

# Komiti o te Kaporeihana me ngā Whakahaere | Corporate and Operations Committee



## Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of the Corporate and Operations Committee will be held on:

**Ko te rā | Date:** Wednesday 28 July 2021  
**Wā | Time:** 9.00am  
**Wāhi | Venue:** Council Chambers  
35 Kenrick Street  
TE AROHA

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### Ngā Mema | Membership

#### Koromatua | Mayor

Ash Tanner

#### Koromatua Tautoko | Deputy Mayor

Neil Goodger

#### Kaunihera ā-Rohe | District Councillors

Donna Arnold

Caitlin Casey

Teena Cornes

Bruce Dewhurst

James Sainsbury

Russell Smith

Kevin Tappin (Chair)

James Thomas

Adrienne Wilcock

Sue Whiting

**Waea | Phone:** 07-884-0060  
**Wāhitau | Address:** PO Box 266, Te Aroha 3342  
**Īmēra | Email:** secretary@mpdc.govt.nz  
**Kāinga Ipuranga | Website:** www.mpdc.govt.nz



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**1 Whakatūwheratanga o te hui | Meeting Opening**

**2 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence**

At the close of the agenda no apologies had been received.

**3 Pānui i Ngā Take Ohorere Anō | Notification of Urgent/Additional Business**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
  - (i) The reason why the item is not on the agenda; and
  - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
  - (i) That item is a minor matter relating to the general business of the local authority; and
  - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

**4 Whākī pānga | Declarations of Interest**

**5 Whakaaetanga Mēneti | Confirmation of Minutes**

Minutes, as circulated, of the ordinary meeting of the Corporate and Operations Committee, held on 23 June 2021

**6 Papa ā-iwi whānui | Public Forum**

# Waihou Recreation Ground Outdoor Equestrian Arena

CM No.: 2459940

## Rāpopotonga Matua | Executive Summary

Three equestrian groups active at Waihou Recreation Ground wish to develop an all weather, outdoor arena for equestrian training and events. The groups are seeking Council's approval in principle to lease and develop the arena. Approval from Council will assist with fundraising efforts.

The groups do not expect Council to maintain the arena. It may therefore be appropriate to lease the land the arena would occupy to a group in order to record duties and responsibilities. A memorandum of understanding could be entered into to record arrangements around the management and shared use of the arena.

## Tūtohunga | Recommendation

That:

1. The report be received;
2. Council provides landowner approval to Riding for the Disabled Te Aroha to develop an outdoor equestrian arena at Waihou Recreation Ground subject to regulatory requirements being met.
3. Council resolves to grant a ground lease under Section 54(1)(B) of the Reserves Act 1977 to Riding for the Disabled Te Aroha to occupy a portion of the Waihou Recreation Ground as indicated in Attachment B for the purpose of an outdoor equestrian arena.
4. The initial term of the lease shall be ten years with a right of renewal of another ten years.
5. Prior to giving effect to the lease, the proposed users of the arena shall enter into a Memorandum of Understanding with Council, recording their respective rights and duties and outlining arrangements for use of the arena.

## Horopaki | Background

Three equestrian groups active at Waihou Recreation Ground wish to develop an all weather, outdoor arena for equestrian training and events.

The proposed arena would consist of a fenced area of 70x 55 m (3,850 m<sup>2</sup>). The surface would be sand surrounded by a 1.2 m tall timber post-and-rail fence.

The table below outlines the equestrian groups that would use and benefit from the arena.

Group	Nature of activity	Current level of use	Benefits of an outdoor arena
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Te Aroha & Morrinsville Dressage	Dressage	51 members	Level, stable, footing is essential for horse welfare and safe riding. An all-weather sand arena would also attract a greater range of participants in competition i.e. more users.
Hack and hunters	Jumping	31 members	An all-weather outdoor arena would provide good footing for jumping in all weather conditions creating a safer environment for all riders. A fenced arena with a good footing would encourage younger riders to participate and build their confidence
Riding for the disabled	Educational, recreational and therapeutic riding sessions for people facing physical, intellectual and emotional challenges	3 sessions a week 60 riders 30 volunteers	A fenced outdoor arena with good footing would greatly benefit RDA riders. The indoor facilities for RDA riders are limiting as they have 30 poles interrupting the riding space where possible the RDA riders benefit from riding outdoors. The current outdoor riding space does not meet RDA safety specifications and has a gravelled accessway through the centre.

The Recreation Ground is primarily used by equestrian groups but a portion fronting Ngutumanga Road is also used for training by the Waihou Rugby Football Club which operates its clubrooms on adjacent land owned by the Club. An all-weather equestrian arena would benefit the rugby club as the equestrian groups would not use the grass surface in wet weather thus reducing the risk of damage to the rugby training area.

The arena proposal has been discussed at two Waihou User Group meetings, held in 2020 and 2021, at which representatives of the various user groups expressed their organisations' support for the proposal.

The equestrian users made a joint submission on the Draft Long Term Plan 2021-31 requesting support and funding for the arena project (Attachment A). No funding was allocated towards the proposal. The equestrian groups accept that no funding has been allocated in the LTP but would still like Council's approval to develop the arena. This would enable them to seek funding from other funding sources to supplement fundraising efforts.

## **Ngā Take/Kōrerorero | Issues/Discussion**

### *Land Status*

The Waihou Recreation Ground is administered by Matamata-Piako District Council.

The Ground is comprised of several land parcels. Some of the parcels have been gazetted as Recreation Reserve under the Reserves Act 1977, whilst other have not. Those parcels that have not been gazetted as a 'Reserve' under the Reserves Act are deemed to have the status of a 'Park' under the Local Government Act 2002.

Council's General Policies Reserve Management Plan 2019 applies a consistent approach to parkland whether gazetted as Reserve under the Reserves Act or held as a Park under the Local Government Act.

### *Park management and delegations*

The arena would essentially be a surfaced area surrounded by a timber fence. It is not a building under the Building Act 2004. It could be considered as 'landscaping' and/or a 'structure' in terms

of the General Policies Reserve Management Plan 2019, which delegates the authority to approve new structures and landscaping to the Asset Manager (or their delegated representative).

The site-specific reserve management plan for Waihou Recreation Ground anticipates the park being used for equestrian activities and anticipates appropriate leases with users. The proposal is deemed to be in accordance with the reserve management plans. The site is already used for equestrian activities. The addition of a fenced arena will simply complement existing uses and reduce dependency on fine weather.

The groups do not expect Council to maintain the arena. It may therefore be appropriate to lease the land the arena would occupy to a group in order to record duties and responsibilities. At a user group meeting in 2021, Riding for the Disabled indicated that they would be willing to lease the arena from Council. A memorandum of understanding could be entered into by the three equestrian groups in terms of management and shared use of the arena.

In terms of the reserve management plan, approval for the landscaping and fence structure need not be sought from Council however staff do not have the delegation to approve new leases. The matter is therefore being brought to Council for consideration.

### *Funding*

The groups are not seeking funding from Council at this point.

## **Mōrearea | Risk**

### *Abandonment*

There is always a degree of risk that community groups may not be sustainable in the long-term and that ownership of the arena may revert to Council in the future. This risk is considered to be relatively low. Club membership numbers are reasonable and the cost of maintaining the asset is relatively low. The proposal only involves a surfaced area and fencing. The consequences of abandonment would be lower than that of a building for example. Risks can be minimised to some extent by a lease agreement.

### *Disagreement over use and maintenance*

There is a risk that the various user groups may disagree about use and maintenance of the arena. This can be minimised by a Memorandum of Understanding (MoU) to clearly record the various group's rights, duties and responsibilities. An MoU can also be amended relatively easily e.g. if another user group wishes to join.

### *Privatisation of public space*

When leasing parts of a park to a specific user group there is always a risk that it could be seen as providing for private or exclusive use of a public space. In this case, the use would be by not-for-profit community groups that are existing park users. The risk is therefore seen as low. Council could however impose lease conditions requiring a degree of public access, if Council deems it necessary.

## **Ngā Whiringa | Options**

1. Council can approve the proposal in principle, and agree to lease the land under the arena footprint to Riding for the Disabled.

2. Council can decline to approve the proposal.

## Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

### *Reserves Act 1977*

Council has the authority to lease under Section 54(1)(B) Reserves Act 1977 to lease to any voluntary organisation part of the reserve for the erection of stands, pavilions, gymnasiums, other buildings and structures associated with and necessary for the use of the reserve for outdoor sports, games, or other recreational activities.

There is no requirement to give public notice of a proposed lease under Section 119 if the lease is in conformity with and anticipated by the reserve management plan.

### *Parks and Open Spaces Strategy 2021*

Waihou Recreation Ground falls under the 'Sport & Recreation' park management category. The arena proposal is considered to be in alignment with the park management category.

### *District Sports Facilities and Development Plan 2018*

The Plan highlighted interest from equestrian groups to build an all-weather arena at Waihou Recreation Reserve and the need to bring together user groups and understand the scope and implications. This led to the user group meeting in 2020.

## Ngā take ā-lhinga | Consent issues

The proposal is deemed to be in accordance with the reserve management plans.

Provided the earthworks are less than 1000 cubic metres, there is no requirement for resource consent for the hardstand area and the fence.

## Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes and consistency with Council Vision

**Theme:** Connected Infrastructure

**Community Outcome:** Infrastructure and services are fit for purpose and affordable, now and in the future. Quality infrastructure is provided to support community wellbeing. We have positive partnerships with external providers of infrastructure to our communities.

**Theme:** Healthy Communities

**Community Outcome:** We encourage the use and development of our facilities. We encourage community engagement and provide sound and visionary decision making.


## Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The only costs to Council would be the preparation of documents and staff time associated with community group liaison.

## Ngā Tāpiritanga | Attachments

A . Copy of LTP submission by equestrian users



B . Proposed arena location



### Ngā waitohu | Signatories

Author(s)	Mark Naudé <b>Parks and Facilities Planner</b>	
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Approved by	Susanne Kampshof <b>Asset Manager Strategy and Policy</b>	
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	Manaia Te Wiata <b>Group Manager Business Support</b>	
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Submission to the Matamata Piako District Council Long Term Plan

Contact details:

Contact person: Bronwyn Chick  
email: [bronwynchick@gmail.com](mailto:bronwynchick@gmail.com)  
phone" 0274 846 490

Topic: *Long Term Plan – Waihou Recreation Reserve*

### Summary

This submission is on behalf of three non-profit sport and therapy groups that are three of the primary users of the Waihou Recreation Grounds (WRG):

- Te Aroha and Districts Riding for the Disabled (RDA);
- Morrinsville Te Aroha Dressage Group; and
- Te Aroha Hack and Hunters.

The above groups will be forming a joint venture (Joint Venture group) to, if supported by Council, construct an all weather outdoor arena on the Waihou Recreation Grounds. The fourth user of the grounds, Waihou Rugby and Sports Group, supports the all weather arena proposal.

The construction of an outdoor all weather area has been discussed with the Council's Coordinator for Operations and Projects and is provided for in MPDC's current Sport and Recreation Plan.

The purpose of this submission is to ensure that development of the all weather arena is supported by the LTP, by ensuring sufficient amounts of the forecast \$3.013M surplus of Community Purposes Reserve is put aside in the the 21/22 – 23/24 financial years to support construction of the all weather arena. The Joint Venture is separately submitting an application for grants to support this project, which we hope will receive some of the Multi-Year Community Grant as \$20k, \$10k, and \$10k amounts from 21/22 through to 23/24.

### Proposed community benefits associated with construction of an all weather arena

The arena would directly benefit three of the four user groups and indirectly benefit the fourth group, and has the potential to increase the number of users of the reserve.

The building of the arena would also benefit Council as it would provide the topsoil necessary to complete the designated resurfacing work on the front paddock. The resurfacing work was previously provided for in the MPDC 19/20 Annual Plan but rescheduled to autumn 2021 as a result of Covid.

- **RDA:** A purpose built, fenced outdoor arena with good footing would greatly benefit RDA riders. The indoor facilities for RDA riders are limiting as they have 10 poles

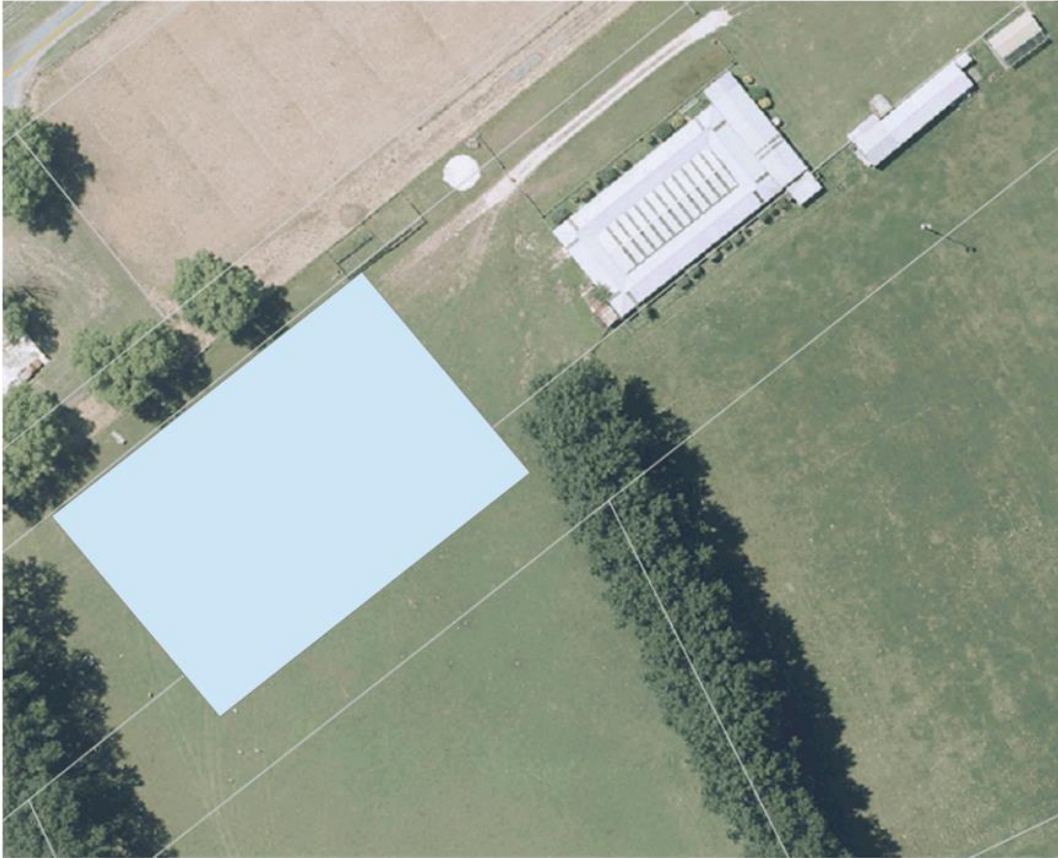
interrupting the riding space hence where possible the RDA riders benefit from riding outdoors. However the current designated outdoor riding space does not meet RDA safety specifications. It also has a graveled thoroughfare through the centre. This is a safety issue and is uncomfortable for the ponies as most are not shod.

- Hack and Hunters: An all weather outdoor arena would provide good footing for jumping in all weathers ie a safer environment for all riders. A fenced arena with a good footing would encourage younger riders to participate and build confidence.
- Dressage group (MTDG). Level, stable, footing is essential for horse welfare and safe riding.
- Waihou Rugby and Sports Group (indirect benefit). Provision of an all weather arena will reduce potential damage to the rugby surface.



Item 7.1

Attachment B





## Review of Treasury Policies

CM No.: 2463741

### Rāpopotonga Matua | Executive Summary

Council's Liability Management policy and Investment policy are reviewed annually to ensure the policies remain effective in meeting Council's treasury objectives, and to consider if any amendments to the policies are required. Council's independent external advisors, PWC have reviewed the existing policies and have recommended some minor amendments to tidy up wording and flow of the policy. Other than this, staff are not proposing any further changes to the existing policies. The draft policies have been reviewed by the Audit and Risk Committee and recommended to Council for adoption.

### Tūtohunga | Recommendation

That:

1. **Council adopt the draft Liability Management Policy and draft Investment Policy attached as recommended by the Audit and Risk Committee.**

### Horopaki | Background

At the Audit and Risk Committee meeting of 29 June, the effectiveness of Council's current Liability Management and Investment (Treasury) policies was reviewed. Following a review, PWC have recommended a few minor changes to the policy that are largely housekeeping in nature. The updated policies are attached to this report, showing these minor proposed changes.

### Mōrearea | Risk

Risks relating to Council's Treasury policies could include; adopting provisions in the policies that do not comply with the covenants of the LFGA or other lenders, or that may jeopardise Council's statutory requirement to operate in a financially prudent manner. To mitigate these risks, Council have sought independent professional advice in the review of these policies.

### Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Sections 102 (2) (b) & (c) of the Local Government Act 2002 require Council to adopt a liability management policy and an investment policy.

Section 104 requires that the liability management policy adopted must state the local authority's policies in respect of the management of both borrowing and other liabilities, including—

- (a) Interest rate exposure; and
- (b) Liquidity; and
- (c) Credit exposure; and
- (d) Debt repayment.

Section 105 requires that the investment policy adopted must state the local authority's policies in respect of investments, including—

- (a) [Repealed]

- (b) The mix of investments; and
- (c) The acquisition of new investments; and
- (d) An outline of the procedures by which investments are managed and reported on to the local authority; and
- (e) An outline of how risks associated with investments are assessed and managed.

Proposed amendments to policies as outlined above are considered minor  
Section 102(5) allows for the adoption of the investment and liability management policies without the requirement to use a special consultative procedure.

### Ngā Tāpiritanga | Attachments

[A](#)  Review of Current Liability Management Policy - June 2021



[B](#)  Review of Current Investment Policy - June 2021



### Ngā waitohu | Signatories

Author(s)	Larnia Rushbrooke <b>Finance and Business Services Manager</b>	
Approved by	Manaia Te Wiata <b>Group Manager Business Support</b>	

## Liability Management Policy

### Our vision is

To minimise the cost of borrowing used to fund the capital development of the Community's assets

### Council's commitment

Council's commitment is to:

- Minimise our long term borrowing costs within approved risk parameters
- Minimise our exposure to adverse wholesale interest rate and credit margin movements, maturity and interest rate re-pricing concentrations
- Maintain appropriate liquidity levels and manage cash flows to meet known and reasonable unforeseen funding requirements.
- Minimise exposure to credit risk.
- Comply with, monitor and report on financing/borrowing covenants and ratios under the obligations of our lending/security arrangements and this policy.
- Comply with the requirements of the Local Government Act 2002.

### Management of borrowings

Council will:

- Consider and approve its forecast borrowing requirements by approving its Long Term Plan and each Annual Plan.
- Manage financial assets and debt on a net portfolio basis (borrowings less cash instruments).
- Prudently and effectively manage borrowings and liabilities having regard to:
  - Interest rate and credit margin exposure
  - Liquidity and funding exposure
  - Counterparty credit exposure
  - Debt repayment
  - Borrowing limits and financial covenants
  - Security arrangements*(Procedural guidance on each of these matters is set out in appendix one).*
- Delegate authority to the Chief Executive Officer to initiate any actions in terms of this policy, including the authority to execute any documents on behalf of Council.

This policy covers internal and external borrowings. Any other Council liabilities are managed in the course of the Council's day-to-day operations.

### Borrowing limits

Council will:

- Manage to ensure that the following parameters are not exceeded:

Item	Borrowing limit
Net external debt <sup>1</sup> as a percentage of total revenue <sup>2</sup>	<150%
Net interest <sup>3</sup> on external debt as a percentage of total revenue	<15%
Net interest on external debt as a percentage of annual rates income <sup>4</sup> (debt secured under debenture)	<20%
Liquidity: (Liquid investments + external debt + unutilised portion of available committed facilities) / external debt	>= 110%

#### Interest rate exposure

Movements in interest rates can affect Council's financial performance and funding requirements. Interest rate risk management seeks to minimise interest costs and risks as interest rates change.

To manage interest rate risk on debt Council will:

- Utilise mechanisms including
  - setting risk control limits on fixed and floating rates
  - setting risk control limits on the use of interest rate instruments (under the guidance of independent external advisors) on a portfolio basis.

#### Liquidity and funding

Financial assets and funding sources need to be managed to ensure that Council can meet all of its obligations as they fall due.

Council will:

- Utilise mechanisms to manage liquidity and funding risk including:
  - cashflow management and forecasting,
  - maintenance of available committed bank facilities and liquid funds,
  - having risk control limits that enforce spreading of funding maturities
  - pre-funding of existing and forecast debt requirements
  - accessing long term debt where available and cost effective, to assist with spreading of term profile of funding risk

#### Credit exposure

Prudent credit management can reduce Council's risk of loss from a counterparty failing to meet its obligations. Credit exposure for borrowings is relevant for the undrawn portion of any committed, standby or bank facility, where the counterparty has a contractual obligation to provide funds to Council. Credit exposure from derivative and other financial contracts relates

<sup>1</sup> Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

<sup>2</sup> Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including found assets and the revaluation of derivatives and assets).

<sup>3</sup> Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

<sup>4</sup> Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other Local Government Authorities (LGAs) for services provided and for which the other LGAs rate.

to the default of the counterparty leading to non-payment of their contract obligations. To manage these risks, Council will:

- Set limits on the acceptable credit rating for counterparties.
- Ensure legal documentation is independently reviewed by Council's legal counsel.

#### **Debt repayment**

Council will:

- Make debt repayment decisions driven by Council's liquidity profile, contractual terms, debt levels and sustainable funding needs. External debt is managed on a net portfolio basis.
- Only borrow externally when it is commercially prudent to do so.
- Determine the cashflows to be used for the repayment of debt or reduction in borrowing requirements.

#### **Security for debt**

Council will:

- Offer security over borrowing by way of a charge over rates and rates revenue through the Debenture Trust Deed.
- From time to time, may offer alternative security over specific assets, with approval by Council and Trustee.

#### **Source of funds**

Council considers the following to be appropriate sources of funds:

- any New Zealand registered bank of suitable credit worthiness (as defined within the credit exposure section of the policy).
- Council reserves, special funds, or surplus cash available for internal borrowing
- borrowing secured by the Debenture Trust Deed.
- lease to own arrangements – the counter parties shall be the open market
- Council issued commercial paper, bonds, stock and debentures to the LGFA, LGFA stand-by facilities and wholesale/retail debt capital markets that is secured by the Debenture Trust Deed.

#### **Borrowing mechanisms for Council Controlled Organisations and Council Controlled Trading Organisations.**

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTO's. [Indirect lending is where the CCO/CCTO becomes a member of the LGFA and Council provides the financial support.](#)

[Council g](#)Guarantees of financial indebtedness to CCTO's are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital. [Council will not transact with a CCTO on terms more favourable than that of Council, if Council were not providing rates as security.](#)

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All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council's independent legal counsel and approved by Council.

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### **New Zealand Local Government Funding Agency Limited (LGFA)**

Despite anything in this Policy, Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent we consider necessary or desirable:

- Contribute a portion of our borrowing back to the LGFA as an equity contribution to the LGFA. For example in the form of borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Secure our borrowing from the LGFA and the performance of other obligations to the LGFA or our creditors with a charge over our rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

Financial exposure to the LGFA is to be reviewed annually and reported to the Audit and Risk Committee and Council.

### **Management procedures, reporting and policy review**

The Group Manager Business Support will:

- Approve documented treasury and operational procedures for borrowing activities, which will be administered by the Finance and Business Services Manager.

The Chief Executive Officer will:

- Report to Council or the Corporate and Operations Committee of Council on borrowings on at least a quarterly basis.

Council will:

- Formally review this policy on annual basis.

\_\_\_\_\_  
A Tanner  
Mayor

\_\_\_\_\_  
D J McLeod  
Chief Executive Officer

Version 34  
Council resolution date: ~~10 June 2020~~TBC



Appendix one

LIABILITY MANAGEMENT POLICY PARAMETERS

Interest rate exposure

Objective

To manage and minimise our costs and risks arising out of interest rate movements associated with our borrowing activities.

Policy parameters

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast gross external debt should be within the following fixed/floating interest rate risk control limits.

Forecast gross external debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the Group Manager Finance and Business Services or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits.

Debt interest Rate Policy Parameters (calculated on a rolling monthly basis)

Debt Period	Debt Amount	Minimum	Maximum
		Fixed	Fixed
Ending Current		40%	90%
Year 1		40%	90%
Year 2		35%	85%
Year 3		30%	80%
Year 4		25%	75%
Year 5		20%	70%
Year 6		0%	65%
Year 7		0%	60%
Year 8		0%	50%
Year 9		0%	50%
Year 10		0%	50%
Year 11 plus		0%	25%

A fixed rate maturity profile that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

"Fixed Rate" is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.

"Floating Rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.

Pre-hedging in advance of projected physical drawdowns of new debt is allowed.



Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast gross external debt amounts for the given period (as defined in the table above).

Interest rate risk management products may be used to convert fixed rate borrowing into floating rate, floating rate borrowing into fixed or hedged borrowing. Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months. Independent external advisors will be consulted when using interest rate risk management products.

The following instruments may be used for interest rate risk management activity:

Forward rate agreements ("FRA") on:

- Bank bills
- Government bonds

Interest rate swaps including:

- Forward start swaps
- Amortising swaps (whereby notional principal amount reduces)
- Swap extensions and shortenings

Interest rate options on:

- Bank bills (purchased caps and one-for-one collars)
- Interest rate swaptions (purchased swaptions and one-for-one collars with matching notional amounts, and maturity dates only)

Use of interest rate instruments:

- Any interest rate swap with a maturity beyond the maximum LGFA bond maturity must be approved by Council.
- Selling interest rate options for the primary purpose of generating premium income is not permitted, because of its speculative nature.
- During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed out simultaneously.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate cannot be counted as part of the fixed rate percentage calculation.
- Forward start period on swaps and collar strategies to be no more than 36 months, unless the start date of the new swap coincides with the maturity date of the existing swap. The new swap's notional amount must be no greater than that of the existing swap.
- Buying and selling of financial futures is not permitted due to the administrative burden.
- Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

## Liquidity/Funding

### Objective

To ensure that we have adequate committed financial resources to meet all of our obligations as and when they arise our liquidity and funding risk management centres on the ability to re-finance or raise new debt at a future time, at acceptable pricing (fees and borrowing margins) and terms.

Our ability to readily attract cost effective borrowing is largely driven by our ability to maintain a strong financial position, raise general rates and manage relationships with investors, financial institutions/brokers and the LGFA. Where practical, we seek a diversified pool of external borrowing and ensure bank borrowings and incidental arrangements (risk management products) are only sought from strongly rated New Zealand registered banks. Banks must have a minimum long term credit rating of single "A".

### Policy parameters

Council will manage liquidity and funding risk by:

- Appropriate cashflow management to ensure that sufficient funds are available to meet financial obligations as they fall due.
- Maintaining appropriate committed short-term borrowing facilities with Council's bank counterparties and/or with the LGFA.
- Maintaining financial investments in liquid instruments counterparties within credit risk limits.
- Liquid investments, and available committed bank/loan facilities and external term debt are maintained at least 110% over the existing external debt amount.
- Maintaining a spread of debt funding maturities to reduce concentration risk so that credit margins and overall borrowing costs are not unnecessarily increased due to market conditions.
- The Chief Executive Officer or delegate has the discretionary authority to re-finance existing debt on acceptable terms. Such action is to be reported and ratified by Council at the earliest opportunity.
- Council has the ability to pre-fund up to 18 months of forecast debt requirements including debt re-financing.

The funding maturity profile of the total committed funding in respect of all loans and committed facilities is set by the following risk control limits:-

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, a maturity schedule outside of these limits will require specific Council approval.

A maximum of 33% of total committed loans/bonds/FRN's and debt facilities is permitted to mature within any 12 month period. To minimise concentration risk, the LGFA require that no more than the greater of NZD 100 million or 33% of a council's borrowings from the LGFA will mature in any 12 month period.

Liquid investments are defined as those investments held for operational requirements and/or used to meet liquidity buffer requirements and include:

- Overnight cash at 100% of principal amounts
- Wholesale / retail bank call and term deposits no greater than 30 days at 100% of principal amounts
- Bank registered certificates of deposit (RCD's) maturing in less than 365 days at 100% prevailing market value

#### **Borrowing Mechanisms for CCO and CCTO organisations**

Any lending debt funding arrangement (directly or indirectly) to a CCO/~~or~~ CCTO must be approved by Council. In recommending an arrangement for approval the Group Manager Finance and Business Services considers the following is considered:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date
- Impact on Council's credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided
- The lending rate, given factors such as: CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc
- Lending arrangements to CCO/~~or~~ CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties
- Accounting and taxation impact of on-lending arrangements.

All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council's independent legal counsel and approved by Council.

#### **Credit exposure**

##### **Objective**

To minimise our risk of default on the part of any counterparty that has a contractual obligation to make any payments to us.

##### **Policy parameters**

Proposed counter-parties to borrowing transactions will be assessed to ensure that there is reasonable certainty that obligations under borrowing contracts will be honoured. Financial related transactions will only be entered into with organisations specifically approved by the Council. Counterparties and limits can only be approved on the basis of long-term single "A" and above credit ratings (Standard & Poors', Fitch, or Moody's) .

In conjunction with the Investment Policy positions should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The following matrix guide will determine limits:-

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Counterparty	Minimum long term / short term credit rating	Maximum Investment per Counterparty (\$m)	Risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m) <sup>5</sup>
NZ Government	N/A	Unlimited	N/A	Unlimited
NZ Local Government Funding Agency (LGFA)	N/A	Unlimited	N/A	Unlimited
NZ Registered Bank	A-1/A	20.0	10.0	30.0
Corporate	A-1/A	2.0	N/A	2.0

Note these limits are a total across both the Investment Policy and Liability Management Policy and are not cumulative.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. bank deposits) – transaction principal amount x weighting 100% (unless a legal right of set-off exists).
- Interest rate risk management (e.g. swaps, FRAs) – transaction Notional x maturity (years) x 3%.
- Foreign exchange – transactional face value amount x the square root of the maturity (years) x 15%.

### Debt repayment

#### Objective

To ensure that we are able to repay debt in a timely manner from appropriate sources.

#### Policy parameters

We will manage external debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so. We may determine that all or any part of the following cashflows may be used for the repayment of debt or reduction in borrowing requirements:

- depreciation charges for activities
- the proceeds of asset sales if we consider it appropriate
- contributions from other parties in terms of any contractual arrangements
- renewal loans
- specific revenue streams as determined by us (e.g. repayment of rental housing loans from rental housing income or loan repayment rates).

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

### Borrowing limits

#### Objective

<sup>5</sup> Total counterparty exposure includes; financial instruments for investments and risk management instruments.

To ensure that our debt is maintained within prudent limits.

**Policy parameters**

Borrowings will be managed to ensure that the following parameters are not exceeded:

Item	Borrowing limit
Net external debt <sup>6</sup> as a percentage of total revenue <sup>7</sup>	<150%
Net interest <sup>8</sup> on external debt as a percentage of total revenue	<15%
Net interest on external debt as a percentage of annual rates income <sup>9</sup> (debt secured under debenture)	<20%
Liquidity: (Liquid investments + external debt + unutilised portion of available committed facilities) / external debt	>= 110%

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate. Disaster recovery requirements are to be met through the liquidity ratio amount.

**Security arrangements**

**Objective**

To provide appropriate security that does not restrict our operations or limit control of Council community and strategic assets, whilst being sufficiently attractive to lenders to secure competitive borrowing margins, fees, interest rates and terms.

**Policy parameters**

Council offer security by way of a charge over rates and rates revenue through the Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government (Rating) Act 2002. From time to time, with Council and Trustee approval, specific security may be offered by providing a charge over one or more of our assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- We consider a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

**Source of funds**

<sup>6</sup> Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

<sup>7</sup> Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including the revaluation of derivatives and assets).

<sup>8</sup> Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

<sup>9</sup> Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other Local Government Authorities (LGAs) for services provided and for which the other LGAs rate



Appropriate sources of funds are specified in the policy. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) we take into consideration the following:

- available liquidity and terms on offer by the LGFA, banks, brokers, debt capital markets including loan stock issuance
- our overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
- prevailing interest rates and credit margins relative to the term for loan stock issuance, LGFA, debt capital markets and bank borrowing
- the outlook on LGFA, bank and debt capital market credit margins
- ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/risk limitation compared to the terms and conditions we could achieve in our own right
- [Legal](#) documentation, security arrangements and financial covenants.

Alternative strategies for new borrowings considered in this evaluation process are documented for review purposes. Our ability to readily attract cost effective borrowing is largely driven by our ability to rate, maintain a strong financial position and manage our relationships with our investors and financial institutions/brokers/LGFA.

### Policy review

#### Objective

To uphold and maintain current Liability Management Policy best practice standards.

#### Policy parameters

Each external loan will be monitored on an annual basis over the term of the loan, and benchmarked against the other identified options at the time the loan was raised. This will enable Council's performance in the achievement of the objectives set out in this policy to be assessed and reported to Council.

This Policy is to be formally reviewed on an annual basis. The General Manager Business Support, or equivalent, has the responsibility to prepare a review report that is presented to the Council or Council sub-committee. The report will include:

- recommendation as to changes, deletions and additions to the Policy
- overview of the treasury function in achieving the stated treasury objectives, including performance trends in actual borrowing cost against budget (multi-year comparisons), and interest rate management instruments against benchmarks.
- summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension
- analysis of bank lender service provision, share of financial instrument transactions etc
- comments and recommendations from our external auditors on the treasury function, particularly internal controls, accounting treatment and reporting
- an audit of the treasury system/spreadsheets and procedures should be undertaken
- adherence to borrowing limits specified in the covenants of bank lenders to Council



The Council receives the report, approve policy changes and/or rejects recommendations for policy changes.

**Statutory matters**

- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002, and incorporate the Liability Management Policy and Investment Policy.
- We do not borrow in foreign currency in terms of section 113 of the Local Government Act 2002.
- We also ensure we are consistent with the Local Government (Financial Reporting and Prudence) Regulations 2014 and in particular, Schedule 4.
- All projected borrowings are to be approved as part of the Annual Plan process or resolution of Council before the borrowing is affected.
- All legal documentation in respect to borrowing, investments and financial instruments will be approved by our solicitors prior to the transaction being executed.
- We will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
  - The period of indebtedness is less than 91 days (including rollovers); or
  - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.

## Investment Policy

### Our vision is

To get the best return on low risk financial investments and/or to secure long-term benefits for the community through strategic investments.

### Council's commitment

Council's commitment is to:

- Prudently manage Council's financial investments from low risk investments.
- Maintain a prudent level of liquidity and flexibility to meet both planned and reasonably unforeseen cash requirements.
- Invest only in approved investment instruments and securities.
- Seek to optimise investment income
- Monitor and report on risk and performance against predetermined limits and benchmarks
- Ensure operational controls and procedures are in place that protect the Council against financial loss, opportunity cost and other inefficiencies.
- Ensure that all statutory requirements related to Council's investments are adhered to.

### Investment mix

Council may:

- Invest in the following assets from time to time:
  - New Zealand Local Government Funding Agency Limited
  - Investments in other companies and entities
  - Community loans and advances
  - Property investments for strategic objectives
  - Cash and treasury investments of at least investment grade.
  - Internal loans

The specific objectives and policies related to these types of investments are detailed in appendix one.

### Risk management

Council is risk averse and seeks to minimise exposure from its treasury activities. Council does not allow any transactions that are speculative in nature to be entered into. Council's investment activities expose it to a variety of financial market risks including credit risk and liquidity risk.

Credit risk is managed by the Council limiting the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, Council invests funds only with entities that have a Standard and Poor's (or equivalent recognised agency) credit rating of at least A-1 for short term and A for long term investments.

Liquidity risk is managed by investing only in financial assets that can be liquidated through a readily available secondary market or have a short time period before maturity as articulated within the liquid investments definition.

Council will:

- Adopt prudent risk management practices that will include:

- Engaging appropriate expertise when major investment strategies are being developed
- Reference to authoritative and current economic commentaries and financial market forecasts.

The appendix to this policy contains parameters and procedures which have been established to reflect Council's risk tolerance.

#### Acquisition of new investments

All investment acquisitions (other than treasury investments, LGFA and internal loans) will be approved by Council, and Council will:

- Assess the acquisition of any new investments having regard for the following:
  - The requirements of the Local Government Act 2002
  - Council's policy on significance
  - Council outcomes and objectives
  - The provisions of this policy.

#### Application of returns on investments.

Council will:

- Apply returns on investments as outlined in the LTP or the Annual Plan or as specifically determined by Council from time to time.

#### Delegated authority and responsibilities

Council will:

- Delegate to the Chief Executive Officer, authority to implement this policy, except where this policy expressly states that Council resolution is required.

The Chief Executive Officer will:

- Be responsible for ensuring that appropriate procedures and controls are in place to safeguard Council's assets. These procedures and controls will be documented within Council's quality assurance programme.

The Group Manager Business Services will:

- Ensure the administration and management of the investments is undertaken in accordance with the procedures contained within Council's quality assurance programme. This includes overseeing monthly reconciliations to the general ledger of the cash and treasury investments and other financial instruments such as LGFA borrower notes. The monthly reconciliation will be independently reviewed in accordance with the procedures contained within Council's quality assurance programme.

#### Reporting Requirements

The Chief Executive Officer will:

- Ensure Council is provided with the following reports on investment performance:

Investment types	Frequency	Reporting
New Zealand Local Government Funding Agency Limited	Monthly	Other financial instruments invested in the LGFA will be included in the investment report provided as part of the Chief Executive's monthly report to Council.
Investments in other companies and entities	Annually	Investment balances reported as part of the Annual Report. Performance of Council Controlled Entities that have not been exempted under section 7 of the Local Government Act 2002 will be reviewed bi-annually.
Community loans and advances	Annually	Investments reported as part of the Annual Report

Property investments	Annually	Investments reported as part of the Annual Report
Liquid and treasury investments	Monthly	Liquid and treasury investments (including reporting of compliance with approved treasury instruments and approved counterparties), will be included in the investment report provided as part of the Chief Executive's monthly report to Council.
Internal loans	Annually	Investments reported as part of the Annual Report

#### Policy review

Council will:

- Formally review this policy on annual basis.

\_\_\_\_\_  
A Tanner  
Mayor

\_\_\_\_\_  
D J McLeod  
Chief Executive Officer

Version 32

Council resolution date: 10 June 2020TBC

## Appendix one

### INVESTMENT POLICY PARAMETERS

#### New Zealand Local Government Funding Agency Limited (LGFA)

The Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment.

The Council's objectives in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

#### Investments in other companies and entities

Equity investments arise from Council owning or controlling an equity holding in another entity. In general, investments in this category have and may be acquired with the primary objective of achieving strategic, efficiency, or community outcomes.

Any purchase or disposition of equity investments requires Council approval. Council will assess the acquisition of any new investments in line with the provisions of this policy. Any profit or loss arising from the sale of these investments is to be recognised in the Statement of Comprehensive Income.

The proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then applied to the designated purpose as determined by Council.

Council recognises that there are risks associated with holding equity investments. To minimise these risks Council, through the relevant Council-committee, monitors the performance of its equity investments in Council Controlled Entities (that have not been exempted under section 7 of the Local Government Act 2002) on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

#### Community loans and advances

From time to time Council may provide loans and/or advances to community organisations to assist with the achievement of community outcomes. The amounts involved are typically below \$500,000 and the numbers of applications received (and/or approved) are minimal.

The purpose of such investments is to achieve community outcomes. Council will assess all applications having regard for the legislated purpose of Local Government as set out in the Local Government Act 2002, the need for prudent financial management and after assessing the risk associated with the investment and the security provided by the other party. All such loans/advances will only proceed by resolution of Council.

#### Property investments for strategic objectives

Council owns property to achieve its strategic objectives, that is, property that is expected to secure long-term benefits for the community. As a general rule Council will not maintain a property where it is not essential to the delivery of relevant services. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements that could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services.

All rented or leased properties will be at market rentals, except as approved by Council

Any acquisitions or disposals of strategic property require the resolution of Council and any purchased properties must be supported by a current registered valuation, substantiated by management including a fully worked, capital expenditure analysis. Any minor parcels of land purchased for the purpose of roading and utility activities will be effected under the delegation of the Chief Executive Officer,

Net proceeds from the sale of surplus property will be used to reduce borrowings where appropriate, or form part of the reserves of the District, to be reinvested in new assets or the betterment of existing assets for the benefit of the present and future residents of the District. The exception to this is endowment



property or other property subject to legislative restrictions, in which case any proceeds would be applied in accordance with the provisions of the legislation.

### Liquid and treasury investments

Council generally operates as a "net borrower", and aims to manage its borrowings and cash assets on this basis in order to reduce the overall net cost of borrowing. Council does not usually maintain significant cash investments. Longer term investments will be held to support the level of restricted reserves though not for the balance of Council created reserves. To achieve the aim of minimising the overall cost of funds and managing debt re-financing risks, at times it may be prudent to pre-fund, and invest any surplus in short term cash investments. Cash investments are also used to maintain and manage liquidity risk. A range of treasury investment instruments may be used as outlined below to achieve the desired level of returns within acceptable risk parameters.

The following policies will apply in making any such investment:

- Council's primary objective when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.
- Council may invest in approved financial instruments that are of high credit quality and liquid.
- Council's treasury investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due.
- Interest income from investments is credited to general funds, except for income from investments for restricted reserve funds and other funds where interest may be credited to the particular fund.
- For liquidity and interest rate management purposes Treasury investments incorporate all investments which are not cash or liquid investments. Liquid investments are defined as those funds which are held for operational requirements and/or used to meet liquidity buffer requirements as per the Liability Management Policy.

### Approved investment instruments

The approved investment instruments are as follows:

Category	Instrument
Liquid investments	Call deposits and term bank deposits no greater than 30 days Bank certificates of deposit (RCDs) less than 365 days
Treasury investments	Term bank deposits Bank certificates of deposit (RCDs) Treasury Bills Promissory notes/Commercial Paper (senior) less than 365 days Government Bonds LGFA borrower notes / Commercial Paper / Bills / Bonds Bank/Corporate Bonds / Commercial Paper (senior, fixed and floating rate)

All investments must be senior in ranking. The following types of investments are expressly excluded;

- Structured debt where the issuing entities are not a primary borrower/issuer
- Sub-ordinate debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and hybrid notes such as convertibles.

Interest rate management instruments are not approved instruments for investment management purposes.

Any other treasury instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction.

### Approved counterparties/issuers

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. Credit exposure for investments relates to funds on deposit where the counterparty is not able to pay Council interest and principal amounts owing on the due date. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of a long-term Standard & Poor's, (S&P) credit ratings (or equivalent Fitch or Moody's rating) being A and above and/or a short term credit rating of A-1 or above.

Where the total treasury investment portfolio exceeds \$5 million, the portfolio should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

In conjunction with the limits in the Liability Management Policy, the following counterparties/issuers are approved for investment activity.

Counterparty/Issuer	Minimum short term / long term "Issue" Credit Rating	Approved Investments	Maximum % of Total Investment Portfolio
NZ Government	N/A	NZ Government Bonds & Treasury Bills	100%
NZ Local Government Funding Agency	N/A	Bonds, Commercial Paper, Bills, Borrower Notes	100%
NZ Registered Bank	A-1/A	Call and term deposit, Bank Registered Certificate of Deposit (RCD), Bonds	100%
Corporate	A-1/A	Corporate Bonds, Commercial Paper,	Maximum of 20% of Total Portfolio

The following risk control limit system ensures a continuous and forced diversification of maturities across the treasury investment portfolio and thus spreads and reduces the concentrations of maturity and interest rate re-pricing risk at times of re-investments:

Maturity Period	Minimum: percentage of total treasury portfolio amount	Maximum: percentage of total treasury portfolio amount
Up to 3 years	70%	100%
3 years to 5 years	0%	30%

Each transaction should be entered into a treasury spreadsheet and a monthly report prepared to show assessed counterparty actual exposure versus limits.

#### Internal loans

Council may utilise surplus funds for the purposes of internal borrowing. Internal borrowing forms a part of the overall mix of Council investments (though will only be reported to Council on an annual basis unless otherwise requested). Internal borrowing will be used wherever possible to avoid external borrowing.

Internal loans shall be managed as commercial debt, with interest applied. The interest rate shall be calculated at the start of each financial year, and will be based on the mid-point between the prior year's weighted average external borrowing and investment rates.

#### Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into financial arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or available committed bank facilities exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate. The General Manager Finance and Business Services monitors guarantees and reports quarterly to Council.



### Foreign currency

Council may from time to time be exposed to foreign exchange risks through the occasional purchase of foreign exchange denominated services, plant and equipment etc. Significant commitments over NZ\$100,000 will be hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council.

The following instruments may be used for risk management activity:

Category	Instrument
Foreign exchange risk management	Forward foreign exchange contracts Foreign currency deposits Spot foreign exchange

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# Council Controlled Organisations Monitoring - Waikato Regional Airport Ltd and Waikato Local Authorities Shared Services Ltd Final Statements of Intent

CM No.: 2464691

## Rāpopotonga Matua | Executive Summary

The purpose of this report is to receive the Waikato Regional Airport Ltd and Waikato Local Authority Shared Services final Statement of Intents.

## Tūtohunga | Recommendation

That:

1. **The Waikato Regional Airport Ltd and Waikato Local Authority Shared Services final Statement of Intents be received.**

## Horopaki | Background

Waikato Regional Airport Ltd (WRAL) is a Council Controlled Organisation (CCO) owned by five Waikato Councils, with Matamata-Piako's shareholding at 15.6%. The core purpose of WRAL is to enable air services to the region, operating a first class, safe and compliant regional airport, and strategic positioning of the business to enhance capital value.

Waikato Local Authorities Shared Services Ltd (WLASS) is a CCO jointly owned by the 12 Waikato Region Councils. WLASS' key purpose is to drive collaboration between councils, to improve customer service and performance, and to reduce costs.

Council controlled organisations are required (subject to certain exemptions) by the Local Government Act 2002 to prepare and publish an annual statement of intent, and produce a biannual report for shareholders on the entity's operations during the year.

Council received the WRAL draft Statement of Intent on 24 March 2021 and the WLASS draft Statement of Intent on 14 April 2021. We have now been provided with the final Statements of Intent for information.

## Ngā Pāpāhonga me ngā Wātaka | Communications and timeframes

Council received the draft Statements of Intent in March/April 2021 and were provided with the opportunity to provide feedback. Council have now received the final Statements of Intent for receiving. Six month and Annual Reports will be provided to Council when available.

## Ngā Tāpiritanga | Attachments

[A↓](#). Final Statement of Intent WRAL 2021



[B↓](#). Final Statement of Intent WLASS 2021



### Ngā waitohu | Signatories

Author(s)	Sandra Harris <b>Corporate Strategy Team Leader</b>	
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Approved by	Erin Bates <b>Strategic Partnerships and Governance Manager</b>	
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	Don McLeod <b>Chief Executive Officer</b>	
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# INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company and Group for the year ending 30 June 2022 and succeeding two financial years.

## COVID-19 and the WRAL Group

The COVID-19 pandemic resulted in world-wide crises: from health, to social and economic devastation. The immediate impact on the WRAL Group was significant, as the business is primarily aviation and tourism-focused and therefore projected revenues dropped substantially. This has necessitated a conservative outlook for recovery over the next three years for the Group.

Fortunately, the Group's existing 10-year strategy already had a focus on non-aeronautical income diversification activities which will continue to be critical to our future. Our property initiatives served us well through the initial COVID-19 crisis period and the recovery through 2021. In the short to medium term, we expect property initiatives will continue to provide a level of support to the Group, minimising future economic volatility, whilst aviation and tourism recover to their pre-COVID levels.

# STRATEGIC INTENT

*The Group has identified its core purpose and key objectives that recognise the strategic intent of the business:*

## CORE PURPOSE

- 1) Enabler of air services to the region.
- 2) Operate a first class, safe, sustainable and compliant airport.
- 3) Strategic positioning of the business to enhance capital value.

## WRAL: KEY OBJECTIVES

- 1) Operate an efficient, sustainable and resilient airport.
- 2) Enhance the traveller experience.
- 3) Maintain a viable and sustainable aeronautical business.
- 4) Maximise revenue diversification through non-aeronautical business opportunities.





## KEY OBJECTIVES OF THE GROUP:

The Group incorporates Hamilton Airport, Titanium Park Limited, Hamilton & Waikato Tourism Limited and Waikato Regional Airport Hotel Limited.

1. Operate an efficient, compliant and resilient airport.
2. Provide an improved customer experience upon completion of the Terminal Resilience Project.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. Operate the airport hotel to meet or exceed its investment business case growth targets and customer satisfaction targets.
7. Marketing the Hamilton & Waikato region as a visitor destination to domestic and international visitors.
8. Grow the visitor economy through tourism development and destination management.

## In pursuing its goals, the Group will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders.
- Be an employer of choice.
- Ensure a safe and healthy workplace environment that complies with legislation and fosters the wellbeing of its employees.
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence.



## Nature and scope of activities to be undertaken:

1. **Operate an efficient and compliant airport.**  
Operate a first class, safe and compliant regional airport by providing for essential projects, together with any compliance expenditure warranted.
2. **Enhance the traveller experience.**  
Maximise traveller satisfaction and airport experience.
3. **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 and 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.
4. **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).
  - Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.
  - Identify sources and monitor carbon and emissions. Incorporate reduction initiatives into capital project.
  - 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.
5. **Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.**  
Knowledgeable and capable, high performing and appropriately resourced personnel to ensure sound reporting and accountability, and delivery of the strategic plan.

## PERFORMANCE TARGETS

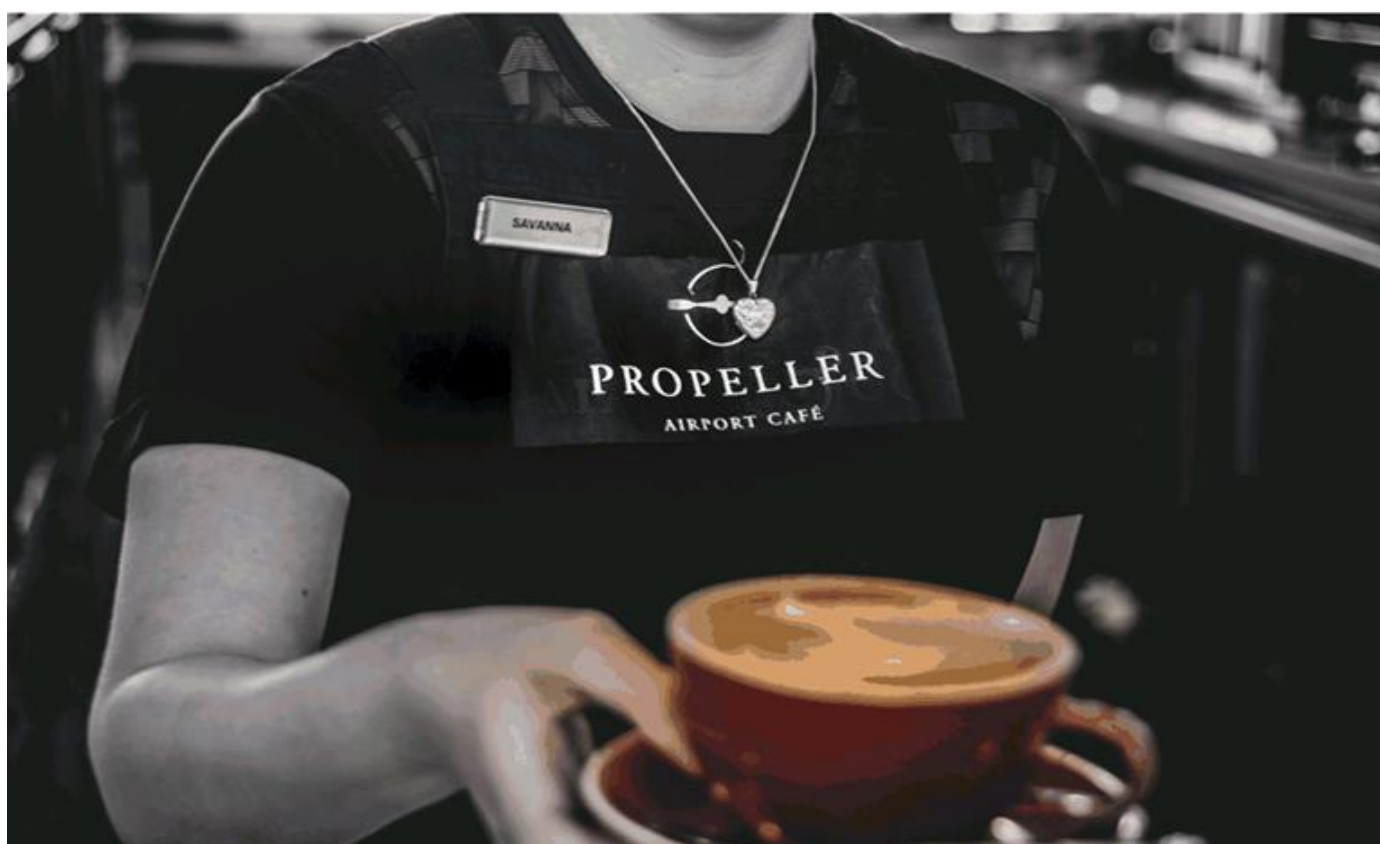
The following annual performance targets are proposed for the Waikato Regional Airport Limited in relation to its core purpose and key objectives.

Based on Company forecasts	YEAR ENDING 30 JUNE		
	2022	2023	2024
EBITDA excluding land sales	\$5.2m	\$5.4m	\$5.6m
EBITDA including land sales	\$5.7m	\$6.1m	\$6.2m
Net profit after tax <i>no less than</i>	\$1.2m	\$1.8m	\$2.2m
Net operating cash flow (excluding land sales)	\$3.6m	\$3.5m	\$4.0m
Total debt excluding design build property <i>not exceeding</i>	\$29.0m	\$32.0m	\$32.0m
Percentage of non-landing charges revenue <i>at least</i>	60%	60%	60%
Land sales	\$2.0m	\$4.0m	\$3.0m
Interest cover <i>at least</i>	4.0x	4.0x	4.0x



## NON-FINANCIAL PERFORMANCE TARGETS

	<b>Health, safety and well-being</b>
	Facilitate Health & Safety meetings every two months with representatives from each entity in the Group
	Zero Work Safe notifiable accidents/injuries
	Independently review and audit the Health & Safety system each year
	<b>Operational compliance</b>
	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.
	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)
	Monitor aeronautical noise and facilitate noise management meetings every four months in accordance with the Noise Management Plan.
	<b>Property (Titanium Park Limited)</b>
	Complete construction of the 5th Stage of Titanium Park's Central Precinct
	Prepare a private plan change submission to Waipa District Council in relation to the future Northern Precinct Development.
	<b>Hotel operation</b>
	Implement a recovery plan to enable a steady return from a Managed Isolation Facility to normal trading as a hotel and achieve pre-COVID metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.



**Statement of accounting policies**  
The accounting policies adopted by the Group for the year ending 30 June 2022 and succeeding two years are those as adopted in the 2020 Annual Report prepared under Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR). The impact of accounting standards changes is not expected to have a material impact on the Group's financial statements or their comparability with previous results.

**Dividend policy**  
The Directors will review the performance and outlook for the group annually before declaring any dividend.

**Information to be provided to Shareholders**

- The Annual Report of the Group.
- An interim report circulated to Shareholders each half-year including a Chair's Report, Consolidated Income Statement, Consolidated Balance Sheet and progress against Financial Performance Targets.
- Shareholder briefings held at least twice annually.

**Future investment proposals**  
If the Group wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

**Commercial value of the Shareholders' investment**  
No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2020 shows shareholder equity of \$105m based on recent independent valuations of the Group's property, plant and equipment and investment properties.

**Compensation from Local Authorities**  
There are no known activities of the Company or Group for which the Directors would seek compensation from any local authority.

**Major transactions**  
Shareholders approve major transactions via a special resolution. A major transaction for WRAL is defined as:

- the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- the disposal of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 10% of the value of the company's assets before the transaction.

**Health & Safety and Wellbeing**  
The Board and Management will ensure that all requirements to the Health & Safety at Work Act 2015 are maintained.

This will be achieved by the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practice processes. At all times the Group will continue to monitor and review health and safety requirements via monthly reporting.



Item 8.1.3

Attachment B





## **2021 Statement of intent**

**For the year ended 30 June 2022**



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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd (WLASS). It outlines the nature and scope of the work it will undertake, the Directors’ accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2022 to 30 June 2024.

## Message from the Chair

Our goal is to improve the experience of councils' communities and staff, improve performance, reduce costs, and build trust and confidence with central government (**Goal**).

WLASS has made substantial progress in 2020. We aim to continue that in 2021.

We have been delivering what we said we would. The priority projects set out in last year's Statement of Intent have either been completed or significantly advanced. Some of those projects, notably the Building Consent Shared Services project, have challenged councils to think quite differently about how they deliver services (more on that shortly).

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**“At its heart WLASS exists to identify, and develop business cases, for ideas that have the potential to transform its shareholder councils.”**

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Our priority projects have recently led to two new services. WLASS Water Services supports councils by providing water sampling and analysis, trade waste management and water conservation education services. Nine councils are participating in one or more of these services. Through the Coordinated Infrastructure Procurement service, we are working with councils to facilitate a better outcome for them, their communities and suppliers, by identifying opportunities to procure and sequence infrastructure work on a cross-council basis.

At its heart WLASS exists to identify, and develop business cases, for ideas that have the potential to transform its shareholder councils.

WLASS develops business cases using, generally, a three-stage process. Once an idea has been identified and received priority then we begin a short discovery phase to test whether the idea may have value across the region. Upon receipt the board then decides whether to move the idea to the second phase, which is opportunity assessment. If the board approves the opportunity assessment, then a detailed business case is prepared.

While the discovery, opportunity assessment and business cases are being built it is essential that WLASS receive full and timely cooperation and support to put up the best case for Councils. But, and this is fundamental, each Council retains the absolute right to decide whether or not to adopt the business case when received, and roll out the proposed service in its district.

In pursuing our Goal in 2020 we did strike challenges.

A good example of these challenges was provided in December 2020, when the board was presented with an indicative business case for a building consent shared services approach with a request for funding to develop a detailed business case for a particular option. While our priority projects all can add significant value, this was the first project that was truly transformational – reimagining how building consent services are delivered and recommending this be delivered on a regional basis.

With this work we struck difficulty in developing the indicative business case, and the work took longer due to opposition from some members of council staff, largely arising from anxiety about change. In addition, the commitment to *actively* supporting the development of the detailed business case varied from Council to Council.

My key messages are these:

1. For WLASS to truly achieve its potential, it is essential that every council chief executive:
  - a. *actively* support it to develop the best possible business case for each idea, as fast as practicable;
  - b. communicate to their staff regularly, and often, the importance of that support; and
  - c. ensure staff tasked with working with WLASS, prioritise that work.

The faster we can develop good business cases, the faster those councils who want to can implement the idea.

2. The central government's water and RMA reform agendas provide more, not less, reason to proactively show that, as a region, we are already embracing changes to create a more efficient and effective local government. In doing so, the councils of the region put themselves in a better position to control their destiny rather than have central government make it for them.

For these reasons, WLASS will continue to advance a transformational agenda. We will not shy away from challenging councils to think differently – to think regionally, but knowing that they are able to decide and then act locally, in a way that is best for their communities. Equally, we will continue to progress initiatives as hard and as fast as practicable.

Certainly, WLASS has itself learned valuable lessons from this year's work: the need for better communication and greater focus on helping council chief executives manage the potential for change within their organisation and building more compelling business cases.

Nevertheless, I continue to believe that WLASS provides an excellent vehicle for councils to work together and share the costs of developing ideas to meet the goal, while retaining each council's right to proceed or not.

Peter Stubbs  
Chair

Peter Stubbs  
Chair

## Background

WLASS is owned in equal portion by the 12 Waikato local authorities:

- Hamilton City
- Rotorua Lakes
- Waikato District
- Hauraki District
- South Waikato District
- Waikato Regional
- Matamata-Piako District
- Taupō District
- Waipa District
- Otorohanga District
- Thames-Coromandel District
- Waitomo District

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. More recently, shareholders embarked on a transformation of the company. The purpose of that transformation was to move the company to a true



service delivery agent for, and strategic partner of, the councils. The structural changes of that transformation were completed in late 2019 and bedded-in throughout 2020.

## Our vision and the outcomes we are looking for

The 2020 SOI introduced a new performance reporting framework. That framework is set out on the following page.

The framework better reflects the outcomes the transformed company is seeking, for you and your communities, and how we will go about achieving those outcomes. It highlights the company's roles of:

- Ideas laboratory - taking ideas that have the potential to create value, from their genesis through to business case; and
- Service provider to councils.

WLASS is acutely aware of the challenging and changing environment within which councils currently operate. Given this environment it is also acutely aware of the role it needs to play in reducing costs to its shareholding councils (or improving performance without an increase in cost). While improving the experience of councils' communities will always be front of mind as we develop ideas, we will not do this if it results in an unacceptable layer of additional, unrecoverable cost to councils. Similarly, we want to facilitate more engagement between central government and Waikato councils, and build central government's confidence in councils in the region. However, we see this as a by-product of achieving the other two outcomes, through which we aspire to show Waikato councils to be the exemplar of how local government in a region can work.

<b>Our vision</b>	<b>Waikato councils working together to shape happier communities and staff, and forge effective councils.</b>					
<b>Outcomes we are seeking</b>	Council costs are reduced / performance is improved, without increased cost		The experiences of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased	
<b>Our specific objectives</b>	<ul style="list-style-type: none"> <li>➢ Achieve effectiveness and efficiency gains</li> <li>➢ Reduce duplication of effort and eliminate waste through repetition</li> </ul>		<ul style="list-style-type: none"> <li>➢ Promote and contribute to the development of best practice</li> <li>➢ Make it easier for communities to engage with councils in the Waikato region on a consistent basis</li> <li>➢ Promote business transformation to improve communities' experiences</li> </ul>		<ul style="list-style-type: none"> <li>➢ Enable the Waikato councils to collectively be more effective as a region on the national stage</li> <li>➢ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment</li> </ul>	
<b>Priorities: How we will achieve our outcomes</b>	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
<b>What we must manage well</b>	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

## Priorities – doing what we said we would do

We want to ensure that Waikato councils are working together the best way possible, for the collective benefit of them and their communities. We want to do this because we believe it is the right thing to do for Waikato. If we achieve this, it will mean a relatively lesser burden on ratepayers, happier communities and council staff and more impactful councils.

In the 2020 Statement of Intent, we told you we had completed the structural changes required to transform the company into a service delivery agent and a true strategic partner to councils.

While we do not see the transformation as ‘complete’, the 2020/21 financial year has seen those changes embedded and our focus turn to ensuring we do what we said we would: And we have. All five of our priority projects set out in last year’s Statement of Intent have either been completed or are under development. This has included:

- Commencing work looking at how building consent services could be improved;
- Expanding the service offering to include water sampling and analysis, trade waste management and water conservation services. This increases the size of the company, by revenue, by ~40%;
- Completing the project to consider how infrastructure procurement could be coordinated regionally - we have a strategic procurement manager in place, working with council staff to identify and deliver on opportunities; and
- Developing an opportunity assessment which looks at a regional approach to staff learning and development.

### Spotlight on WCLASS Water Services

In the second half of 2020 we agreed to integrate the services of the Shared Services Partnership (made up of Hamilton City and Waipa and Waikato District Councils) into the company’s offerings. In doing so Sampling and Analysis, Trade Waste Management and “Smart Water” services will be taken up by eight councils across the region.



This initiative will provide high quality services, consistently, across the region, improve trade waste management practices and improve community wellbeing. It is a great example of how we can work together to benefit our communities in a cost-effective way.

Beyond the priority projects, we have been managing the LiDAR project: notwithstanding a delayed start when the COVID-19 lockdown prevented flying toward the end of last summer, all data has now been captured and is currently being processed. We are progressing to plan on Waikato OneView project. That project is the next phase of a roadmap toward a regional approach to Geographic Information Systems (GIS) and is looking at establishing Waikato-wide geospatial data sets and a simple way for customers to view that data. A minimum viable product is to be launched early in the new financial year. We continue to progress initiatives within Waikato Regional Infrastructure Procurement (WRIP, formally “coordinated infrastructure procurement”), having recently identified a suite of initial opportunities with Councils’ Infrastructure GMs.

At the same time, we have had an eye to the future. With all our priority projects identified last year now either complete or underway, as noted above, the Board has considered and agreed on the next suite of projects, having had particular regard to the environment currently faced by the local government sector. Development of some of these opportunities is already underway. The projects

were conveyed to council chief executives in a letter of intent in the second half of 2020. The support received for the ideas confirms we are on the right track. The Board also agreed to add value for councils by undertaking the development of opportunities in a way that fulfils shareholding councils' obligations under section 17A of the Local Government Act 2002 (LGA) for the area being considered. Doing so will do away with each council's need to separately undertake these reviews.

Our priority projects for the coming year are:

**1) Shifting landscapes: Refining how and where WLASS can add most value**

Waikato councils are faced with significant change: Central Government reform of 3-waters and the RMA, and a review of the future of local government generally, have all commenced. Councils are grappling with what these changes will mean for their organisations in the future, and what will remain of them when the changes are complete.

WLASS will continue to support Waikato councils to be the best they can be for their communities. It will also continue to think regionally and support councils to act locally. However, we need to be clear

how councils think we best do that given the shifting landscape. How can we add the most value? What should we focus on that is achievable and actionable? How can we support councils to influence change, to get ahead of the game and create their own destiny?

For the board to answer these questions, it needs to understand from Waikato councils what services councils believe they should ensure are delivered to their communities, and what services they believe:

- i. only the councils should deliver (noting that all councils are not the same);
- ii. could be delivered by service delivery agents (i.e. CCOs like WLASS);
- iii. could be delivered by third parties; and
- iv. central government should deliver.

This project will provide that understanding. In doing so, it will help clarify the future of local government, provide a touchstone for making better decisions on how councils can most effectively deliver their functions, and provide WLASS with clarity on its part in supporting councils to do so.

**2) Digital enablement – creating an omnichannel for your communities**

There are rising community expectations of:

- Self-service;
- Digital engagement;
- Instant service;
- Personalised service; and
- Falling costs.

**Spotlight on LiDAR**

We are managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. Ground survey commenced in December 2020 and aerial surveying in January 2021. The full data set will be publicly available by October 2022. LiDAR is a foundational data asset essential to decisions involving the physical world. It has the potential to help drive regional economic growth and spur new investment by enabling councils and businesses to efficiently plan and develop housing, road, and water infrastructure, and better prepare for hazards such as flooding, landslides and erosion.

The project involves funding from eleven councils plus several commercial companies and the Provincial Growth Fund (via LINZ).





With this, there is a risk of a growing gap between community expectations and council service delivery because each council, acting individually, has limited ability (both expertise and available capital) to:

- 1) 'go digital' and provide 21<sup>st</sup> century, customer focused, digitally-enabled services; or
- 2) use technology to transform the way they work, manage assets and deliver services.  
*[sourced (paraphrased) from McGredy Winder & Co Sept. 2017 report to WLASS]*

Technology is interwoven to various degrees within each council's business and operational frameworks. Any changes to technology cannot therefore be considered in isolation. However, to address the expectation gap, councils can work together to:

- Provide consistent customer and community experiences across the region;
- Realise significant cost savings and mitigate risks;
- Leverage existing skills, knowledge and experience for better digital outcomes for all;
- Achieve systems and process efficiencies through standardisation, which could lay the groundwork for potential back office shared services;
- Make better use of vendors and influence the market;
- Leverage total IT spend and cross-council resources; and
- Get recognition from central government for generating sustainable value from technology investment.

This will help address perceived problems that:

- Customers are not always able to receive a resolution at their first point of contact with council;
- Staff are not always able to find the information they need to solve customer queries;
- Cross-council knowledge is not shared effectively; and
- Staff knowledge is not retained or captured.

### **3) Establishing a GIS centre of excellence**

For most councils, there is limited ability/need for a full-time resource that has expertise in GIS. However, having access to that resource, as and when required, would be useful to meet internal needs and community enquiries in a timelier manner. There could therefore be value in the creation of a GIS centre of excellence (COE) that provides core data and GIS system management, as well as analytical work, to support the operation of councils.

This review will follow on from the Waikato OneView project to complete the GIS roadmap.

### **4) Establishing an Asset Management centre of excellence**

Waikato councils collectively are responsible for significant assets. They are accountable to the public for ensuring these assets are well managed. Some councils have difficulty in attracting and retaining appropriately skilled staff. Others may simply benefit from a lift toward best practice. Regardless, there is an opportunity to consider establishing a COE, likely reflecting an expansion of RATA's existing capability, to support councils in this area.

### **5) Regional policy and by-law development**

This opportunity considers the value of have a standard suite of policies across local authorities. It would include benchmarking the existing policies and by-laws and establishing a timetable for review to avoid duplication of effort wherever possible.

Beyond these priority projects we will continue to look at other initiatives that add value. The RATA Advisory Group have been prioritising a suite of ideas and will develop one or more of these over the next 12 months. The various WLASS working parties, comprising representatives from each of the councils, will also continue to look at ways in which their disciplines can be improved.

## As you asked, we've changed

The company has changed significantly over the last 24 months. Up until the second half of 2018 it had no employees, and relied solely on a contracted, part-time resource. Today, through the transformation, it has grown to nine employees and a broader team of 35<sup>1</sup>. That increase in resourcing reflects the small team engaged to identify initiatives and develop opportunities that are then presented to councils, and the establishment of new services (water sampling and analysis, trade waste management, water education, IQP/producer statement registrations and infrastructure procurement), as a result.

Our governance structure has also been streamlined to be more agile and independent, moving from a board of twelve, to six members including an independent chair.

Fundamentally we have matured. We have:

- Robust processes in place to develop opportunities through to business case;
- Introduced secondment arrangements for council staff to contribute to the development of opportunities, at the same time increasing their capability;
- Established a change management framework to support opportunity development;
- Started moving to a 'user pays' approach to service offerings; and
- Shifted the dial to projects that, while posing a greater challenge, are transformational and have the potential to add significant value.

## Active council support remains critical

While WLASS has grown, it remains a small company. Having council resources to support the company continues to be critical.

The WLASS working parties, comprising representatives from the councils, are an invaluable part of how we work and essential to the company being able to develop opportunities. They have a role in identifying problems to be solved. They have a role in supporting the development of opportunities, by:

- Providing resource;
- Acting as a sounding board; and
- Actively championing *the development* of ideas, including helping WLASS tell the story about why we are developing those ideas.

The working parties (and council chief executives and other senior leaders) also have a role in helping prepare their councils for change that might come from opportunities if the council chooses to adopt the solution. Any change management must be leader-led from within the councils themselves.

So, while we have changed, councils must also. WLASS will only be as successful as its shareholding councils allow it to be. You have asked us to go as hard and fast as possible. You have asked us to challenge you to transform how councils could operate. We are doing these things and will not shy away from continuing to promote a transformational agenda, but it will only work if councils, from the top down, embrace the opportunity to change, actively supporting the development of the best business cases possible. We said in last year's Statement of Intent that councils need to commit to accepting the challenge of changing the way things are done where there is a sound case for doing so. That remains the case. A change in mindset must precede transformation.

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<sup>1</sup> Including RATA and WLASS Waters Services staff who are employed by Waipa District and Hamilton City Councils respectively, but are wholly contracted to WLASS to provide services to other councils

## Performance measures

Last year's Statement of Intent introduced a new suite of performance measures. We will continue to track how well we are delivering on our strategic priorities using these.

Priority	Performance measure	Target
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives  Link to outcomes in the performance framework (refer pg. 5)	<ul style="list-style-type: none"> <li>➤ Business cases will include measurable benefits linked to one or more of the outcomes sought</li> <li>➤ Businesses cases are supported by councils (evidenced by take up of the opportunity)</li> </ul>	Projected savings/increased revenue to councils of at least \$300k  75% of councils
Develop opportunities and deliver projects within agreed budgets and timelines <sup>1</sup>  Link to outcomes in the performance framework (refer pg. 5)	<ul style="list-style-type: none"> <li>➤ Opportunities / projects are developed / delivered within agreed timelines</li> <li>➤ Opportunities / projects are developed / delivered, within approved budget</li> <li>➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval</li> </ul>	80% <sup>2</sup>  90% <sup>2</sup>
Ensure projects realise their expected benefits  Link to outcomes in the performance framework (refer pg. 5)	<ul style="list-style-type: none"> <li>➤ Measurable benefits are actively monitored and reported against</li> <li>➤ Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)</li> </ul>	Six-monthly  For \$200k+ Projects (based on cost of opportunity development and ongoing investment)  Assessment within 15 months  90% of projected quantifiable benefits are realised
Ensure existing services are meeting the needs of councils  Link to outcomes in the performance framework (refer pg. 5)	<ul style="list-style-type: none"> <li>➤ 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> </li> </ul>	80% of councils



Priority	Performance measure	Target
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice  Link to outcomes in the performance framework (refer pg. 5)	➤ Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum

- 1 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.
- 2 Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are considered stretch goals, but achievable. However, we aspire to *always* better, or at least meet, timetables and budgets.

The targets noted above are for the three-year forecast period. They will form the baseline from which we will seek to continually improve.

## Transparency and reporting to councils

The company will continue to deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a half-yearly report, including Statements of Financial Performance, Financial Position, and Cashflows and commentary on service performance including an assessment of progress against performance measures; and
- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows and commentary on service performance.

We will continue looking at ways of keeping you informed of how we are progressing. We are part of the Waikato Local Government team and know that we are not currently seen as such by some council staff. We need to work with councils to change that and will therefore be communicating more broadly, and frequently, with council staff.

## Governance arrangements

WLASS conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and WLASS policies.

The Board is made up five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of WLASS are:

Director	Representing
Peter Stubbs	Independent Chair
Chris McLay	Waikato Regional Council
David Bryant	Hamilton City Council

Director	Representing
Gareth Green	Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Rob Williams	Hauraki, Matamata-Piako and Thames-Coromandel District

Under the constitution Gavin Ion must resign his position on 30 June 2021, but may be reappointed by the councils he represents for a further 3-year term, and Waipa and Waikato District councils have confirmed his reappointment.

The independent Chair of WLASS receives director fees and reimbursed expenses. Directors representing the councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

## Financials

### Overview

#### Service levels

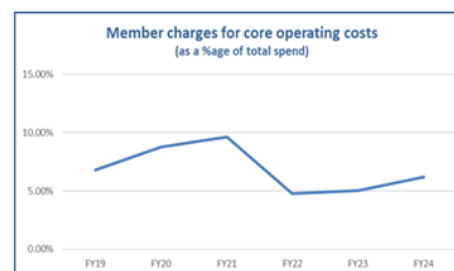
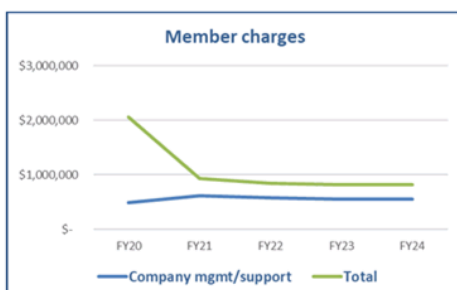
Revenue from service levels significantly increases in the 2022 financial year, being the first full year of activity for Coordinated Infrastructure Procurement and WLASS Water Services. RATA data collection projects commencing in that year also contribute to the increase. As the RATA data collection is completed, overall services fees taper off (although the other services are forecast to continue growing).



#### Member charges

While service levels are forecast to increase, we are conscious of mitigating the increase in member charges. This reflects the shift toward a user pays basis. Total member charges significantly reduced in the 2021 financial year with Future Proof and Waikato Plan being transitioned to Waikato Regional Council in that year. Charges are expected to remain flat throughout the forecast period.

Member charges to meet core operating costs (company management / support) remain largely flat throughout the forecast period (averaging ~5.6% of total expenditure).




## Statement of Financial Performance


Waikato Local Authority Shared Services Company Summary for the forecast financial years ended 30 June 2022-2024				
	2020 SOI		2021 SOI	
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
<b>Income</b>				
Company Management / Support	1,102,910	1,391,159	1,334,268	1,344,268
Working parties   projects	1,145,858	716,183	527,879	535,012
RITS	31,616	27,000	27,378	27,761
Information Technology	1,007,000	772,462	87,201	47,862
Energy Management	70,000	128,000	133,000	134,862
Shared Valuation Data Service (SVDS)	379,761	388,115	396,654	402,207
Road Asset Technical Accord (RATA)	1,300,557	2,231,000	1,892,000	1,360,000
Waikato Regional Transport Model (WRTM)	389,456	1,594,706	1,893,812	454,344
Waikato Building Consent Group	333,250	667,083	721,264	790,693
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	440,000	752,500	812,500	577,640
WLASS Water Services	-	3,327,113	3,369,578	3,408,742
<b>Total Income</b>	<b>6,205,408</b>	<b>12,000,321</b>	<b>11,200,533</b>	<b>9,088,391</b>
<b>Operating Expenditure</b>				
Company Management / Support	1,087,487	1,534,552	1,556,234	1,583,288
Working parties   projects	1,165,858	979,195	529,738	536,430
RITS	31,616	27,000	27,378	27,761
Information Technology	1,108,531	847,833	71,455	43,962
Energy Management	124,900	127,900	132,264	134,115
Shared Valuation Data Service (SVDS)	384,993	351,195	359,899	364,938
Road Asset Technical Accord (RATA)	1,300,557	2,231,000	1,892,000	1,360,000
Waikato Regional Transport Model (WRTM)	389,456	1,594,706	1,893,812	454,344
Waikato Building Consent Group	333,250	617,083	721,264	790,693
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	440,000	752,500	812,500	577,640
WLASS Water Services	-	3,268,219	3,116,020	3,197,954
<b>Total operating expenditure</b>	<b>6,371,648</b>	<b>12,336,183</b>	<b>11,117,563</b>	<b>9,076,126</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITDA)</b>	<b>(166,240)</b>	<b>(335,862)</b>	<b>82,970</b>	<b>12,265</b>
<b>Depreciation / amortisation</b>				
Company Management / Support	1,864	5,471	5,471	-
WBCG	0	-	-	-
WRTM	14,583	14,583	14,583	-
<b>Total Depreciation / amortisation</b>	<b>16,447</b>	<b>20,054</b>	<b>20,054</b>	<b>-</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>(182,688)</b>	<b>(355,915)</b>	<b>62,916</b>	<b>12,265</b>
<b>Net Surplus (Deficit) before tax</b>	<b>(182,688)</b>	<b>(355,915)</b>	<b>62,916</b>	<b>12,265</b>

As for the current financial year, we are budgeting a loss of ~\$356k in the coming year as we continue to use cash reserves to fund some project activity. In the outyears we maintain a small profit level.

## Statement of Financial Position

Waikato Local Authority Shared Services Financial Position for the forecast financial years ended 30 June 2022-2024					
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
<b>CAPITAL</b>					
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001	
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000	
Retained Earnings	(2,021,997)	(2,418,218)	(2,774,133)	(2,711,217)	
Plus Current Year Operating Surplus/(Deficit)	(182,688)	(355,915)	62,916	12,265	
<b>TOTAL CAPITAL FUNDS</b>	<b>752,316</b>	<b>182,868</b>	<b>245,784</b>	<b>258,049</b>	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Prepayments	253,342	178,900	181,405	183,944	
Accounts Receivable	248,216	310,270	600,016	560,027	
Bank	647,330	1,080,452	369,744	5,335	
GST Receivable / (Payable)	29,628	124,224	24,562	26,998	
<b>TOTAL CURRENT ASSETS</b>	<b>1,178,516</b>	<b>1,693,846</b>	<b>1,175,727</b>	<b>776,304</b>	
<b>NON-CURRENT ASSETS</b>					
SVDS - Intangible Asset	3,065,316	0	0	0	
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855	
MoneyWorks Software	1,195	1,195	1,195	1,195	
Accumulated Depreciation	(5,334,200)	(2,283,467)	(2,298,050)	(2,298,050)	
IT Equipment	5,592	19,000	19,000	19,000	
Accumulated Depreciation - IT equipment	(4,521)	(9,992)	(15,462)	(15,462)	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>30,237</b>	<b>23,591</b>	<b>3,538</b>	<b>3,538</b>	
<b>TOTAL ASSETS</b>	<b>1,208,754</b>	<b>1,717,437</b>	<b>1,179,264</b>	<b>779,841</b>	
<b>LESS CURRENT LIABILITIES</b>					
Accounts Payable	367,565	1,451,670	846,885	426,302	
Accounts Payable Accrual	35,000	35,000	35,000	40,000	
Employee Benefits	53,872	47,900	51,596	55,490	
<b>TOTAL CURRENT LIABILITIES</b>	<b>456,437</b>	<b>1,534,570</b>	<b>933,481</b>	<b>521,792</b>	
<b>NET ASSETS</b>	<b>752,317</b>	<b>182,868</b>	<b>245,784</b>	<b>258,049</b>	

## Statement of Cashflows

Waikato Local Authority Shared Services Statement of Cashflows for the forecast financial years ended 30 June 2022-2024					
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	
<b>Cashflows from Operating Activities</b>					
Interest Received	2,000	500	507	514	
Receipts from Other Revenue	6,503,168	11,937,767	10,910,281	9,127,866	
Payments to Suppliers	(6,484,401)	(11,183,608)	(11,721,157)	(9,490,354)	
Taxes Paid	0	0	0	0	
Goods & Services tax (net)	36,794	(94,596)	99,662	(2,436)	
<b>Net cash from operating activities</b>	<b>57,561</b>	<b>660,063</b>	<b>(710,708)</b>	<b>(364,409)</b>	
<b>Cashflows from Investing Activities</b>					
Capital enhancements	0	0	0	0	
Purchase of PPE	0	(13,408)	0	0	
Purchase of investments	0	0	0	0	
<b>Net cash from investing activities</b>	<b>0</b>	<b>(13,408)</b>	<b>0</b>	<b>0</b>	
<b>Net increase in cash, cash equivalents and bank accounts</b>	<b>57,561</b>	<b>646,655</b>	<b>(710,708)</b>	<b>(364,409)</b>	
Opening cash and cash equivalents and bank overdrafts	589,770	433,797	1,080,452	369,744	
<b>Closing cash, cash equivalents and bank accounts</b>	<b>647,330</b>	<b>1,080,452</b>	<b>369,744</b>	<b>5,335</b>	
<b>Summary of Bank Accounts</b>					
BNZ - Call a/c	647,330	1,080,452	369,744	5,335	
<b>Closing Balance of Bank</b>	<b>647,330</b>	<b>1,080,452</b>	<b>369,744</b>	<b>5,335</b>	

## Appendix I: What we do - current activities

The principal initiatives operating under the WLASS umbrella are:

- Aligned resource consent planning
- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Asset Technical Accord (RATA)
- Regional Infrastructure Technical Specifications
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG) – including IQP/Producer Statement registrations
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Transportation Model (WRTM)
- WLASS Water Services (WWS)

### Aligned resource consent planning

This toolkit provides regional consistency and best practice processes in the administration of resource consenting. It is used by nine councils (Taupo and Otorohanga are not currently participating, and Waikato Regional Council processes different types of resource consents from the territorial local authorities). WLASS controls the documentation on the WLASS website, and the Waikato Resource Consent forum manages the process for making updates and amendments to the templates and documents in the toolkit.

### Energy management

WLASS entered into a three-year Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. Across the programme EECA provided funding of \$210,000. Implemented projects have delivered 3.62m kWh in energy reduction annually (as against a target of 2.5m kWh), saved \$446,000 per annum.

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and the nine participating councils. Councils were slow to engage in the elective component of the new programme notwithstanding we know councils see climate change generally as a significant issue. A lack of engagement has meant that some councils have not gotten the value out of it that they otherwise might have. We will continue to drive this programme and encourage councils to support it. More recently, there has been some activity in undertaking carbon stocktakes which is encouraging.

### Health & safety pre-qualification

WLASS contracts with RJ Safety Consulting (previously SHE Software), to manage the Local Government Health & Safety Contractor Pre-qualification Scheme on behalf of councils. Twenty councils and one CCO are now using the scheme with approximately 1,600 contractors registered, which enables them to be pre-qualified to work for any of the participating councils.

Further detail on these activities and the councils involved in each can be found on the WLASS website at <http://www.waikatolass.co.nz/>.

### Joint procurement initiatives

WLASS is a party to numerous joint procurement contracts between the company, shareholding councils and suppliers. Councils choose whether to be a party to a particular contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional councils to join later.

The most significant suite of contracts comprises the Professional Services Panel, involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019.



In 2019 standard regional procurement policies, templates and procedures were developed for use by councils and procurement training provided to council staff.

#### **LIDAR**

WLASS is managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. The project's start was delayed with Covid-19. However, flying commenced in January 2021. The project involves funding from ten councils plus several commercial companies and the Provincial Growth Fund (via LINZ).

#### **Regional Asset Technical Accord (RATA)**

RATA was initially established as a centre of excellence for road asset planning in 2014.

The original aim of RATA was to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. This aim remains but in 2019 the business unit expanded its activity into waters assets. By leading asset management best practice, RATA enables better decision-making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

Waipa District Council employs RATA staff who are then contracted to provide services to WLASS.

#### **Regional Infrastructure Technical Specifications (RITS)**

The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure. Prior to developing RITS, each Council had its own technical specifications for infrastructure resulting in different standards having to be met across the Waikato region. RITS provides a single regional guide, making business easier.

The RITS is published on the WLASS website (<http://www.waikatolass.co.nz/>), and ongoing maintenance of the document is the responsibility of a Project Co-ordinator, managed by WLASS.

#### **Shared Valuation Data Service (SVDS)**

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating councils. In the first half of 2020, the transition to a software-as-a-service arrangement with a new provider was completed further reducing cost to councils.

#### **Waikato Building Consent Group (WBCG)**

The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The activity transferred to WLASS on 1 July 2016 and now comprises eight councils.

The WBCG has developed a common quality assurance system with associated supporting documentation that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

On 1 July 2020, WLASS assumed responsibility for managing the region's IQP and Producer Statement registers for the benefit of councils.



#### Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. Photographs are captured periodically (~every 5 years). Most recently contracts were executed in December 2020 to undertake the latest programme.

#### Waikato Regional Transportation Model (WRTM)

The WRTM became fully operational in February 2010. It provides accurate information to councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region and is jointly funded by the NZTA.

WRTM is making a significant contribution to strategic planning surrounding land use and infrastructure within the region and has been involved in regionally and nationally significant investigations including the Waikato Expressway Network Plan, the Waikato Regional Land Transport Strategy and Regional Policy Statement and transport impact assessments in relation to the development of Ruakura.

#### WCLASS Water Services (WWS)

In the second half of 2020 the company agreed to subsume the previous Shared Services Partnership activity (involving Hamilton City and Waipa and Waikato District Councils), into its suite of services available to other councils. Nine councils are to take up one or more of the sampling and analysis, trade waste management and Smart Water services available.

## Appendix II: Policy Statements

### Statement of accounting policies

#### Reporting entity

Waikato Local Authority Shared Services Limited (“the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding councils’ right to appoint the Board of Directors.

The primary objectives of the Company are to:

- Develop opportunities that benefit the Waikato region's local authorities; and
- Act as a vehicle to deliver value-added services to those local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

### Summary of significant accounting policies

#### Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

#### Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year, other than the inclusion of policy:

- on operating leases, related to the lease of commercial premises;
- employees; and
- property, plant and equipment.

#### Measurement base

The financial statements are prepared on a historical cost basis.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

#### Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

### Critical accounting estimates and assumptions

In preparing the financial statements the Company makes 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 of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### Intangible assets

##### Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact the amortisation expense recognised in the income statement and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

##### Impairment of intangible assets

Intangible assets measure at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus deficit.

### Revenue

#### Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding GST, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

#### Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction.

Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

### Operating expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Personnel costs

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

### Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

### Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

#### Intangible assets Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

#### Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

#### Employee benefits liabilities

##### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These includes 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

##### Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### Reconciliation of equity

Equity is the shareholders interest in WLASS and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:



#### Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

#### Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

# Morrinsville Recreation Ground Masterplan Working Party

CM No.: 2435958

## Rāpopotonga Matua | Executive Summary

A Working Party has been formed to oversee the development of a masterplan for the Morrinsville Recreation Ground.

The purpose of the masterplan is to inform and guide the long-term integrated development and functioning of the overall site. The initial masterplan document will be a tool for further consultation with the community, potentially to be refined as a result of consultation.

The masterplan may inform other Council processes such as Long Term Plans / Annual Plans and Reserve Management Plans

The Working Party includes Morrinsville Ward Councillors as well as representatives from Ngāti Hauā and the wider community.

The report provides an update on the membership, terms of reference and progress made by the Working Party to date.

An engagement and consultation plan is under development.

## Tūtohunga | Recommendation

That:

1. **The report be received;**

## Horopaki | Background

A Working Party has been formed to oversee the development of a masterplan for the Morrinsville Recreation Ground.

The purpose of the masterplan is to inform and guide the long-term integrated development and functioning of the overall site. The initial masterplan document will be a tool for further consultation with the community, potentially to be refined as a result of consultation.

The masterplan may inform other Council processes such as Long Term Plans / Annual Plans and Reserve Management Plans

The Working Party includes Morrinsville Ward Councillors as well as representatives from Ngāti Hauā and the wider community.

The first meeting of the Working Party was held in Morrinsville on 15 March 2021. At this meeting:

- Cr James Thomas was appointed Chair of the Working Party
- Pare Holder and Lisa Gardiner were confirmed as Ngāti Hauā representatives
- Terms of Reference were adopted

- The draft project brief was discussed.

At the second meeting, on 1 April 2021, David Sing and Dean Nicholson were co-opted on to the Committee. Dean is a local businessman with links to various sports. David is involved in community groups with interests in the environment and heritage.

On 11 May 2021, proposals from two potential suppliers were heard. After deliberation, the Working Party agreed to engage Resilio Studio to manage the project.

An engagement and communication plan is currently being developed. Meaningful community engagement in the development of the masterplan is a key success factor.

Analysis of site conditions and context is currently underway. Resilio has mapped the site with drone imagery in order to develop three dimensional computer models of the site. They are also generating maps at the regional, town and site scale and reviewing background material including the Morrinsville Recreation Grounds Investigation Report by Xyst, the LTP, Parks & Open Spaces Strategy, Waikato Regional Active Spaces Plan, and Waikato Regional Aquatic Facilities Plan.

A hui with Ngāti Hauā occurred on 12 July to explore opportunities for Ngāti Hauā within the masterplan (using Te Aranga Design Principles as a framework) and to start developing a cultural map of the area, including regional and local sites of significance.

## **Ngā Take/Kōrerorero | Issues/Discussion**

### *Purpose of Working Party*

See Attachment 1 for Terms of Reference

### *Membership*

The current membership of the Working Party includes:

- Cr James Thomas (Chair)
- Cr Donna Arnold
- Cr Bruce Dewhurst
- Cr Neil Goodger
- Lisa Gardiner
- Pare Holder
- Dean Nicholson
- David Sing

### *Project management*

Due to current staff capacity there is a need to engage an external project lead to manage the masterplan project. Proposals were sought from suppliers on the Waikato Local Authority Shared Services Professional Services Panel list (WaiLASS PSP).

On 11 May 2021, the Working Party considered the proposals and selected a preferred supplier - Resilio Studio.

Resilio will lead the community engagement, consultation and design process for the masterplan and their nominated project lead will report to the Working Party. Bernie Ranum is the nominated project lead for Resilio.

## Mōrearea | Risk

The following broad risks apply to this type of project:

### Scope creep

Any changes to the scope of the project need to be carefully considered including impacts on budget, timelines and community expectations. Any variations to the contract should be clearly documented and the impact on the budget taken into account.

### Lack of community interest

Meaningful community engagement and 'buy-in' to the masterplan are key to success.

### Community expectations

A masterplan has a long-term vision but can sometimes create community expectations that may not be able to be met or may not be able to be met in the short-term. An engagement and communication plan should consider how the risk of creating unrealistic expectations can be minimised.

### Capacity

Council may not have the capacity to drive the masterplan project or deliver on projects due to other priorities and resourcing.

### Opposition

There is likely to be opposition from some individuals and groups to the process and/or specific outcomes of the process. Appropriate engagement and consultation is key to ensuring that potential issues or conflicts can be identified early and can be addressed where practicable. Council needs to manage the park for the benefit of the whole community. Wide engagement aids informed decision-making. Council may need to accept that it may not be possible to please everybody.

## Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The General Policies Reserve Management Plan 2019 allows Council to develop 'landscape concept development plans' which essentially serve the same purpose as the proposed 'master plan'. The term 'master plan' is increasingly being used in New Zealand for a long-term, landscape development concept and capital improvement plan.

## Ngā Pāpāhonga me ngā Wātaka | Communications and timeframes

There is strong community interest in developing a masterplan for the Recreation Grounds.

Community engagement and communication will be key to success. An engagement and communication plan is under development and will be discussed in the Working Party in due course.

## Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes and consistency with Council Vision

**Theme:** Connected Infrastructure

**Community Outcome:** Infrastructure and services are fit for purpose and affordable, now and in the future. Quality infrastructure is provided to support community wellbeing. We have positive partnerships with external providers of infrastructure to our communities.

**Community Outcome:** Quality infrastructure is provided to support community wellbeing.

**Community Outcome:** We have positive partnerships with external providers of infrastructure to our communities.

**Theme:** Healthy Communities

**Community Outcome:** We encourage the use and development of our facilities. We encourage community engagement and provide sound and visionary decision making.

**Community Outcome:** We encourage the use and development of our facilities.

**Theme:** Environmental sustainability

**Community Outcome:** We support environmentally friendly practices and technologies.

**Community Outcome:** Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs.

**Theme:** Vibrant cultural values

**Community Outcome:** We promote and protect our arts, culture, historic, and natural resources.

**Community Outcome:** We promote and protect our arts, culture, historic, and natural resources.

**Community Outcome:** We value and encourage strong relationships with Iwi and other cultures, recognising waahi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.

**Community Outcome:** Tangata Whenua with Manawhenua status (those with authority over the land under Maaori lore) have meaningful involvement in decision making

### Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The development of a master plan is funded from existing budgets. The implementation of capital improvements as a result of the master plan would be funded via the Long Term Plan. The current LTP has included provisional capital improvement budgets that will be reviewed in subsequent Annual Plans/LTPs once the masterplan is complete.

### Ngā Tāpiritanga | Attachments

[A↓. Terms of Reference](#)



### Ngā waitohu | Signatories

Author(s)	Mark Naudé <b>Parks and Facilities Planner</b>	
Approved by	Susanne Kampshof <b>Asset Manager Strategy and Policy</b>	
	Manaia Te Wiata <b>Group Manager Business Support</b>	





# DRAFT

## Terms of reference for the Morrinsville Recreation Grounds Masterplan Working Party

### 1 BACKGROUND

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The Morrinsville Recreation Grounds Masterplan Working Party (MRGWP) is established to provide oversight of the masterplan process for the Morrinsville Recreation Ground and adjacent properties managed by Council.

The Working Party has been formed in order to engage an external project manager and to monitor and oversee the development of the master plan.

### 2 PURPOSE

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The purpose of this MRGWP is to

- Engage an external project manager for the masterplan
- Monitor and oversee the execution of the masterplan project
- Provide feedback to Council on the project
- Ensure the implementation of the project in a timely manner and within Council approved budget

### 3 AUTHORITY

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Council resolved to form a Working Party at a Council Meeting on 14 October 2020.

### 4 GOVERNANCE STRUCTURE

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It is envisioned that delivery of the project will be managed by a single Project Manager that has the ability and authority to undertake work approved by the Working Party.

The project manager will manage and coordinate day to day activities for and on behalf of the Working Party and will report to the Working Party.

35 Kenrick Street - PO Box 266 - Te Aroha 3342 - [www.mpdc.govt.nz](http://www.mpdc.govt.nz)  
Morrinsville & Te Aroha 07 884 0060 - Matamata 07 881 9050 - Fax 07 884 8865

This structure is intended to make a clear delineation of the functions of governance (oversight and strategic direction) and that of management (one of delivery).

## 5 CONSTITUTION

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### 5.1 CHAIR

The Working Party shall elect a chair. The Chair does not have a casting vote. In the case of an equality of votes, the issue shall be referred to Council for decision. Other than for decision making, the Chair determines the rules of procedure, covering matters such as calling of meetings, preparation of agenda, decision making process leading to resolutions and transaction of business between meetings etc. as necessary from time to time.

### 5.2 MEMBERSHIP

The permanent membership shall comprise of the four Morrinsville Ward Councillors, two representatives from from Ngāti Hauā.

The Working Party may, from time to time, co-opt up to two additional members on to the working party for the purposes of utilizing specialist skills, knowledge or expertise, or to broaden the representation on the Working Party. Co-opted member shall/shall not be voting members.

Council staff may be assigned to the Working Party to provide secretariat functions or technical support. Council staff assigned to the Working Party are not voting members.

## 6 TERM OF APPOINTMENTS

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The term of appointment for the Chair and members is expected to be for at least one year. The next local government elections in 2022 may give rise to the Working Party being reviewed and Council may wish to re-affirm the appointments following the election. If an elected member serving on the Working Party does not stand for re-election or if the elected member is not re-elected Council may choose to continue that member's appointment on the Working Party or select a replacement from the new Council.

## 7 MEETINGS

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### 7.1 FREQUENCY

The Working Party shall meet as frequently as necessary. A special meeting may be called by the Chair at any time to consider matters falling within these Terms of Reference.

### 7.2 QUORUM

The Chair plus any 3 members of the Working Party shall form a quorum, provided at least 3 elected members are in attendance. A duly convened meeting of the Working Party at which a quorum is present

shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the MRGWP. Any vacancy in an appointed member position will result in the quorum being reduced accordingly, but shall not be less than 3.

### 7.3 ATTENDANCE AND ATTENDEES

Meetings shall generally be attended in person where possible. Locations may be agreed from time to time with the prior agreement of the Chair so that meetings can be held as and where it is necessary to maintain the timely conduct of the MRGWP. Attendance via online methods may be acceptable if agreed in advance with the Chair, who has sole discretion on such decisions.

The meetings will not be held in open/public forum. Only the Chair, members of the Working Party and the Project Manager have the right to attend MRGWP meetings. Any stakeholder, officer or employee of Council, or consultant supplier may attend at the invitation of the Chair of the TADWP, and they may collectively or individually be requested to withdraw from meetings of the MRGWP if required to do so by the Chair.

### 7.4 RESOLUTIONS

The MRGWP shall reach decisions by a simple majority of those voting on issues in question. Any resolution must be;

- evidenced;
  - in writing, or
  - electronically, or
  - visually or
  - in audio,
- identified by the Chair for any or all members that have presented via the means mentioned above, and
- given in advance, the notice and details of the proposed resolution to each member of the working party.

Any resolution passed as above is considered valid and effective as would have been necessary to pass such resolution had all members of the MRGWP been present at a meeting to consider such resolution, as if it had been passed at a meeting of the MRGWP duly convened and held.

### 7.5 MINUTES

Minutes of meetings shall be provided to Council within 30 days of the MRGWP meeting. A copy will be provided to the MRGWP members.

## 8 REPORTING

The MRGWP will maintain a collaborative relationship with the Council built on regular informal communication from the Chair to the CEO and Mayor.

The MRGWP shall provide a copy of the minutes to Council, delivered by the Chair no less than bi-monthly at a meeting of the Council, unless circumstances or progress is such that no report is warranted.

In turn, the MRGWP shall receive written monthly programme progress reports from Project Manager 5 working days in advance of MRGWP general meetings. These reports will outline progress to the planned timeline, costs against budget, raise key issues impacting progress and highlight key risks and proposed mitigations. The MRGWP may seek answers to written and oral questions to the Project Manager at any time.

## 9 COMMUNICATION

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MRGWP communication with the media and the wider public will be through the Chair and in accordance with a communications protocol supplied in draft by the Project Manager and reviewed, agreed and approved by the MRGWP.

## 10 RESIGNATION OR REMOVAL OF MEMBERS

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Members may resign by giving two months' notice to the Chair. Members doing so are encouraged to recommend a replacement. Council can remove a member at any time and at its sole discretion if it considers a member's behavior or statements may be putting the reputation of Council or the Programme at risk.

## 11 REMUNERATION OF CHAIR AND MEMBERS

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Council will bear the direct costs of participation for members whose participation is not part of their other governance or employment arrangements with Council. The reimbursement of direct costs for members shall include reasonable travel, and a meeting fee of \$250 per meeting to acknowledge the individual's expertise, time commitment in preparing for and attending a meeting. Accommodation expenses may be considered by the Working Party Chair on a case by case basis. Costs will be reimbursed upon submission of a written reimbursement request with the provision of original GST receipts.

## 12 RESPONSIBILITIES AND DELEGATIONS

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Members have a duty to act in good faith and take reasonable care in exercising their duties. Council will not hold members personally liable for any losses suffered as a result of their participation in this programme.

In carrying out its purpose, the MRGWP shall:

- 1) provide oversight of the programme by:



- a) selection of the project manager
  - b) review and approval of a final terms of engagement of the project manager
  - c) recommending project priorities to Council
  - d) approving project plans
  - e) recommending budgets to Council
- 2) Council delegates to the TADWP:
- a) Selection and appointment of the Project Manager
  - b) The ability to approve financial expenditure in accordance with Council-approved budget.

### 13 DUE REGARD TO LEGAL REQUIREMENTS AND BEST PRACTICE

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The MRGWP shall in its decision making, give due regard to any relevant legal or regulatory requirements and any associated best practice guidance, as well as to the risk and reputation implications for Council of its decisions and recommendations.

### 14 CHANGES TO THESE TERMS OF REFERENCE

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The MRGWP may recommend to Council changes to this Terms of Reference at any time after the first two months of commencement.

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# Safety and Wellness Report

CM No.: 2465371

## Rāpopotonga Matua | Executive Summary

The Quarterly Safety & Wellness Report for April-June 2021 is attached to the agenda. Kate Stevens, Safety & Wellness Team Leader will be in attendance to discuss the reports with the committee.

### Tūtohunga | Recommendation

That:

1. The information be received.

### Ngā Tāpiritanga | Attachments

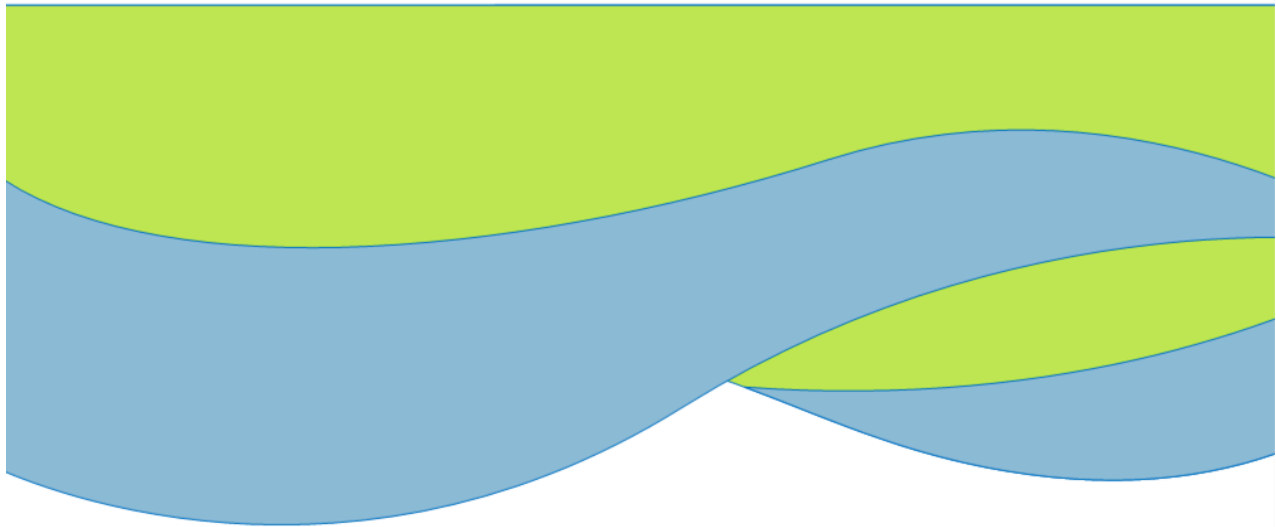
[A↓.](#) Quarterly Safety and Wellness Report April-June 2021



### Ngā waitohu | Signatories

Author(s)	Kate Stevens <b>Safety and Wellness Team Leader</b>	
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Approved by	Kelly Reith <b>People, Safety and Wellness Manager</b>	
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# Safety & Wellness

## Quarterly report:

April - June 2021

**Together we create a healthy, safe workplace where we thrive.**

1 |

### Executive summary

We have had a strong focus on contractor safety and wellness this quarter. Both the KPMG audit completed last year, and recent interactions with WorkSafe have indicated that we need to work together with our contractors to ensure that risks are managed so that work can be done safely. In June we ran discussion sessions with our contract managers to better understand where improvements are needed and to determine what support they need. We also completed four site safety and wellness visits at sites where contractors were engaged in high risk work, taking a partnership approach to working together to improve safety. Further work on contractor safety and wellness management is planned for the second half of 2021.

The stimulus funding project for the Three Waters Team will bring challenges such as high volumes of work and associated time pressures. The workshop held for project managers in June included a refresher on our contractor health and safety requirements, including safety by design, and stressed the importance of forward planning for safety.

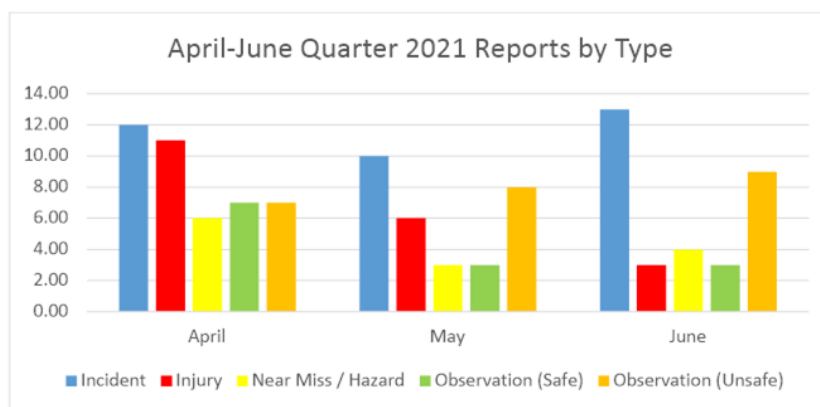
Creating a positive safety culture is one of our priorities and it was very pleasing that the second round of elections for a health and safety representative for the Building, Planning and Animal Control Teams resulted in two nominations. Across the organisation we are beginning to see the benefits of health and safety reps being given more direct support and encouragement from their managers and team leaders.

### Events

The graphs below provide summary data from Vault. There were no notifiable events, and one lost time injury during this quarter: a cut to the foot which occurred when digging resulted in one week off work.

Number of events and observations this quarter:

Incidents	Injuries	Near Miss/ Hazards	Observations (Unsafe)	Observations (Safe)	Notifiable Events	Lost Time Injuries
35	20	13	25	12	0	1



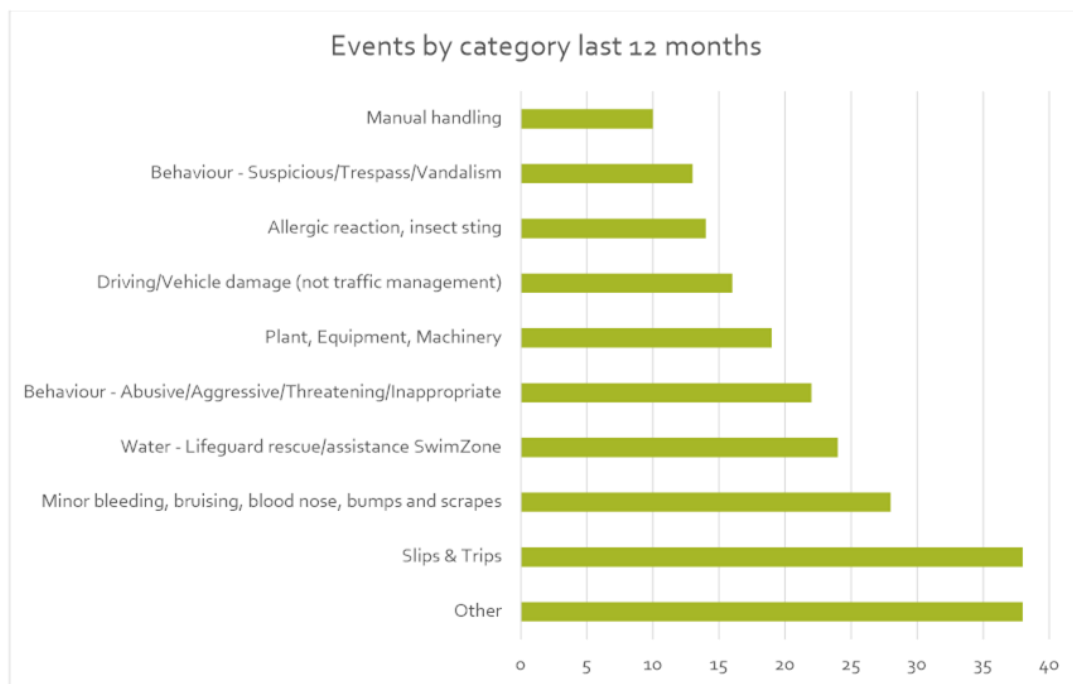


The high number of injuries in April were primarily due to bee/wasp stings at SwimZone and the Spas. Of the 25 Unsafe Observations, nine related to fatigue management where staff had worked hours in excess of the recommended hours in our Fatigue Management Policy.

There were three key near miss events during this quarter:

- The rear wall of a glass bunker at the Matamata Refuse Transfer Station collapsed. There was no one in the vicinity, as this area is not used by the public. This is being investigated by the contract manager and the contractor.
- A digger operated by KVS tipped slowly when lifting a concrete chamber into an excavated hole. The operator was wearing a seatbelt and was not injured. Staff on site were all clear of the danger zone.
- The tailgate of a KVS truck fell when the hinge gave way. The truck is no longer in use and KVS are reviewing both items of plant with a view to replacing them with more suitable equipment with better safety features.

The graph below shows events from the last twelve months that have occurred five or more times. The number of behaviour issues has increased slightly, generally relating to abusive public behaviour towards staff. We will be reviewing our management of this risk later this year.



Event Investigations completed this quarter	36	Overdue Investigations at end June	23
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**Learning & Development**

The graph below shows attendance at safety-related training during this quarter.



## Risk management

Council's identified "Top 10" critical risks are as follows:



Critical risk updates:



### Hazardous Substances:

- Facilities teams are using the Vault Check app for H&S Reps to complete monthly site inspections that include Hazardous Substance checks.
- The new Sodium hypochlorite tanks at Swim Zones hold smaller volumes, which means that a formalised Emergency Response Plan is no longer required for these sites.
- WorkSafe has granted an extension to the Provisional Improvement Notices for Location Compliance Certification at non-compliant Water Treatment Plants until January 2022. OCTA continue to assist Three Waters to work towards compliance.



### Working on the road:

- New training under the Code of Practice for Temporary Traffic Management (CoPTTM) pathway is underway, with an increased practical component to ensure that workers have the practical skills needed to work safely.
- Planning and Roding Teams have put together a set of shared generic traffic management plans.
- Regular traffic management auditing is underway in our district, and the roading team have been working with our auditor on how to manage non-conformances.



### Psychological wellbeing:

- We provided training to all staff on preventing harassment following a review of our policy late last year to ensure it reflected new Worksafe guidelines. This training will be held regularly to ensure all new staff also receive this training
- Work on the Mental Health Strategy will resume in the next quarter.



### Driving on the Roads:

- KVS are promoting compliance with vehicle checks using the Argus App.
- Argus GPS Tracking shows MPDC's average risk points per vehicle for this quarter is 11 which compares very favourably with the industry average of 33.



**Hazardous plant, machinery and equipment:**

- Review of this risk will commence in the second half of 2021.

**Other key risks:**

**Fatigue:**

The Water and Waste Water teams reported ten instances of excessive hours of work during this quarter. The majority of these were for the Water Team (8) and they have revised their roster and are working on other measures to mitigate this risk.

**Lone Work:**

Lone worker devices are on order for Water and Wastewater operators. We are reviewing whether further devices are required for teams such as planning, building, roading and animal control.

Animal Control have been identified as high risk for lone work and the team are urgently reviewing the controls they have in place.

**Risk reviews and corrective actions**

There were 33 risks overdue for review at the end of June, down from 45 overdue at the end of last quarter. We have encouraged all teams to review and update their corrective actions, and the number of overdue corrective actions has decreased from 121 to 75. These actions relate to risks, events and audits.

Risks reviewed	Risk overdue for review	Corrective Actions completed	Corrective Actions Overdue
202	33	66	75

Key actions pending completion include:

- Drowning risk at wastewater treatment ponds: additional controls including fencing and throw ropes
- Actions relating to Location Compliance Certification (See Critical Risk information above)
- Approved generic traffic management plans for the Three Waters teams and Animal Control.
- Documented traffic management plan for refuse transfer stations



The Water and Wastewater teams have made some progress with overdue actions and investigations, with assistance from our Safety & Wellness Coordinator. Her secondment to this



team finished at the end of May, but we continue to provide some support to the team as they deal with compliance issues and ongoing project work at the plants.

**Health Monitoring and Respirator Fit Testing**

Data for health monitoring and respirator fit testing for this quarter is shown below:

Annual health monitoring completed	35	Exit health monitoring completed	2
Overdue health monitoring	0	Respirator Fit Testing* completed	0
Pre-employment health monitoring	5	Respirator Fit Testing Overdue	1

\*Respirator fit testing is required annually for all staff who use respiratory protection.

**Emergency management**

The scheduled emergency response plan exercise with the local fire brigade at Te Aroha Water Treatment Plant was postponed as there were insufficient water operators available on the day.

**Contractor management**

Worksafe have advised us they will not be taking formal enforcement in relation to the event involving a contractor last year. We are reviewing our systems to ensure that work carried out by contractors is recorded and work is coordinated between both parties to ensure that all risks or hazards are managed adequately. This relates particularly to the '3 C's' requirement to 'consult, coordinate and cooperate' with other PCBU's. WorkSafe also visited one of our sites and raised some concerns about a sub-contractor cutting concrete without respiratory protection. We followed this up with the main contractor and sub-contractor and have had a follow up meeting with WorkSafe.

At the end of June, we met with the staff who manage contractors, to identify areas for improvement and get their feedback on what support is needed for them. Key suggestions were:

- Some staff requested additional/refresher training
- Having one person dedicated to monitoring contractor work across all MPDC's contractors (through site visits) would provide good assurance and ensure a consistent approach
- Introduce some flexibility with contractor prequalification
- Have a better system for providing and tracking contractor site inductions
- Need to continue to build communication between different MPDC teams
- Mobile phone app to capture safety and wellness at site visits

**Policy**

We began work on reviewing Council's vehicle policy by starting to gather information from staff to ensure the policy provides better clarity and consistency.

### Celebrating success

The CEO continues with site safety visits: visits this quarter included a wastewater treatment plant and Te Aroha Mineral Spas.

The Councillors district tour included a demonstration of grader operation for road maintenance. This type of operation spans several of our critical risks, including working in the road reserve and plant and equipment.

The programme of monthly safety and wellness promotions continues, with many teams getting actively involved in these. There were eight Safety star nominations this quarter.

Two Learning Teams were held this quarter.

### Employee Engagement & Participation

There were thirteen attendees at the Health and Safety Committee meeting in May. We started the session with a fun H&S quiz, and during the meeting we discussed eye protection, ways to communicate within our teams, ways to manage staffing shortages while recruitment is underway, and a recent tree-felling job at Waihou Waste Water Treatment Plant.

At the end of June, we ran elections for a representative for the Building, Planning and Animal Control teams (previously unfilled) and were very pleased to receive two nominations. We are currently getting feedback from the teams as to whether they would like to reconfigure their work group to have two representatives rather than one.

### Assurance activities

Progress on the KPMG audit actions has been slower than anticipated but the work underway in reviewing contractor management will feed into these actions. Continued work on this has been scheduled for the second half of 2021.

We continue with contractor site safety visits focussing on critical risks such as Confined Space Entry: Timber Tanks relining the hot water tank at the Te Aroha Mineral Spa and Filter Media Replacement at Tills Road Water Treatment Plant.

### Safety and Wellness Objectives

We have three key Safety & Wellness Priorities for 2021:

1. Creating a positive safety culture
2. Focus on critical risk
3. Well-being at work

We continue to work on all three of these areas and the annual report will provide a more detailed summary of the work completed this year.

## Chief Executive Officer's Report

CM No.: 2465762

### Rāpopotonga Matua | Executive Summary

The Chief Executive Officer's report for the period ending June 2021 is circulated separately to the agenda.

#### Tūtohunga | Recommendation

That:

1. The information be received.

#### Ngā Tāpiritanga | Attachments

There are no attachments for this report.

#### Ngā waitohu | Signatories

Author(s)	Debbie Burge <b>Executive Assistant to the Mayor &amp; CEO</b>	
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Approved by	Don McLeod <b>Chief Executive Officer</b>	
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