entities Bill was introduced to Parliament earlier this year, and is currently before the Finance and Expenditure Select Committee. Mayor Jim presented Waipā's submission on 16 August 2022. The Committee is expected to report back to Parliament by Friday 11 November 2022.

It is understood that work is currently also underway alongside the Ministry of Business, Innovation and Employment on the development of economic regulation and consumer protection mechanisms for the Water Service Entities. A second Water Entities related Bill is expected to be introduced into Parliament in late 2022. This Bill will deal with asset transfer provisions.

The National Transition Unit (NTU) is also continuing to move forward with its ambitious work programme, and the Government recently announced funding for councils to support involvement in the National Transition Unit activity. Within Service Delivery a role for a Water Transition Coordinator

Information on day one outcomes for the Water Service Entities is expected to be available shortly, with the National Transition Unit planning a roadshow to visit councils and discuss progress. In the meantime, staff whose roles are "primarily waters" have been invited to register with the NTU and participate in discussions on what pathway they have for future employment with Entity B. A submission from the Chief Executive to the NTU has been shared with Elected Members (ECM 10877314).

The NTU have also confirmed that they are working towards a single Asset Management Plan for each Entity area which will outline the current approach to three waters asset management across local authorities. The goal being that each entity has a draft Asset Management Plan (AMP) ready for engagement from July 2023, and a finalised AMP by 30 November 2023 ready for entity board approval in February 2024.

The currently identified mitigations for this risk are as follows:

*Agreement to be part of response unit to manage Council's response to reforms and inform decision making*

*Stranded asset identification and response management with Co-Lab*

At this time discussions with Co-Lab with respect to wider organisational impacts from the range of reforms have not yet formally commenced as the scale and scope of Council's operations, and therefore appropriate future organisational structure and size post reforms, are not yet known. However Council staff are participating in Local Transition Team (Entity B) discussions to understand the work programmes ahead.

Requests for information (Rfi) have been signalled for planned forward works programmes, debt and reserve positions, and data and digital systems. A new role within Service Delivery Group has been created (Water Transition Coordinator) to provide resource support for these Rfi's and internal water transition tasks.

### **FUTURE FOR LOCAL GOVERNMENT REVIEW**

In April 2021, the Minister of Local Government, established a review into the future of local government. The purpose of the review is to identify how our system of local democracy and governance needs to evolve over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, whilst actively embodying the Treaty partnership.

The Future for Local Government Review Panel has identified 5 key shifts, these being:

- Strengthened local democracy
- Stronger focus on wellbeing
- Authentic relationship with Hapu/Iwi/Māori
- Genuine partnership between Central Government and Local Government
- More equitable funding.

Elected Members, Te Kanohi and senior staff met with representatives from the Future for Local Government Review Panel in March 2022 and provided feedback in respect of each of the key shifts. Ahu Ake, the Waipā Community Spatial Plan, is Council's response to these. This project is well advanced with a joint partners (Elected Members, Mana whenua PCG members and JMA representatives) workshop being held in mid-September 2022 to agree a preferred possible future scenario.

The Chief Executive is the sponsor of a collaborative project convened by Colab called 'Shifting Landscapes'. This project involves all Chief Executives of local government in the Waikato Region and aims to seek alignment on how 'good local governance' can be achieved in the Waikato. Beca and Polis Consulting Group Ltd have been engaged to facilitate workshops with Chief Executives and senior staff in September and October 2022, ahead of the release of the Panel's draft report on 28 October 2022. It is anticipated that public consultation will be undertaken during the period commencing October 2022 to February 2023, with the final report to be completed by June 2023.

### **KEY RISK DRIVERS**

The key risk drivers identified for 2022/23 are considered to be appropriate.

### **EFFECTIVENESS OF EXISTING MITIGANTS**

It is noted that due to capacity constraints, the Reform Specialist role which was created as a result of the Executive Team review undertaken earlier this year, has not yet been recruited.

**CHANGES IN THE RESIDUAL RISK RATING**

There is no change to the residual risk rating identified for the 2022/23 year. It remains at 'high'.

**5 APPENDIX - ĀPITITANGA**

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No:	Appendix Title
1	Top Risk 8 – Failure to manage response to and the impacts of central government reform – Extract from ECM 10854729

Wayne Allan  
**GROUP MANAGER DISTRICT GROWTH & REGULATORY SERVICES**

Dawn Inglis  
**GROUP MANAGER SERVICE DELIVERY**

Kirsty Downey  
**GROUP MANAGER STRATEGY**

Approved by Garry Dyet  
**CHIEF EXECUTIVE**

## **APPENDIX 1**

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Top Risk 8 – Failure to manage response to and the impacts of central government reform – Extract from ECM 10854729

**ENTERPRISE RISK OWNER - Chief Executive**

**RISK DESCRIPTION**

If Council does not prepare for, understand impacts, and manage the response and transition to the reforms being led by central government then this may have significant financial and reputational effects on the organisation, as well as adverse economic and social impacts on the community.

**KEY RISK DRIVERS**

**PEOPLE**

- Lack of understanding of impacts of local government review and proposed reforms on the organisation and the district
- Capacity and capability to analyse impacts of review
- Uncertainty for staff



**PROCESS**

- Requires significant cross organisational collaboration
- Uncertainty for strategy and plan development



**EXTERNAL**

- Increased emphasis on 4 well beings
- Community expectations
- Central Government response and requirements increasing
- Peer Councils response and planning
- Expert opinions and sector knowledge of impacts
- Projected growth and developments



**RISK IMPACTS**

- Negative financial outcome
- Reputation damage
- Community wellbeing reduced (4 well beings)
- External relationships affected
- Staff reduction or redeployment

**RISK APPETITE**

The level of uncertainty around future of local government once 3-waters is removed is very high with the current review timed to take two years. WDC recognises the challenges facing the sector with these changes and will proactively manage what this means for the organisation and district..

Council will undertake ongoing monitoring of the situation and be proactive in planning for any changes.

Due to the level of uncertainty and that the changes are largely outside of Council's control it will accept a **high** level of risk appetite. This will be reviewed as further clarity of the reforms is received.

**RISK ASSESSMENT**

Inherent Risk	Very High
Residual Risk	High
Target risk	High

**CURRENT MITIGATIONS AND CONTROLS**

Current Key Mitigations in place on an ongoing basis:

- Agreement to be part of response unit to manage Council's response to reforms and inform decision making
- Stranded asset identification and response management with Co-Lab

**KEY RISK INDICATORS**

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of stranded asset progress with Co-Lab

**SIGNIFICANT PLANNED ADDITIONAL MITIGATIONS - 22/23 Year**

Action	Owner
Manage response and transition to three waters reform – funding approved by Government	GM SD
Decision by Elected Members on use of Better Off (Water Reform) funding determined by September 2022	GM SD
Manage response to the Future of Local Government Reform	Executive Team
Providing strategic input to three waters reform, RMA reform, and the Future of Local Government review	GM Strategy
Preparation of a Future Development Strategy to meet the requirements of the NPS-UD	Mgr Str
Commence the review of Waipā 2050 Growth Strategy following the development of Ahu Ake (Waipā Community Spatial Plan) and the Future Development Strategy	Mgr Str
Managing Council's response to the proposed RMA reforms and understanding the impact on the organisation including any National Directions or the Protection of High Quality Soils and Indigenous Biodiversity	GM DG&R & Mgr DP&G
Role established for managing Future of Local Government reforms	GM Strategy



# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Emergency Management Operations Manager  
**Subject:** **Outcome of Emergency Management EOC Audit**  
**Meeting Date:** 30 September 2022

## 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

The Chief Executives Group (CEG) of the Waikato Emergency Management Group initiated a Key Performance Indicator (KPI) for each member Council to include as part of the 2022 Annual Report process. The intent of this was for the Joint Committee Members to have reassurance through a formal independent assessment process that individual Waikato Council's could respond effectively in an Emergency and the training regime currently operating was adequate.

The KPI was for each Council across the Waikato Region to hold an annual Exercise to assess the Emergency Operating Centre Capacity. This Exercise was independently assessed by external assessors completing the requirements set in the Group Training and Exercise Framework agreed by the Joint Committee. The outcome was to provide a Baseline assessment for year 1 for the Annual Report.

This report is to provide the results of the initial independent Exercise assessment undertaken on the Western Waikato Emergency Operating Centre held at the Waipā District Council in May 2022.

Include ref to Appendix 1 with the Audit findings.

## 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee receive the report of Dave Simes, Emergency Management Operations Manager titled Outcome of Emergency Management EOC Audit (ECM# 10878031).*

### 3 COMMENTARY - KŌRERO

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#### The Exercise

Exercise models come in different formats: Full Activation (involving Emergency Services); Full Functional (all functions without Emergency Services); Some Functions and Tabletop. Western Waikato undertook a **Full Functional** exercise.

The Exercise was held on Friday 27 May 2022 at the Waipa District Council Chambers. The Western Waikato operates under a Shared Service with Waipa, Otorohanga and Waitomo District Councils. Thirty five staff from across all three Council's were involved in the Exercise which was centred around a Storm event and modelled off the flooding and wind issues caused by Cyclone Dovi in February of this year. The Exercise commenced at 8.00am and finished at 12.30pm. All staff performed to a high standard and there was a good energy throughout the duration of the Exercise.

#### Assessment

In accordance with the Group Training and Exercise Framework, the Exercise was assessed by independent assessors and these were Aaron Tregoweth, Marc Gillespie and Andy BuBear from the Waikato Group Emergency Management Office.

The baseline scores available are:

- Unsatisfactory (0 – 20%);
- Early developing (21 – 40%);
- Late developing (41 – 60%);
- Advancing (61 – 80%); and
- Mature (81 – 100%).

The Western Waikato Assessment was given **74%** which puts it in the higher level of **Advancing**.

#### What Went Well

The Exercise showed that there were areas of excellence within the Western Waikato Emergency Operating Centre centred around Welfare, Logistics, Recovery and Safety. The assessors felt that the functional workings and demonstration of the CIMS structure was strong, and the overall performance demonstrated a team that was extremely capable.

#### Opportunities for Improvement

The Exercise provided information which allows for areas which would provide some opportunity for improvement. These areas were a consistent trend across a number of the Waikato Councils. Areas which would benefit from a focus of additional training and information were Operations, Intelligence and Planning.

Overall, the Western Waikato Council's performed to a high level and the areas for improvement correlated closely to functions where there is no formal Integrated Training Framework (ITF) courses available. This has been seen as an area that the Waikato Regional Emergency Management Group can help with. To this end, the Group office have instigated "Communities of Practice" in all Functions involved in an Emergency Operating Centre. The Communities of Practice are meeting via Teams to help provide training opportunities, share experiences and best practice for all who attend until formal Courses have been finalised at a National level.



David Simes  
**EMERGENCY MANAGEMENT OPERATIONS MANAGER**



Approved by Wayne Allan  
**GROUP MANAGER DISTRICT GROWTH AND REGULATORY SERVICES**

# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Karl Tutty, Manager Compliance  
**Subject:** **MBIE Performance Monitoring Assessment Report**  
**Meeting Date:** 30 September 2022

### 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTANGA MATUA

At the Committee's June 2022 meeting a report was tabled presenting the outcome of Waipa District Councils recent Building Consent Authority Accreditation Assessment Audit. As discussed at that meeting, the Ministry of Business, Innovation and Employment (“MBIE”) planned to undertake an assessment of Council's territorial authority functions under the Building Act 2004. This assessment was completed in July and a copy of the Ministry's report is attached. Council was found to be “**low risk**” with no corrective actions recorded but a number of recommendations.

### 2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

*That the Audit and Risk Committee receive the report of Karl Tutty, Manager Compliance, titled **MBIE Performance Monitoring Assessment Report** (ECM Number 10878516).*

### 3 COMMENTARY - KŌRERO

Following on from a successful audit of its Building Consent Authority functions Waipa District Council was advised of the Ministry's intention to audit Councils Territorial Authority functions under the Building Act 2004.

These are the functions that Council undertakes pursuant to the Act, but which fall outside of the consenting process. They cover a range of areas including earthquake prone building processes, swimming pool barrier compliance, compliance schedules, building warrant of fitness, dangerous and insanitary buildings. The Ministry advised that in particular it would be looking at Council's processes around the means of restricting access to residential pools (i.e. fences or “barriers”), compliance schedules, and building warrant of fitness.

It was the Ministry's intention to undertake a remote audit, which would then allow them to determine whether Council required a full on site audit. The remote audit was undertaken in July, and the resulting report is attached as appendix 1.

Waipā District Council was determined to be of low risk and following satisfactory processes in this area. No corrective actions were issued however there were a number of recommendations, including strong recommendations made.

In terms of the processes around the inspection and approval of residential pool barriers, despite an initial concern that Council was under-resourced in this space performance was found to be good with required inspections on target. However a concern was raised that Council did not inspect small heated pools (such as spa pools) to confirm they were fitted with a safety cover therefore exempting them from barrier requirements. Staff are currently investigating how Council would go about locating where pools in this category may be located (as in many cases this information is not held by Council) and what resource would be required to undertake this activity.

A further strong recommendation was issued in respect to Council's building warrant of fitness process where Council has a checklist in those situations where Council staff are undertaking the on site audit, but did not have a checklist specific to when those audits were being undertaken by a third party such as an Independently Qualified Person ("IQP"). The best way to implement this recommendation is currently being investigated.

Three remaining strong recommendations related to the number of building warrant inspections which fall below the recommended level (15.5% per annum v 20-33%), that Council has accepted warrant of fitness covering periods of less than 12 months, and that Council should have a robust auditing and enforcement system in place in relation to warrant of fitness. Staff are currently reviewing these recommendations, but are of the view that Council not having issued Notices to Fix or Infringement Notices does not mean there is not a system in place to do so, more that enforcement is the last option.

One recommendation relates to where building consent applications do not include sufficient information on specified systems. Council currently deals with them through a "request for further information" process. The recommendation is they be refused outright. The final recommendation related to shortening the time Council delays a warrant of fitness inspection on new buildings to within six months, rather than the current 6 to 18 months.

As these matters are all recommendations, there is no requirement to advise MBIE of the actions taken, however this is likely to occur, at which time an update will also be provided to this Committee.

#### 4 APPENDIX - ĀPITITANGA

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No:	Appendix Title
1	Waipā District Council Performance Monitoring Assessment Report – Compliance schedules, BWoFs and pool barriers. MBIE July 2022



Karl Tutty  
**MANAGER COMPLIANCE**



Approved by Wayne Allan  
**GROUP MANAGER DISTRICT GROWTH & REGULATORY SERVICES**

## APPENDIX 1

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Waipā District Council Performance Monitoring Assessment Report – Compliance schedules, BWoFs and pool barriers. MBIE July 2022.

# Waipā District Council

## Performance Monitoring Assessment Report – Compliance schedules, BWoFs and pool barriers

July 2022

Assessment class	
High-level	✓
Detailed	

Assessment method	
Desktop	✓
On-site	





## Overview

### The assessment

Ministry of Business, Innovation and Employment (MBIE)’s Compliance and Assurance (C&A) team carried out a performance monitoring assessment of Waipā District Council (WDC). The assessment covered the following territorial authority (TA) functions:

- means of restricting access to residential pools
- compliance schedules and building warrants of fitness (BWofFs).

### This report

This report summarises the findings from the desktop assessment, gives an overview of the council's performance and highlights any areas that need to be improved.

Important note: Our assessments involve an initial assessment of key performance indicators to establish a TA’s perceived risk and to determine whether a ‘full’ or ‘lite’ assessment and report is required. In WDC’s case, the initial assessment determined a thorough review of documentation and ‘full’ report was not necessary at this time. For more information on the areas not assessed, see the ‘performance summary’ on the following pages.

### Mandate and purpose



MBIE’s responsibility as the central regulator in the building system is to enable and ensure the performance of TAs under the Building Act 2004 (the Act). A compliance strategy has been developed to guide MBIE’s regulatory activities to achieve the following objectives:

- promote compliance
- develop a picture of risk using monitoring and analysis
- identify and respond to non-compliance.

Performance monitoring assessments are carried out under s204 of the Act and aim to achieve the objectives of the compliance strategy by collecting and analysing key performance data which can then be used to help the Council improve performance and allow C&A to take further action if required. The data collected across multiple councils can also be used to establish whether wider activity is required, for example, advising best practice in an edition of the Building Control Update.

### Performance findings

TAs are assessed against a series of performance indicators. A colour coding system is used to represent how the TA is performing against each indicator (the ‘performance finding’). The colours have the following meanings:

Colour	Performance finding	Outcome
	Satisfactory	No recommendation
	Improvement opportunity	Recommendation

	Concern		Strong recommendation
	Significant concern		Corrective action

**Disclaimer**

Findings and associated outcomes are based on the information MBIE has received and involve an element of trust. We acknowledge they may not provide a wholly accurate picture of how the Council is performing in these areas.

**Performance summary**

**Outcomes**

The following table shows the number recommendations C&A have given as a result of the findings of this assessment.

	Means of restricting access to residential pools	Compliance schedules and BWoFs	Total
<b>Corrective actions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Strong recommendations</b>	<b>1</b>	<b>4</b>	<b>5</b>
<b>Recommendations</b>	<b>0</b>	<b>2</b>	<b>2</b>

**Performance findings**

The following table shows a list of performance indicators which have been categorised based on the findings of this assessment. Details of the findings and associated outcomes are included under 'Findings and outcomes' section.

Finding	Means of restricting access to residential pools	Compliance schedules and BWoFs
<b>Significant concerns</b>	<i>None</i>	<i>None</i>
<b>Concerns</b>	3C. Small heated pools	1C. Audit and processing check sheets 2E. BWoF audits – Number 3A. Acceptance of less than 12 months compliance 4A. Enforcement
<b>Improvement opportunities</b>	<i>None</i>	2A. Early intervention – Consent stage 2B. Early intervention – Pre BWoF stage
<b>Satisfactory</b>	1B. Staff resources 2A. Capture of residential pool barriers 3A. Inspection quantity 4A. Enforcement	1B. Staff resources 2C. Building Amendment Act 2012 requirements 2F. BWoF audits – Compliance schedule alignment

Finding	Means of restricting access to residential pools	Compliance schedules and BWoFs
		3B. Vacant buildings 3C. Percentage of buildings with a BWoF 3D. Processing BWoFs 3E. BWoF audits – IMR assurance
<b>Not covered by this assessment</b>	1A. Policies and procedures 1C. Inspection check sheet 3B. Inspection quality 5A. Public/owner information and assistance	1A. Policies and procedures 2D. Quality of compliance schedules 5A. Public/owner information and assistance

## Action to be taken

C&A have no plans to follow-up or enquire further in relation to this assessment. However, if WDC would like to inform of us of its progress in implementing the recommendations in the report, C&A would be receptive to receiving such information.

## Acknowledgement

We would like to thank WDC’s building control management and staff for its cooperation and assistance during this performance monitoring assessment.

## Findings and outcomes

### Means of restricting access to residential pools

#### 1. Tools to perform the function

1A. Policies and procedures	
<p><b>Findings</b></p> <p>WDC provided C&amp;A with a procedural document for tasks in relation to residential pool barriers.</p> <p>As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the provided supporting documentation.</p>	
<p><b>Outcome</b></p> <p>N/A</p>	
<p><b>Council comment</b></p> <p>None required</p>	
1B. Staff resources	
<p><b>Findings</b></p> <p>WDC has <b>0.85</b> full-time equivalent (FTE) dedicated to this function. As WDC has <b>1578</b> residential pools on its register, this works out to be a ratio of <b>618.82</b> pool barriers per FTE, per year. Based on our calculations<sup>1</sup>, it would suggest that these functions are slightly under-resourced.</p> <p>However, despite our calculation and as WDC has completed their pool inspections (one cycle), it would appear that WDC have sufficient staff to perform this function.</p>	
<p><b>Outcome: Satisfactory</b></p> <p>None</p>	
<p><b>Council comment</b></p> <p>None required</p>	
1C. Inspection check sheet	
<p><b>Findings</b></p> <p>WDC provided C&amp;A with a pool barrier inspection check sheet template.</p> <p>As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the provided supporting documentation.</p>	
<p><b>Outcome</b></p> <p>N/A</p>	
<p><b>Council comment</b></p> <p>None required</p>	

<sup>1</sup> Based on an average of two hours/inspection (including associated administration) and on the assumption the pool inspector spends 50% of their pool-related time on barrier inspections.

## 2. Capture of residential pool barriers

2A. Capture of residential pool barriers	
<p><b>Findings</b>                      WDC has a register for residential pools, a process for capturing residential pools/pool barriers through the building consent process and identify existing unregistered pools through observations, site visits, customer inquiries and intra maps. WDC also ensures the relevant compliance pathway is recorded for each individual pool to ensure it is inspected appropriately.</p>	
<p><b>Outcome:</b> <b>Satisfactory</b>                      None</p>	
<p><b>Council comment</b>                      None required</p>	

## 3. Inspection of residential pool barriers

3A. Inspection quantity	
<p><b>Findings</b>                      WDC have <b>1578</b> pools on its register.                      Of the <b>1578</b> pools, <b>1360</b> were installed before 1 November and should have had their barriers inspected under section 162D of the Act at the time of collecting the data for this report (3 years and 6 months after 1 Nov 2018). WDC advised they have carried out <b>1360 (100%)</b> required pool barrier inspections between 1 January 2017 and 1 May 2022.                      Despite the 100% completion rate, WDC advised it had not completed inspecting all existing pool barriers, subject to s162D requirements of the Act before 1 July 2020.                      Since it is now two years beyond 1 July 2020, the Council should have completed a significant portion of the second round of pool barriers inspections.                      No inspections were carried out by an independent qualified pool inspector (IQPI).</p>	
<p><b>Outcome:</b> <b>Satisfactory</b>                      None</p>	
<p><b>Council comment</b>                      None required</p>	

3B. Inspection quality	
<p><b>Findings</b>                      WDC provided C&amp;A with three completed inspection check sheets.                      As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the provided supporting documentation.</p>	
<p><b>Outcome:</b>                      N/A</p>	
<p><b>Council comment</b>                      None required</p>	

3C. Small heated pools	
<b>Findings</b> WDC do not inspect small heated pools to confirm they have an exempt safety cover (in accordance with Schedule 1(21A) of the Act).	
<b>Outcome: <span style="color: #ffc107;">Strong Recommendation (SR-P-3C)</span></b> We recommend WDC urgently complete the process of seeking out small heated pools to ascertain whether they have exempt safety covers. This is because small heated pools that do not have an exempt safety cover are subject to three-yearly inspections (under s162D) which will need to be carried out in order for WDC to fulfil its statutory obligations.	
<b>Council comment</b> <i>None required</i>	

## 4. Enforcement

4A. Enforcement	
<b>Findings</b> During the period 1 January 2017 to 1 May 2022, WDC failed <b>200</b> inspections, issued <b>10</b> NTFs and <b>no</b> infringement notices. This demonstrates WDC is willing to enforce the pool barrier requirements.	
<b>Outcome: <span style="color: #90c177;">Satisfactory</span></b> None	
<b>Council comment</b> <i>None required</i>	

## 5. Public/owner information and assistance

5A. Public/owner information and assistance	
<b>Findings</b> WDC provided C&A with a website link (via The Build Waikato Build Group) to their public information about pool barriers.  As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the public information on the TA's website.	
<b>Outcome</b> N/A	
<b>Council comment</b> <i>None required</i>	

## Findings and outcomes

### Compliance schedules and BWoFs

#### 1. Tools to perform the function

1A. Policies and procedures	
<p><b>Findings</b></p> <p>WDC provided C&amp;A with a procedural document for tasks in relation to BWoFs and compliance schedules.</p> <p>As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the provided supporting documentation.</p>	
<p><b>Outcome</b></p> <p>N/A</p>	
<p><b>Council comment</b></p> <p>None required</p>	
1B. Staff resources	
<p><b>Findings</b></p> <p>WDC has <b>1.3 FTE</b> dedicated to this function, consisting of 1 compliance officer and 0.25 administration.</p> <p>As WDC has <b>572</b> compliance schedules, this works out to a ratio of <b>457.6</b> buildings (with compliance schedules) per FTE. Based on the TA data we have received so far, this is an adequate number of FTE for the number of compliance schedules in the area.</p>	
<p><b>Outcome: Satisfactory</b></p> <p>None</p>	
<p><b>Council comment</b></p> <p>None required</p>	
1C. Audit and processing check sheets	
<p><b>Findings</b></p> <p>WDC has a check sheet for conducting on-site BWoF audits but does not have a check sheet for processing submitted BWoFs/Form 12As.</p>	
<p><b>Outcome: Strong Recommendation (SR-B-1C)</b></p> <p>In the interests of consistency, we recommend WDC develop a processing check sheet to audit submitted BWoFs and Form 12As.</p>	
<p><b>Council comment</b></p> <p>None required</p>	

## 2. Accuracy of compliance schedules

2A. Early intervention – Consent stage	
<b>Findings</b> WDC send a request for further information at vetting stage if the documents accompanying the building consent application have insufficient specified system information to compile the compliance schedule.	
<b>Outcome: Recommendation (R-B-2A)</b> We recommend WDC ensure that building consent applicants provide detailed specified system descriptions, performance standards and the proposed inspection, maintenance and reporting (IMR) procedures for these systems as part of the building consent application (including interfacing systems). We recommend WDC refuse to accept the application for processing if this information is not provided (as part of the s45(g) Act check). The quality of the compliance schedule is dependent on the quality of specified system information supplied at building consent application time. (Refer to the definition of ‘plans and specifications’ under s7 of the Act).	
<b>Council comment</b> <i>None required</i>	
2B. Early intervention – Pre BWoF stage	
<b>Findings</b> WDC’s BWoF compliance officers attend the final inspection of new buildings (or building work) that either have or will have a compliance schedule. WDC advised they carry out an inspection of the building within 6 - 18 months of a newly-issued compliance schedule to give time to owners and IQPs to get a good record together of inspections.	
<b>Outcome: Recommendation (R-B-2B)</b> For new-build compliance schedules, we recommend that an on-site inspection is undertaken as early as possible and no later than six months after issue. This will ensure owners understand their compliance schedule responsibilities and obligations. Taking this early proactive step is likely to minimise compliance issues for the owner and potentially save time for Council officers who would normally have to deal with resolving such situations.	
<b>Council comment</b> <i>None required</i>	
2C. Building Amendment Act 2012 requirements	
<b>Findings</b> WDC advised that all 572 (100%) of its compliance schedules comply with s103 of the Act (changes to s103 and s106 were introduced in the Building Amendment Act 2012 and were required to be completed by March 2013).	
<b>Outcome: Satisfactory</b> None	
<b>Council comment</b> <i>None required</i>	



2D. Quality of compliance schedules	
<b>Findings</b> WDC provided C&A with three completed new-build compliance schedules. As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the provided supporting documentation.	
<b>Outcome</b> N/A	
<b>Council comment</b> <i>None required</i>	

2E. BWoF audits – Number	
<b>Findings</b> WDC conducted <b>269 BWoF audits</b> in the three-year period (1 May 2019 to 1 May 2022). This equates to <b>15.58% of buildings</b> with compliance schedules inspected per year. This number would ensure all buildings are inspected in just over six years. While WDC are to be commended for undertaking on-site audits, this timeframe is longer than the three to five-year (20-33%) audit cycle we suggest.	
<b>Outcome: Strong Recommendation (SR-B-2E)</b> We recommend that WDC increase the number of on-site BWoF audits and to do so at a rate of 20-33% (which equates to 114-191 per annum). MBIE’s view is that undertaking on-site audits is a fundamental activity of the BWoF system. Additionally, the audit frequency of a given building should reflect the perceived risk for the use of that building. For instance, it might be appropriate to have annual audits for budget accommodation (eg backpackers’ hostel) and five-yearly audits for low-occupancy industrial buildings.	
<b>Council comment</b> <i>None required</i>	

2F. BWoF audits – Compliance schedule alignment	
<b>Findings</b> WDC use BWoF audits to check that the specified systems contained in the building match the specified systems covered by the building’s compliance schedule. An essential task to help ensure the accuracy of compliance schedules.	
<b>Outcome: Satisfactory</b> None	
<b>Council comment</b> <i>None required</i>	

### 3. Assurance that inspection, maintenance and reporting (IMR) procedures are taking place

3A. Acceptance of less than 12 months compliance	
<b>Findings</b> WDC advised it accepts reduced-period BWoFs. This is in contradiction to s108 of the Act and does not align with MBIE’s position on this matter.	

3A. Acceptance of less than 12 months compliance	
<b>Outcome:</b>	<b>Strong Recommendation (SR-B-3A)</b>
We recommend WDC return any 'reduced-period' BWoFs to the building owner. Such documentation does not satisfy the requirements of s108 and will not allow a valid BWoF to be supplied and displayed.	
<b>Council comment</b>	<i>None required</i>

3B. Vacant buildings	
<b>Findings</b>	WDC advised it accepts reduced IQP checks (eg three monthly alarm checks instead of monthly) when the building is vacant or unoccupied. WDC advised they would consider amending a compliance schedule to reduce the IMR under the following conditions: <ul style="list-style-type: none"> <li>• if the building has been vacant for more than two months</li> <li>• the use of the building (eg retail, warehouse etc) and</li> <li>• proximity to neighbouring properties and if it would endanger members of public, it was to catch fire.</li> </ul>
<b>Outcome:</b>	<b>Satisfactory</b>
None	
<b>Council comment</b>	<i>None required</i>

3C. Percentage of buildings with a BWoF	
<b>Findings</b>	85.31% of buildings with compliance schedules in the WDC district have a current BWoF. Given some buildings will be operating under a compliance schedule statement (29) and given WDC accept reduced-period BWoFs, this percentage is considered acceptable.
<b>Outcome:</b>	<b>Satisfactory</b>
None	
<b>Council comment</b>	<i>None required</i>

3D. Processing BWoFs	
<b>Findings</b>	WDC carry out the appropriate checks when reviewing submitted BWoFs and their associated documents. For example, ensuring Form 12As are from registered independent qualified persons (IQPs).
<b>Outcome:</b>	<b>Satisfactory</b>
None	
<b>Council comment</b>	<i>None required</i>

3E. BWoF audits – IMR assurance	
<b>Findings</b> WDC’s on-site BWoF audits include a check that a current BWoF is displayed and that records of IMR procedures have been completed.	
<b>Outcome: Satisfactory</b> None	
<b>Council comment</b> None required	

## 4. Enforcement

4A. Enforcement	
<b>Findings</b> During the period 1 May 2019 to 1 May 2022 WDC <b>did not issue any NTFs or infringement notices</b> for compliance schedule/BWoF matters. Use of enforcement is often an indicator of a council’s willingness to use the tools available to ensure compliance.	
<b>Outcome: Strong Recommendation (SR-B-4A)</b> We recommend WDC review and establish a robust system of auditing and enforcement that achieves both legislative requirements and public expectations for compliance schedules and BWoFs.	
<b>Council comment</b> None required	

## 5. Public/owner information and assistance

5A. Public/owner information and assistance	
<b>Findings</b> WDC provided C&A with a website link (via The Build Waikato Build Group) to their public information about BWoFs and compliance schedules.  As the TA is performing well in the key performance indicator areas, this assessment does not include a review of the public information on the TA’s website.	
<b>Outcome:</b> N/A	
<b>Council comment</b> None required	

## Appendix 1 - Statistical Information

As supplied by Waipā District Council

	Subject	Period	Total for the period specified
<b>Means of restricting access to residential pools</b>			
<b>1</b>	Residential pools (subject to means of restricting access requirements) on the Council's register/records subject to s162D inspections	As at 31 May 2022	<b>1578</b>
<b>2</b>	On-site pool barrier inspections carried out under s162D by the Council (excl re-inspections)	1 Jan 2017 to 1 May 2022	<b>1578</b>
<b>3</b>	Certificates of periodic inspection received from independent qualified pool inspectors (IQPIs)	1 Jan 2017 to 1 May 2022	<b>0</b>
<b>4</b>	Notices to fix (NTFs) re pool barriers issued for breaches of the means of restricting access requirements	1 Jan 2017 to 1 May 2022	<b>10</b>
<b>5</b>	Infringement notices issued for breaches of the means of restricting access requirements	1 Jan 2017 to 1 May 2022	<b>0</b>
<b>Compliance schedules and BWoFs</b>			
<b>6</b>	Buildings that have compliance schedules	As at 31 May 2022	<b>572</b>
<b>7</b>	Compliance schedules amended to comply with s106 of the Act (as amended by the Building Amendment Act 2012)	As at 31 May 2022	<b>572</b>
<b>8</b>	Buildings that have a current BWoF	As at 31 May 2022	<b>488</b>
<b>8A</b>	Buildings with a building systems status report (BSSR)	As at 31 May 2022	<b>50 (approx.)</b>
<b>9</b>	Buildings that have a current compliance schedule statement (CSS)	As at 31 May 2022	<b>29</b>
<b>9</b>	On-site BWoF audits carried out (excl re-inspections)	1 May 2019 to 1 May 2022	<b>269</b>
<b>10</b>	NTFs issued for breaches of compliance schedule and BWoF provisions	1 May 2019 to 1 May 2022	<b>0</b>
<b>11</b>	Infringement notices issued for breaches of compliance schedule and BWoF provisions	1 May 2019 to 1 May 2022	<b>0</b>

# COMMITTEE REPORT



## INFORMATION ONLY

**To:** The Chairperson and Members of the Audit and Risk Committee

**From:** Manager Project Delivery

**Subject:** **CAPITAL PROGRAMME UPDATE – END OF FINANCIAL YEAR REPORT 2022 AND UPDATE ON 2022-2023 CAPITAL PROGRAMME**

**Meeting Date:** 30 September 2022

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## 1 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

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Failure to deliver the 10-Year Plan Capital Expenditure Programme is one of Council's Top Risks. Providing reports on the delivery to the programme is a key mitigant in ensuring that the risk is being pro-actively managed.

This report provides a summary of the Service Delivery and Customer and Community Services capital programme for the 2021-2022 financial year end, as well as an update on the 2022-2023 capital programme as at 31 July 2022.

### End of Financial Year Report 2021-2022

Across the Council, \$86.3 million of capital work was delivered, excluding vested assets. Within the Service Delivery and Customer and Community Services activity areas, 172 projects across five programmes made up the 2021-2022 portfolio. Within these programmes, the actual spend at year end was \$77.5 million, which was 48% of the 2021-31 LTP Year 1 budget. Forecast changes throughout the year saw a reduction of \$41 million from the 2021-31 LTP Year 1 budget; these changes were mainly Growth projects and budgets were deferred to 2022-2023 and 2023-2024.

There were some significant projects completed this year which include:

- Christie Avenue Wastewater Pumpstation Renewal
- Te Awa Cycleway
- District Wide Playground Renewals
- Kihikihi Alternate Water Supply
- Lake Ngā Roto Boat Ramp

The attached appendix provides a summary of Service Delivery and Customer and Community Services capital programme delivery as at the end of June 2022.

The report in Appendix 1 also provides information on the current percentage spend on projects via funding type such as Renewals, Level of Service and Growth. This is an Organisational Key Performance Indicator. The targets set are reported on when compared with the 2021-31 LTP Year 1 budget, and therefore do not take into account any budget reforecasting that has occurred throughout the year.

At year end the renewal projects have 79% spend against the LTP Year 1 budget. Transportation completed 91% of their renewal programme, Water Services 71% and Customer and Community Services, Property and Support Services 74%. At year end there is approximately \$19 million of commitments which relate to renewal projects; some of these commitments go over multiple years. The Level of Service and Growth projects are 74% and 45% respectively. The Growth projects are behind the percentage spend KPI target due to developer led projects being deferred to 2022-2023. Timing of these projects is developer dependent and outside of Council's influence.

### **Update on 2022-2023 Capital Programme**

As per the 2022-2023 Annual Plan budget, there is a total of 125 projects for delivery across the Service Delivery and Customer and Community Services Groups, with a total budget of \$162 million. Actual spend and commitments as at 31 July 2022 total \$83 million (51% of the 2022-2023 budget). A portion of the current commitments are for projects that were not completed in 2021-2022 and will require the budget to be carried forward. Carry-forwards from 2021-2022 are currently being worked through, along with looking at any budgets that can be deferred to future years.

The criteria for a budget allocation to be shown as a committed spend is only when a contract for either professional services or physical works has been approved and signed.

There are various contracts currently being prepared to go out to tender, as well as numerous land purchase negotiations underway.

Peter Thomson, Manager Project Delivery, will be present at the meeting to answer any questions.

## **2 RECOMMENDATION – TŪTOHU Ā-KAIMAHI**

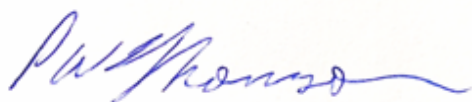
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*That the Audit and Risk Committee receives the report of Peter Thomson, Manager Project Delivery, titled 'Capital Programme Update – End of Financial Year Report 2022 and Update on 2022-2023 Capital Programme' (document number 10871078).*

### 3 APPENDIX – ĀPITITANGA

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1	Audit and Risk Committee Report – Service Delivery and Customer & Community Services Programme Update as at 30 June 2022 (document number 10876952).
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Peter Thomson  
**MANAGER PROJECT DELIVERY**



Dawn Inglis  
**GROUP MANAGER SERVICE DELIVERY**

## APPENDIX 1

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Audit and Risk Committee Report –Service Delivery and Customer & Community Services Programme Update as at 30 June 2022 (document number 10876952).

### Definitions Used in Appendix:

- LTP Year 1 – the capex sum from the 2021-2031 LTP Year 1
- Forecast – the capex sum as nominated in the most recent quarterly forecast completed by staff (including carry forward sums from 2020/2021)
- Actual – the capex spend to date
- Commitments - contract for either capex professional services or physical works has been approved

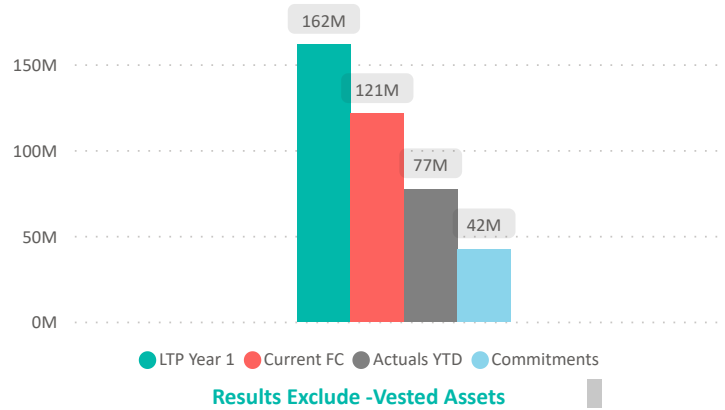


# Audit and Risk Committee Report - Capital Year End Update

## 30 June 2022

### Service Delivery and Customer & Community Services

Budget vs Actual 2021/22



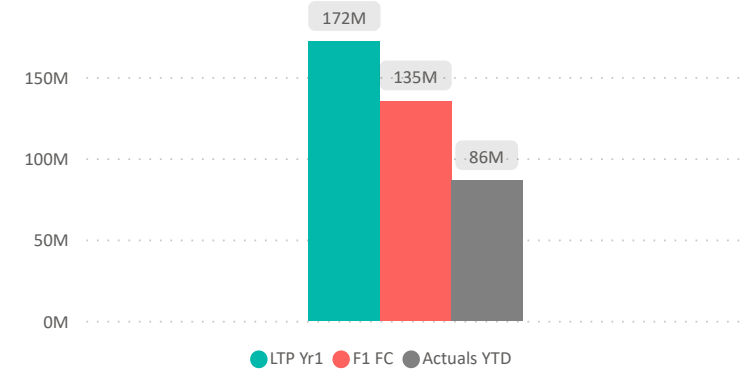
#### Projects Completed Include:

- Christie WW Pump Station Renewal
- Te Awa Cycleway
- District Wide Playground Renewals
- Kihikihi Alternate Water Supply
- District Wide Water & Wastewater Telemetry
- Maungatautari Road Widening & Pavement Overlay
- Lake Ngaroto Boat Ramp
- Waipuke Park - steps and shade sail installation
- District Wide Carpark Renewals

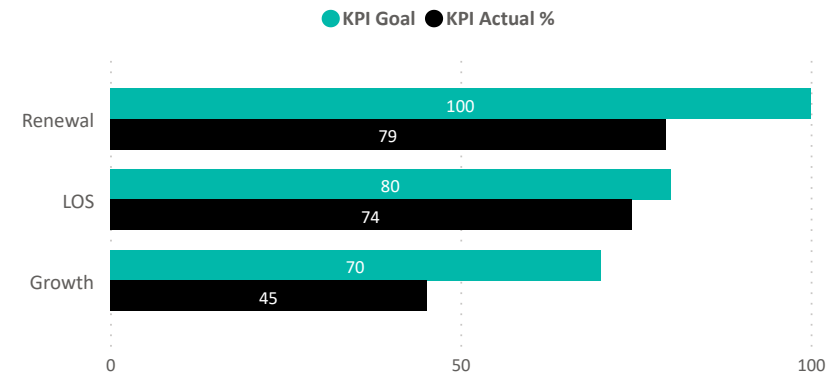
#### Significant Projects due for completion early 2022/23

- Parallel Road Water Treatment Plant Upgrade
- Memorial Park Bridge
- T1 / T2 Booster Pump Station
- Hannon Road Urbanisation
- Centennial Park - Playground & Skate Park
- Shakespeare St Public Convenience Refurbishment

Budget vs Actual 2021/22



### 2021/22 Current % Spend - Organisational KPI



Comments: The forecast for the year was \$121m with the actual spend at 30 June being \$77.5m - a variance of \$43.2m. \$42m of the \$43.2m is committed. Some of the current commitments relate to the 2022/23 budgets, uncommitted funds for the 2021/22 budget largely relate to growth land purchases and District Wide Cycleway projects.

Forecast changes throughout the year saw a reduction of \$41m from the 2021-31 LTP year 1 budget - these changes were mainly growth projects and budgets were deferred to 2022-23 and 2023-24.

Carry forwards from 2021-2022 are currently being worked through along with looking at any budgets that can be deferred to future years.

# AUDIT AND RISK COMMITTEE REPORT



**To:** The Chairperson and Members of the Audit and Risk Committee  
**From:** Governance  
**Subject:** **RESOLUTION TO EXCLUDE THE PUBLIC**  
**Meeting Date:** 30 September 2022

## 1 RECOMMENDATION

(Section 48, Local Government Official Information and Meetings Act 1987)

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
19. Confirmation of PE Minutes – 13 June 2022 20. Capital Programme Risks to 31 July 2022 21. Potential Asset Sales 6 Monthly Update 22. Litigation Update 23. Declaration of Interests by the Leadership Team 24. Group Risk Discussion – Group Manager Strategy 25. Organisational Risk Discussion with the Chief Executive	<i>Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987</i>	<i>Section 48(1)(a)</i>

*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 Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:*

<b>Item No.</b>	<b>Section</b>	<b>Interest</b>
19,23,24,25	Section 7(2)(a)	<i>To protect the privacy of natural persons, including that of deceased natural persons.</i>
19,24,25	Section 7(2)(b)	<i>To protect the information which if public would; i. disclose a trade secret; or ii. unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</i>
19	Section 7(2)(c)(i)	<i>To protect information which is subject to an obligation of confidence where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, where it is in the public interest that such information should continue to be supplied.</i>
19	Section 7(2)(c)(ii)	<i>To protect information which is subject to an obligation of confidence where the making available of the information would be likely otherwise to damage the public interest.</i>
19,22	Section 7(2)(g)	<i>To maintain legal professional privilege</i>
19,20,21	Section 7(2)(h)	<i>To enable the council to carry out, without prejudice or disadvantage, commercial activities.</i>
19	Section 7(2)(j)	<i>To prevent the disclosure or use of information for improper gain or advantage.</i>