



# Audit and Risk Committee Agenda

Friday 18 February 2022, 8:30am

Note: during COVID-19 Protection Framework Green level meetings are held in the Manawātū District Council Chambers, 135 Manchester Street, Feilding.

At COVID-19 Protection Framework Orange and Red levels meetings are held virtually and recordings made available on [www.mdc.govt.nz](http://www.mdc.govt.nz).

[www.mdc.govt.nz](http://www.mdc.govt.nz)

## **MEMBERSHIP**

### **Chairperson**

Councillor Stuart Campbell

### **Deputy Chairperson**

John Fowke

### **Members**

Her Worship the Mayor, Helen Worboys  
Councillor Shane Casey  
Councillor Grant Hadfield  
Councillor Hilary Humphrey

Councillor Phil Marsh  
Councillor Alison Short  
Independent Member – John Fowke

## **PURPOSE**

To check and ensure continuity of business, enhance governance framework, risk management practices and the controls used to monitor Council's achievements.

## **DELEGATED AUTHORITY**

Committee delegated authority to act on all matters within its Terms of Reference (except those excluded by Clause 32(1) Schedule 7, Local Government Act 2002).

## **TERMS OF REFERENCE**

- 1 Analysing the financial reports in line with the Council's strategic direction and national accounting standards, including the following:
  - a. long term planning including the financial strategy;
  - b. appropriateness of accounting policies;
  - c. annual report; and
  - d. internal report (monthly and/or quarterly)
- 2 Risk management and the system of internal controls:
  - a. setting the Council's appetite for risk;
  - b. understanding the key risk areas including likelihood and consequences;
  - c. effectiveness of internal controls; and
  - d. fraud risk and procurement risk.
- 3 External audit
  - a. relationship with auditor;
  - b. understanding scope and engagement;
  - c. review significant audit findings /recommendations; and
  - d. monitor progress on recommendations.
- 4 Internal audit
  - a. appointment and relationship with internal auditor;
  - b. scope of work; and
  - c. responses to internal audit recommendations.



**Chief Executive**

# ORDER OF BUSINESS

	PAGE
<b>1. MEETING OPENING</b>	
<b>2. APOLOGIES</b>	
<b>3. CONFIRMATION OF MINUTES</b>	<b>5</b>
<i>Draft resolution</i>	
<i>That the minutes of the Audit and Risk Committee meeting held 11 November 2021 be adopted as a true and correct record.</i>	
<b>4. DECLARATIONS OF INTEREST</b>	
Notification from elected members of:	
4.1	Any interests that may create a conflict with their role as a committee member relating to the items of business for this meeting; and
4.2	Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968
<b>5. NOTIFICATION OF LATE ITEMS</b>	
Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:	
5.1	The Committee by resolution so decides; and
5.2	The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.
<b>6. PRESENTATIONS</b>	
There were no presentations.	
<b>7. OFFICER REPORTS</b>	
<b>7.1 SAFETY AND WELLBEING QUARTERLY REPORT - 1 OCTOBER - 31 DECEMBER 2021</b>	<b>10</b>
Report of the General Manager – People and Culture dated 19 January 2022.	
<b>7.2 QUARTERLY PERFORMANCE REPORT TO 31 DECEMBER 2021</b>	<b>13</b>
Report of the Chief Financial Officer dated 27 January 2022.	
<b>7.3 WAKA KOTAHI - INVESTMENT AND AUDIT REPORT OF MANAWATŪ DISTRICT COUNCIL</b>	<b>45</b>
Report of the General Manager – Infrastructure dated 14 December 2021.	

**7.4 RATES SETTING PROCESS CONTROLS**

Report of the Chief Financial Officer dated 03 February 2022.

**8. UPDATE ON INTERNAL AUDIT**

Progress update from General Manager – Corporate

**9. UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE**

Progress update from Council’s Governance Health and Safety Representative

**10. CONSIDERATION OF LATE ITEMS**

**11. NOTIFICATION OF ITEMS FOR RISK REGISTER**

**12. NOTIFICATION OF ITEMS FOR NEXT MEETING**

**13. MEETING CLOSURE**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>THURSDAY 11 NOVEMBER 2021</b>	<b>8:32AM</b>

Minutes of a meeting of the Audit and Risk Committee held on Thursday 11 November 2021, commencing at 8:32am via zoom.

PRESENT:	Cr Stuart Campbell	(Chairperson)
	Mayor Helen Worboys	
	Cr Shane Casey	
	Cr Grant Hadfield	
	Cr Hilary Humphrey	
	Cr Phil Marsh	
	Cr Alison Short	
	John Fowke	Via zoom
IN ATTENDANCE:	Shayne Harris	(Chief Executive)
	Hamish Waugh	(General Manager – Infrastructure)
	Michael Hawker	(Acting General Manager – Community and Strategy)
	Amanda Calman	(Chief Financial Officer)
	Steph Skinner	(Governance Officer)
	Brook Rush	(Safety and Wellbeing Adviser)
	Andrew van Bussel	(Operations Manager, Water and Wastewater)
	Kieron McLoughlin	(Water and Wastewater Treatment Operator)
	Adam Jamieson	(Rangitikei District Council Treatment Operator)

#### ARC 21/141 MEETING OPENING

The Chairperson declared the meeting open.

#### ARC 21/142 APOLOGIES

There were no apologies.

#### RESOLVED

**That the apologies for lateness from Her Worship the Mayor Helen Worboys and Chief Executive Shayne Harris be accepted.**

**Moved by: Councillor Phil Marsh**

**Seconded by: Councillor Hilary Humphrey**

#### CARRIED

#### ARC 21/143 CONFIRMATION OF MINUTES

#### RESOLVED

**That the minutes of the Audit and Risk Committee meeting held 12 August 2021 be adopted as a true and correct record, with an amendment to item ARC21/135 Notification of Items for Next Meeting: that Councillor Hilary Humphrey explicitly asked for the Procurement Policy to be brought to the next meeting, 11 November 2021, for review.**

**Moved by: Councillor Alison short**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 11 NOVEMBER 2021	8:32AM

**Seconded by: Councillor Grant Hadfield**

**CARRIED**

**ARC 21/144 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**ARC 21/145 NOTIFICATION OF LATE ITEMS**

There were no late items notified for consideration.

**ARC 21/146 PRESENTATION – SAFETY AND WELLBEING DEEP DIVE – OPERATIONS**

The General Manager – Infrastructure, Hamish Waugh introduced Brook Rush, Safety and Wellbeing Adviser and Water and Wastewater Operations staff Andrew van Bussel Kieron McLoughlin, and Adam Jamieson who were available to answer questions through the presentation.

- Health and Safety representatives were available at both Rangitikei and Manawatū District Councils, who share water and wastewater services.

*Her Worship the Mayor Helen Worboys joined the meeting at 8.46am*

- Brook Rush talked through the risks identified by the operations teams.
- GetHomeSafe may not be the ideal solution for the operations team as they were often in and out of reception coverage making it difficult to check in.

*Chief Executive Shayne Harris joined the meeting at 8.53am*

- Brook Rush gave an update on the Strategic Activity plan.

**ARC 21/147 ANNUAL REPORT TO 30 JUNE 2021**

Report of the Chief Executive dated 18 October 2021 presenting the draft Annual Report for the year ending 30 June 2021 and detail the process required to adopt the Annual Report.

- Amanda Calman, Chief Financial Officer talked about the lateness of this report due to COVID and Audit New Zealand coming later than usual, in mid-November.
- Amanda Calman discussed key items, including capex, external budget, the investment policy, key movements/variances etc.
- Committee members reviewed report points, seeking clarification.
- Councillor Stuart Campbell asked if there was any communications planned for promoting the Annual Report, referring to a recent Hastings District Council video.

*Councillor Hilary Humphrey left the meeting at 9.36am and rejoined at 9.38am*

**RECOMMENDED**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 11 NOVEMBER 2021	8:32AM

**That the Council receive the draft Annual Report for the year ended 30 June 2021.**

**That the Mayor and Chief Executive be delegated authority to make any minor changes requested by Audit New Zealand and to sign the Statement of Compliance and Responsibility that is contained within the Annual Report for the year ending 30 June 2021.**

**Moved by: Councillor Shane Casey**

**Seconded by: Her Worship Helen Worboys**

**CARRIED**

#### ARC 21/148 QUARTERLY PERFORMANCE REPORT TO 30 SEPTEMBER 2021

Report of the Chief Executive dated 13 October 2021 providing a summary both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22).

- Chief Financial Officer, Amanda Calman talked to the Quarterly Performance Report highlighting specific areas of interest or itemising areas for clarification.
- Chief Executive, Shayne Harris advised Council was still using consultants in the Planning and RMA space. Staff shortages were high in this area.
- Amanda Calman advised she would bring back some trend reporting on levels of service, as previously requested by Councillor Hilary Humphrey.

*John Fowke left the meeting at 9.55am*

**RECOMMENDED**

**That the Council receive the Quarterly Performance Report and the Treasury Report to 30 September 2021.**

**Moved by: Councillor Phil Marsh**

**Seconded by: Her Worship Helen Worboys**

**CARRIED**

#### ARC 21/149 INTERNAL AUDIT PROGRAMME UPDATE 30 SEPTEMBER 2021

Report of the Chief Executive dated 29 October 2021 presenting an update to the Audit and Risk Committee on the internal audit program for 2021/22.

- Two internal audits are priority early 2022. Cotton Kelly will audit the Sensitive Expenditure Policy. Deloitte will audit the GST and FBT Policy being completed to IRD approved standards.

**RESOLVED**

**That the Audit and Risk Committee receive the internal audit program update.**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	THURSDAY 11 NOVEMBER 2021	8:32AM

**Moved by: Councillor Grant Hadfield**

**Seconded by: Councillor Shane Casey**

**CARRIED**

#### ARC 21/150 UPDATE FROM GOVERNANCE HEALTH AND SAFETY REPRESENTATIVE

Progress update from the Council's Governance Health and Safety Representative Councillor Phil Marsh.

- Councillor Phil Marsh advised he had nothing to report this meeting.
- Members mentioned a significant increase in boy racers and burn outs in the district.

#### ARC 21/151 UPDATE - COVID AND WHERE COUNCIL IS AT

Progress update from General Manager – Infrastructure, Hamish Waugh on Council's COVID response:

- Council were following Government guidelines for EOTC (Education Outside the Classroom) and vaccination requirements for staff interacting with public and children. This identified 45 staff, who had been issued a letter requiring vaccination compliance as per education sector.
- A voluntary survey was published to staff to identify their vaccination status. Elected members had also been included in this survey.
- MBIE (Ministry of Business, Innovation and Employment) have a framework for risk assessing specific roles and Council were waiting to see if government mandate vaccinations to work in local government.

#### ARC 21/152 CONSIDERATION OF LATE ITEMS

There were no late items for consideration.

#### ARC 21/153 NOTIFICATION OF ITEMS FOR RISK REGISTER

Councillor Hilary Humphrey asked if 3 waters and the wider implications across the Council organisation should be included in the risk register. After discussion it was decided, yes this should be included, however it was too early to fully identify the risks.

#### ARC 21/154 NOTIFICATION OF ITEMS FOR NEXT MEETING

- **PROCUREMENT POLICY** - Councillor Hilary Humphrey expressed her disappointment around the progress on the Procurement Policy, asking were systems in place in terms of workflow to review this. The General Manager – Infrastructure, Hamish Waugh advised this would go to a council workshop for guidance on what changes the wider council would like made to this policy. Bring back in 2022.

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>THURSDAY 11 NOVEMBER 2021</b>	<b>8:32AM</b>

- RATES CALCULATIONS - Councillor Stuart Campbell asked the Chief Financial Officer to provide a report on improving the internal control system regarding the calculation of rates for the next meeting.
- OAG RISK MANAGEMENT PRACTICES - Michael Hawker, Acting General Manager – Community and Strategy talked about the OAG (Office of the Auditor-General New Zealand) Risk Management Practices and would bring these to a future Audit and Risk meeting for information around risk appetite and decision making.

#### ARC 21/155 MEETING CLOSURE

The meeting closed at 10.24am.

## **Audit and Risk Committee**

Meeting of 18 February 2022

Business Unit: People and Culture  
Date Created: 19 January 2022

## **Safety and Wellbeing Quarterly Report - 1 October - 31 December 2021**

### **Purpose Te Aronga o te Pūrongo**

The purpose of this report is to update the Audit and Risk Committee on the latest Safety and Wellbeing information relating to the operations of Council.

### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

### **Recommendations Ngā Tūtohinga**

That the Audit and Risk Committee receive the Safety and Wellbeing report for quarter two of the 2021-22 year.

Report prepared by:  
Brook Rush  
Safety and Wellbeing Adviser

Approved for submission by:  
Frances Smorti  
General Manager - People and Culture

**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

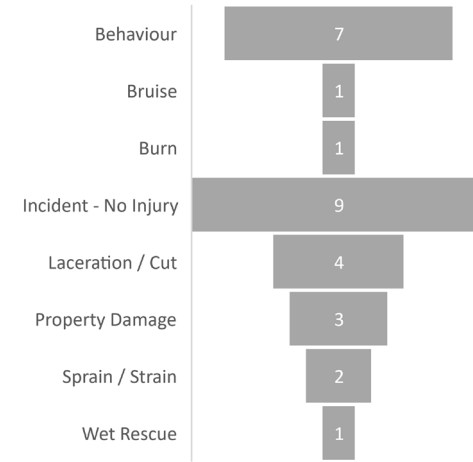
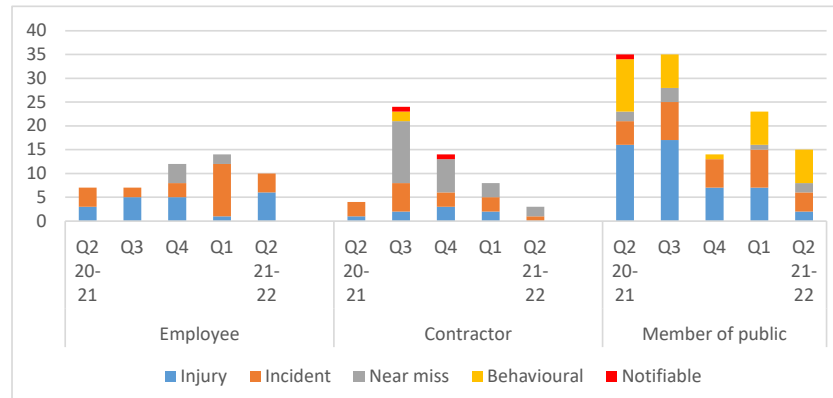
1.2 Manawatū District Council strives to lead in the Safety and Wellbeing space within the Local Government sector.

**2 Te Kīwai (o te kete)**

2.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

## Safety and Wellbeing Dashboard

For the period ended 31<sup>st</sup> December 2021

Lead and Lag Indicators			Strategic Activities	Audits & Compliance	Injuries This Quarter
<i>Indicator</i>	<i>Goal</i>	<i>Current</i>	<p><b>1.1 / 1.4</b> Information has all been gathered and the Jarvis risk register process and layout have been drafted. Ready for implementation once the Jarvis upgrade is complete.</p> <p><b>2.4</b> Contractor induction and audit tool is being worked on with the aim of going live to all staff once the Jarvis upgrade is complete.</p> <p><b>9.1</b> Similar to 2.4, an improved reporting process is being worked on with implementation due once the Jarvis upgrade is complete.</p> <p><b>10.1 – 10.3</b> A subgroup made up of members from the Rangitikei DC and Manawatu DC Safety and Wellbeing Committee's will be catching up in the new year to discuss any issues or concerns for shared service staff, and brainstorm any fixes or improvements that can be made for these staff.</p>	<p><b>Site Audits</b></p> <ul style="list-style-type: none"> <li>All water and wastewater sites for Marton, Bulls, Ratana, Sanson, Rongotea and Himatangi Beach.</li> <li>Manawatu Wastewater Treatment Plant.</li> <li>Feilding Library.</li> <li>Native Plant Nursery.</li> </ul> <p><b>Due Diligence</b></p> <p>Audit and Risk Committee members, other Elected Members and the Executive Team completed a site visit and "Deep Dive" session with the Operations Teams within this quarter, covering both water / wastewater treatment as well as reticulation.</p>	
Notifiable incidents (lag)	0	0			
Inductions for new staff	100%	100%			
Active contractors pre-qual	100%	97%			
H&S engagement score	80%	78%			
<p>Significant Incidents:</p> <ul style="list-style-type: none"> <li>Not one individual incident, but with the introduction of vaccine passes at our community facilities, there has been an increase in behaviour related incidents. This seems to be mainly happening at the library. Security was put in place to ask for and check vaccine passes from Friday 3 December until 15 December (MAC) and 18 December (Library). Each site has a process for checking vaccine passes, but we can reinstate security if necessary.</li> </ul>					
Training			Events Reported		Wellness & Communication
<p>First Aid refresher: 28</p> <p>ISO 31000 Risk Management: 1</p> <p>Contractor Management – Working with Multiple PCBU's: 38</p> <p>Wellbeing Sessions (Kanuka): 54</p> <p>Customer Conflict Awareness: 29</p> <p>Certified Handler online prep: 2</p>					<p>Workstation assessments: 7</p> <p>Eye Tests: 3</p> <p>Random Drug &amp; Alcohol testing: 0</p> <p>Pre Employment Drug &amp; Alcohol testing: 9</p> <p>GP Health Checks: 4</p> <p>Noise Cancelling Headphones: 6</p> <p>Body composition scans: 9</p>
			<p><b>Staff Newsletter Articles</b></p> <p>*Staff Newsletter has been on hold since mid-August.</p>		

## **Audit and Risk Committee**

Meeting of 18 February 2021

Business Unit: Finance

Date Created: 27 January 2022

### **Quarterly Performance Report to 31 December 2021**

#### **Purpose Te Aronga o te Pūrongo**

To provide a summary both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22)

#### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

#### **Recommendations Ngā Tūtohinga**

That the Audit and Risk Committee recommend:

That the Council receive the Quarterly Performance Report and Treasury Report to 31 December 2021.

Report prepared by:  
Amanda Calman  
Chief Financial Officer

Approved for submission by:  
Amanda Calman  
Chief Financial Officer

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**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	✓
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

**2 Background Ngā Kōrero o Muri**

- 2.1 To provide a summary both financial and non-financial performance against the targets outlined within year one of the 10 year plan (Referred to as Annual Plan 21/22)
- 2.2 During the year, any adjustments to budget approved with in the delegation’s policy by General Managers, Chief Executive or Council, result in the forming of a revised budget, which is outlined next to the Annual Plan within the reports. A summary of these adjustments is also included within the report.

**3 Discussion and Options considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia**

- 3.1 The financial result for the 6mths ending 31 December 2021 reflects a surplus of \$6.3M against a budget surplus of \$3.8M. This the result of higher than budget revenue of \$686k combined with lower than budget expenditure of \$1.9M Further information is contained within the report.
- 3.2 Capital expenditure to date is \$19.2M against a budget of \$30.4M (behind revised budget by 37%). The Annual plan budget is \$40.4M with a revised budget of \$63.6M. (after approved carry forwards). Further information is contained within the report.
- 3.3 Work that is committed but not yet complete is \$13.8M brings the capital spend up to \$32.9M
- 3.4 Levels of service reflect 39 measures that are on track to be met by year end, 25 noted as requiring monitoring and 11 not yet met. Seven of the not met measures are within regulatory as a result of low staff numbers, combined with higher volumes.

#### **4 Te Kīwai (o te kete)**

4.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

#### **5 Community Engagement Te Whai Wāhitanga mai o te Hapori**

5.1 There is no community engagement required with this report, community engagement was sought and received during the setting of the budget.

#### **6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi**

6.1 There are not capital or operational implication associated with this report.

#### **7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni**

7.1 Any financial implications would be reported separately to Council

#### **8 Statutory Requirements Ngā Here ā-Ture**

8.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002

#### **9 Delegations Te Mana Whakatau**

9.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for financial reporting, including the following:

- long term planning including the financial strategy;
- appropriateness of accounting policies;
- annual report; and
- internal report (monthly and/or quarterly).

#### **10 Conclusion Whakatepenga**

10.1 Quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Annual Plan and the Long Term Plan.

#### **11 Attachments Ngā ĀpitiHanga**

- Quarterly Performance Report to 31 December 2021
- Quarterly Treasury Report to 31 December 2021



Manawatu District Council  
**Quarterly Report**  
December 2021

## **Summary**

The financial result for the 6mths ending 31 December 2021 reflects a surplus of \$6.3M against a budget surplus of \$3.8M. This is the result of higher than budget revenue of \$686k combined with lower than budget expenditure of \$1.9M.

### **Revenue - Favourable by \$686k**

The main contributor is the gain on sale revenue recognised of \$422k, this is predominately the sale of the Bowen street property, recognising the gain on the book value, this does not reflect that this property had a \$1.9M loan attached that was repayed with the proceeds of the sale.

Other revenue movements reflect higher than budget capital subsidies of \$311k due to some of the Ohakea RWS funding being received slightly sooner than budget assumed at this time (timing issue), combined with higher than expected capital connection fees in Himatangi water and Sanson water. Development contributions are tracking within \$50k of budget overall, operational subsidies in roading are lower than budget due to timing of work to date. Library continues to receive funding for the additional staff positions which is offset by additional staff costs.

### **Operating expenditure - \$1.9M favourable**

Personnel costs contribute \$232k favourable variance predominately to vacancies: GMs, Strategy, Makino, consenting and Cultural advisors, along with lower staff training at this time.

Depreciation is close to budget, the infrastructure revaluations have not yet been incurred as the sign off for Annual Plan was delayed. It is expected that the revaluations will be recognised in January and the resulting depreciation increase does look to fall within budget.

Other Operating expenditure reflects the majority of the variance including;

- Roading - maintenance work behind budget by \$445k - as seen above with the lower subsidies above and the change in the NZTA contract after the budget was completed

- Solid waste - contract payments for refuse disposal behind budget by \$134k as a result of lower tonnages being processed.

- Wastewater - \$201k under budget a result of the wastewater infiltration project progressing behind budget (\$90k) and the current total maintenance and monitoring requirements being lower than budget (\$201k), partially offset by higher chemical expenditure (\$97k).

- District development \$407k behind budget.

- Community facilities \$360k behind budget, this a combination of unfavourable variances in gas expenditure in the Makino (\$64k) and insurance of \$145k, offset by a range of under variances, the main being parks, reserves and sportsgrounds equating to \$255k and Civic Centre \$46k

- Regulatory - unfavourable to budget reflecting the higher number of consultants being required to cover both vacancies and higher volumes, however there is offsets in staff charges and additional revenue in this area.

- Organisational Management - unfavourable to budget by \$102k predominately reflecting the higher than budget costs of insurance.

### **Capital spend**

Spend to date is \$19.2M against a budget of \$30.4M (behind revised budget by 37%). The Annual plan budget is \$40.4M with a revised budget of \$63.6M. The increased budget from Annual Plan to revised can be seen in the approved variation report.

When the committed spend is taken into account the year to date position is \$32.9M, this reflects the larger contracts that have been tendered and awarded in infrastructure areas, predominately the water and wastewater areas.

### **Levels of Service**

A new format is used for this quarter reporting to allow trend reporting. This format is aligned to the Annual Report.

### **Going forward**

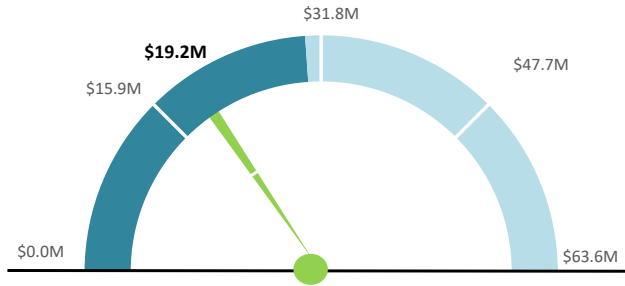
Year end forecasting is now underway and will be reported monthly to the Executive Leadership team then onto Audit and Risk from the march quarter onwards.

# Key Indicators

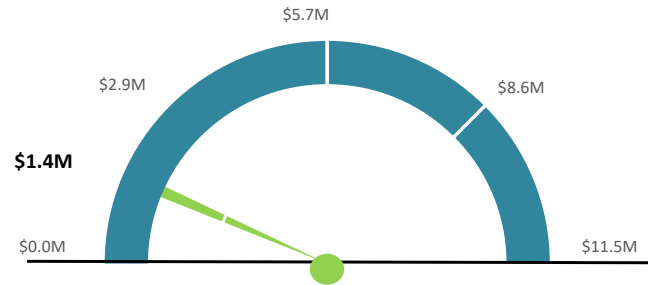
For the period ended 31 December 2021



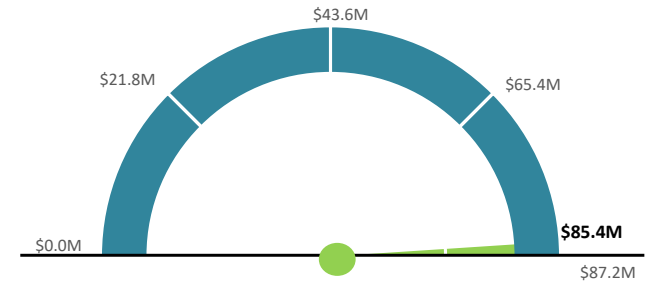
### Capital Expenditure



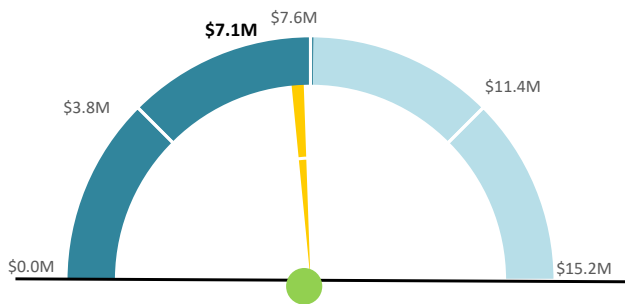
### Loans Raised (excluding refinancing loans)



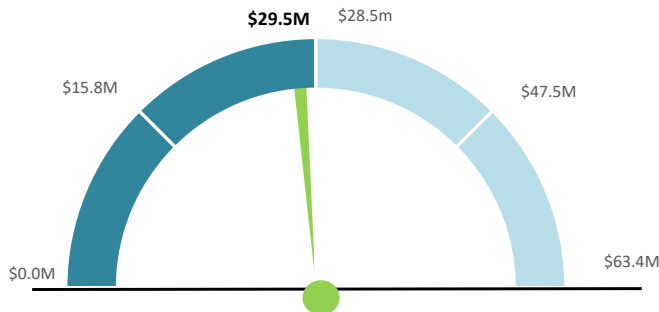
### Total External Debt



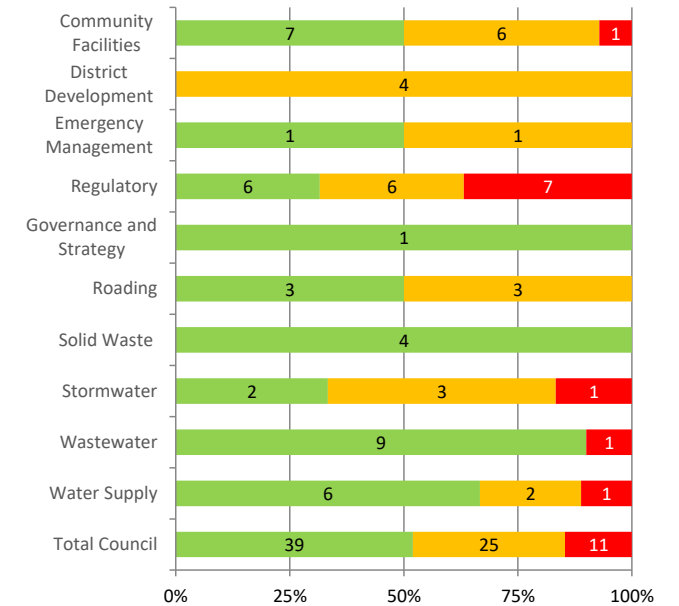
### Total Operating Revenue (excluding rates)



### Total Operating Expenses



### Key Performance Indicators



## Key

- Total Budget
- YTD Revised Budget
- Actual - On Track
- Actual - Needs Monitoring
- Actual - Not achieving

## Statement of Comprehensive Revenue and Expense

	2022 Actual YTD \$000	2022 Budget YTD \$000	Variance \$000	2022 Revised Budget \$000	2022 Annual Plan \$000
<b>Revenue</b>					
Rates revenue	19,721	19,569	152	39,363	39,363
Financial revenue	56	112	(56)	229	229
Subsidies and grants	8,643	8,153	490	14,255	14,167
Development contributions	1,680	1,626	54	3,252	4,170
Other revenue	5,625	5,991	(367)	12,259	12,091
Other gains/(losses)	422	9	413	19	(17)
<b>Total revenue</b>	<b>36,147</b>	<b>35,461</b>	<b>686</b>	<b>69,376</b>	<b>70,003</b>
<b>Expenses</b>					
Personnel costs	6,931	7,164	233	14,142	14,602
Depreciation and amortisation	8,838	8,834	(4)	18,678	18,678
Finance costs	907	984	77	2,076	2,076
Other operating expenses	13,116	14,683	1,567	28,462	25,949
<b>Total expenditure</b>	<b>29,791</b>	<b>31,665</b>	<b>1,874</b>	<b>63,358</b>	<b>61,305</b>
<b>Surplus/(deficit) before tax</b>	<b>6,356</b>	<b>3,796</b>	<b>2,560</b>	<b>6,018</b>	<b>8,697</b>
Income tax expense	-	-	-	-	-
<b>Surplus/(deficit) after tax</b>	<b>6,356</b>	<b>3,796</b>	<b>2,560</b>	<b>6,018</b>	<b>8,697</b>
<b>Other comprehensive revenue &amp; expense</b>					
Gains/(losses) on the revaluation of property, plant and equipment	806	22,332	(26,304)	22,332	22,332
Impairment losses on restricted buildings through other comprehensive revenue and expenses	0	0	0	0	0
<b>Total other comprehensive revenue and expense</b>	<b>806</b>	<b>22,332</b>	<b>(26,304)</b>	<b>22,332</b>	<b>22,332</b>
<b>Total comprehensive revenue and expense</b>	<b>7,161</b>	<b>26,128</b>	<b>(23,744)</b>	<b>28,350</b>	<b>31,029</b>

## Funding Impact Statement (Whole of Council)

	2022	2022			2022
	Actual YTD	Budget YTD	Variance YTD	Variance	Annual Plan
	\$000	\$000	\$000	%	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	7,325	7,068	257	4%	14,136
Targeted rates	12,648	12,726	(78)	-1%	25,227
Subsidies and grants for operating purposes	1,439	1,548	(109)	-7%	3,372
Fees and charges	3,902	3,968	(66)	-2%	7,687
Interest and dividends from investments	56	112	(56)	-50%	229
Local authorities fuel tax, fines, infringement fees and other receipts	1,722	2,023	(301)	-15%	3,887
<b>Total operating funding</b>	<b>27,092</b>	<b>27,445</b>	<b>(353)</b>		<b>54,539</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	20,074	21,847	1,773	8%	40,551
Finance costs	907	984	77	8%	2,076
Other operating funding applications	0	0	0	0%	0
<b>Total applications of operating funding</b>	<b>20,981</b>	<b>22,831</b>	<b>1,850</b>		<b>42,627</b>
<b>Surplus (deficit) of operating funding</b>	<b>6,111</b>	<b>4,614</b>	<b>1,497</b>		<b>11,911</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	6,823	6,511	312	5%	10,794
Development and financial contributions	2,061	1,720	341	20%	4,170
Increase (decrease) in debt	(472)	417	(890)	-213%	1,669
Gross proceeds from sale of assets	32	1,250	(1,218)	-97%	5,000
Lump sum contributions	0	0	0	0%	0
Other dedicated capital funding	0	0	0	0%	0
Other dedicated capital funding	0	0	0	0%	0
<b>Total sources of capital funding</b>	<b>8,444</b>	<b>9,899</b>	<b>(1,455)</b>		<b>21,634</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	1,750	3,694	1,944	53%	5,666
- to improve the level of service	9,368	14,069	4,701	33%	17,876
- to replace existing assets	7,956	12,652	4,696	37%	16,393
Increase (decrease) in reserves	(4,326)	(15,709)	(11,383)	0%	(6,391)
Increase (decrease) of investments	(193)	(193)	0	0%	0
<b>Total application of capital funding</b>	<b>14,555</b>	<b>14,513</b>	<b>(42)</b>		<b>33,544</b>
<b>Surplus (deficit) of capital funding</b>	<b>(6,111)</b>	<b>(4,614)</b>	<b>(1,497)</b>		<b>(11,911)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>

## Statement of Financial Position

YTD Actuals 2020/21		YTD Actuals 2021/22
	<b>Assets</b>	
	<b>Current Assets</b>	
7,719,498	Cash and Cash Equivalents	8,450,894
3,905,602	Receivables and Accruals	5,098,724
252,799	Inventory on Hand	274,117
9,480,031	Other Financial Assets - Current	415,788
2,653,000	Non-current Assets for Sale	5,192,188
<b>24,010,930</b>	<b>Total Current Assets</b>	<b>19,431,710</b>
	<b>Non-current Assets</b>	
772,708,148	Property, Plant and Equipment	794,400,997
204,049	Intangible Assets	42,247
4,616,745	Other Financial Assets - Term	5,958,749
<b>777,528,942</b>	<b>Total Non-current Assets</b>	<b>800,401,994</b>
<b>801,539,873</b>	<b>Total Assets</b>	<b>819,833,704</b>
	<b>Liabilities</b>	
	<b>Current Liabilities</b>	
6,989,999	Accounts Payable and Accruals	9,479,348
125,226	Provisions - Current Portion	133,550
1,032,338	Employee Entitlements	1,057,220
23,000,000	Borrowing - Current Position	18,500,000
<b>31,147,563</b>	<b>Total Current Liabilities</b>	<b>29,170,118</b>
	<b>Non-current Liabilities</b>	
792,913	Provisions - Term Portion	2,071,881
62,712,635	Borrowings - Term Portion	66,764,844
<b>63,505,548</b>	<b>Total Non-current Liabilities</b>	<b>68,836,725</b>
<b>94,653,111</b>	<b>Total Liabilities</b>	<b>98,006,843</b>
	<b>Equity</b>	
467,830,932	Retained Earnings	477,610,959
235,830,130	Other Reserves	237,860,228
3,225,700	Current Earnings	6,355,673
<b>706,886,761</b>	<b>Total Equity</b>	<b>721,826,860</b>
<b>801,539,873</b>	<b>Total Liabilities and Equity</b>	<b>819,833,704</b>

Cash and Cash Equivalents is comprised of the following ;

<b>Kiwibank on call and term deposit</b>	4,002,746	47%
<b>ASB On call and Term Deposit</b>	3,000,180	36%
<b>BNZ On Call</b>	1,426,913	17%
<b>ANZ - Term deposit</b>	0	0%
<b>Westpac on call</b>	18,920	0%
<b>Float</b>	2,135	0%
	<b>8,450,894</b>	

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget
<b>Community Facilities</b>											
Libraries and Archives	891,651	830,192	61,459	841,547	857,449	15,902	50,104	(27,257)	77,361	(1)	(1)
Halls and Recreation Complexes	508,241	477,846	30,395	549,671	639,740	90,069	(41,431)	(161,894)	120,463	(216,030)	(290,031)
Makino Aquatic Centre	1,213,143	1,392,994	(179,851)	1,321,562	1,397,933	76,371	(108,419)	(4,939)	(103,480)	(20,001)	(38,891)
Parks, Reserves & Sportsgrounds	1,866,734	1,879,314	(12,580)	1,634,803	1,908,370	273,567	231,931	(29,056)	260,987	154,592	1,516
Cemeteries	211,223	225,118	(13,895)	199,854	224,901	25,047	11,368	217	11,151	(4)	(4)
Public Conveniences	206,512	190,938	15,574	206,000	194,813	(11,187)	512	(3,875)	4,387	(3)	(3)
Property	765,426	468,406	297,020	421,794	598,924	177,130	343,631	(130,518)	474,149	(241,381)	(255,027)
<b>Total Community Facilities</b>	<b>5,662,928</b>	<b>5,464,808</b>	<b>198,120</b>	<b>5,175,231</b>	<b>5,822,130</b>	<b>646,899</b>	<b>487,697</b>	<b>(357,322)</b>	<b>845,019</b>	<b>(322,828)</b>	<b>(582,441)</b>

### Libraries and Archives

Favourable to budget by \$77k. Revenue is favourable by \$61k due to funding from the National Library subscriptions combined with additional funding for three fixed term positions. Expenditure is favourable by \$16k with notable variances being: Subscriptions are over budget by \$21k due to corrected allocations; and Maintenance of Computer Software is under budget by \$53k as still awaiting invoice from Kotui (which is due this month).

### Halls and Recreation Complexes

Favourable to budget by \$120k. Revenue is favourable by \$30k. Expenditure is favourable by \$90k with notable variances being: Building and General Maintenance was underspent by \$32k, with most works anticipated to still be finished by June; Insurances were over budget by \$56k; Operational Projects were underspent by \$46k; and Unplanned Facility Maintenance was underspent by \$23k.

### Makino Aquatic Centre

Unfavourable by \$103k. Revenue is unfavourable by \$180k largely due to lower admission fees and hireage revenue, resulting from Covid-19 ongoing restrictions and the Flood event in December. Expenditure is favourable by \$76k with notable variances being: lower Salaries due to staff vacancies and a decrease of casual staff use during restrictions; lower Programmes costs; lower Planned and Unplanned Facility Maintenance costs; increased Gas Energy Costs which is still under investigation; and increased Insurance Premiums.

### Parks, Reserves & Sports Grounds

Favourable to budget by \$261k. Revenue is unfavourable by \$13k. Expenditure is favourable by \$27k with notable variances being: Depreciation is overspent by \$73k; Interest is underspent by \$45k; Maintenance for Buildings, Grounds and General are underspent by a total of \$59k; and Operational Projects are underspent by \$179k but are scheduled to be completed by June.

### Cemeteries

Favourable to budget by \$11k. Revenue is unfavourable by \$14k due to lower Interment Fees. Expenditure is favourable by \$25k largely due to lower Interment Costs and lower than expected Depreciation.

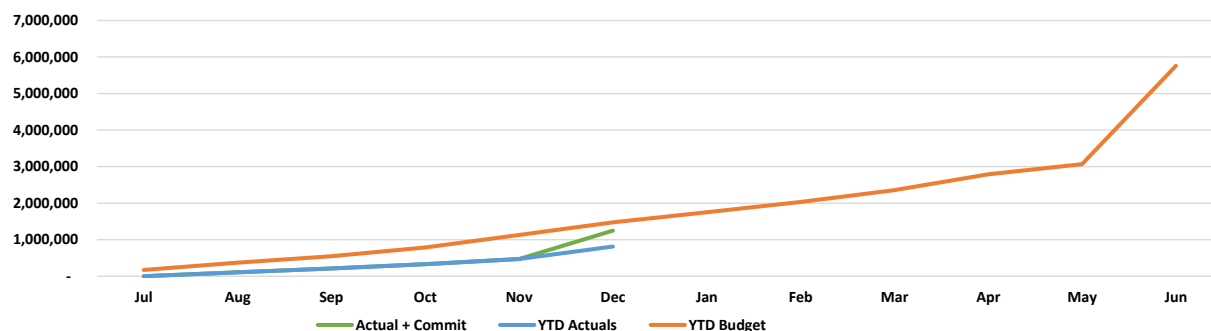
### Public Conveniences

Favourable to budget by \$4k with overspending on Building Maintenance and Operational Projects, but underspending on Depreciation and Planned Maintenance.

### Property

Favourable to budget by \$474k. Revenue is favourable by \$297k due to Gains on Asset Disposal of \$408 partly offset by lower rental income (as Bowen street is sold). Expenditure is favourable by \$177k largely from lower Depreciation and Interest due to the sale of Bowen street. Annual plan assumed a full year operating budget for Bowen street with a break even position from rental (no impact to rates) Therefore any variance in this area is not a result on rates in this year.

## Capital Expenditure 2021/22



Overall capital spend is \$813k under revised budget year to date.

The annual plan budget is \$5.9M.

The total revised budget of \$5.8M contains \$2.4M of carry forwards from 2020/21, less \$2.5M for the Library that has been carried forward to 2022/23.

Further information is available in the capital expenditure report.

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget
<b>Regulatory</b>											
Animal Control	609,080	557,014	52,066	383,544	393,197	9,653	225,536	163,817	61,719	3	3
Building Control	1,624,563	1,397,548	227,015	1,508,111	1,394,398	(113,713)	116,452	3,150	113,302	(1)	(1)
Environmental Health	122,638	139,110	(16,472)	106,864	139,122	32,258	15,775	(12)	15,787	1	1
Alcohol Licensing	102,355	77,606	24,749	56,489	75,038	18,549	45,866	2,568	43,298	1	1
District Consents Planning	990,053	737,346	252,707	956,742	779,857	(176,885)	33,311	(42,511)	75,822	0	(297,681)
<b>Total Regulatory</b>	<b>3,448,689</b>	<b>2,908,624</b>	<b>540,065</b>	<b>3,011,750</b>	<b>2,781,612</b>	<b>(230,138)</b>	<b>436,940</b>	<b>127,012</b>	<b>309,928</b>	<b>4</b>	<b>(297,677)</b>

**Animal Control** Favourable to budget by \$62k. Revenue is favourable by \$52k, largely as a result of higher dog registration fees received. Expenditure is favourable by \$9k with the notable variance being lower contract payments.

**Building Control** Favourable to budget by \$113k. Revenue is favourable by \$227k above budget due to higher than anticipated requests for Building Consents, Inspection Fees, and CCC Fees. Expenditure is unfavourable by \$114k with the notable variance being Consultants overspent by \$227k due to large engineering review costs for Ohakea consent (which will be on charged when issued), and additional consultants used due to building officer vacancy

**Environmental Health** Favourable to budget by \$16k. Revenue is unfavourable by \$16k largely due to no Shared Service Revenue being recorded to date. Expenditure is favourable by \$32k with notable variances being: Consultants underspent by \$3k; Monitoring, Calibration and Test underspent by \$7k; and lower staff time.

**Alcohol Licensing** Favourable to budget by \$43k. Revenue is favourable by \$25k. Expenditure is favourable by \$19k largely due to lower staff time.

**District Consents Planning** Favourable to budget by \$76k. Revenue is favourable by \$253k which is largely due to higher than expected Subdivision Fees. Expenditure is unfavourable by \$177k largely due to higher Consultant costs, but which is being on charged as reflected through the favourable revenue figure.

**Overall** Overall this area is reflecting the impact of higher volumes and low staff numbers (vacancies), the impact of vacancies comes through the overhead allocations which 'washed up' at year end. During the year the overheads are allocated as per budget (which assumes fully staffed). When the impact of the lower regulatory staff costs are taken into account there is a \$75k to date, reduction in costs.

## Activity Summary - Infrastructure

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget
<b>Infrastructure</b>											
Roading	7,512,541	7,776,845	(264,304)	7,652,917	8,180,804	527,887	(140,376)	(403,959)	263,583	1,150,077	219,382
Solid Waste	2,042,210	2,172,254	(130,044)	2,062,648	2,193,637	130,989	(20,438)	(21,383)	945	54,645	(514,972)
Stormwater and Drainage	1,140,720	1,143,198	(2,478)	687,433	765,148	77,715	453,286	378,050	75,236	537,012	494,012
Water Supply	7,522,091	6,889,480	632,611	2,319,211	2,326,744	7,534	5,202,880	4,562,736	640,144	5,688,307	5,635,707
Wastewater	3,775,738	3,789,474	(13,736)	3,493,562	3,591,849	98,287	282,176	197,625	84,551	929,118	669,118
- Nursery	52,531	54,000	(1,469)	102,411	107,787	5,376	(49,880)	(53,787)	3,907	(2)	(2)
<b>Total Infrastructure</b>	<b>22,045,829</b>	<b>21,825,251</b>	<b>220,578</b>	<b>16,318,181</b>	<b>17,165,969</b>	<b>847,788</b>	<b>5,727,648</b>	<b>4,659,282</b>	<b>1,068,366</b>	<b>8,359,157</b>	<b>6,503,245</b>

**Roading** Favourable by \$263k with a deficit of \$167k against a budget deficit of \$124k. Revenue is \$264k unfavourable with NZTA capital and operational subsidies totalling \$200k under budget, due to works progressing behind budget, and development contributions being \$55k under budget. Expenditure is \$527k favourable due to operational projects progressing behind budget and lower interest costs due to additional loans not yet required to be drawn down for capital works.

**Solid Waste** Favourable by \$945 with unfavourable variances in revenue being offset by favourable variances in expenditure. Revenue is unfavourable by \$130k due to lower transfer station gate takings and bag sales. This has had the corresponding impact of reducing total contract payments and disposal costs due to the lower tonnages.

**Stormwater and Drainage** Favourable by \$75k with a surplus of \$453k against a budget deficit of \$378k. This is mostly due to less contract work carried out, insurance expenditure and staff time charges due to staff working in other areas.

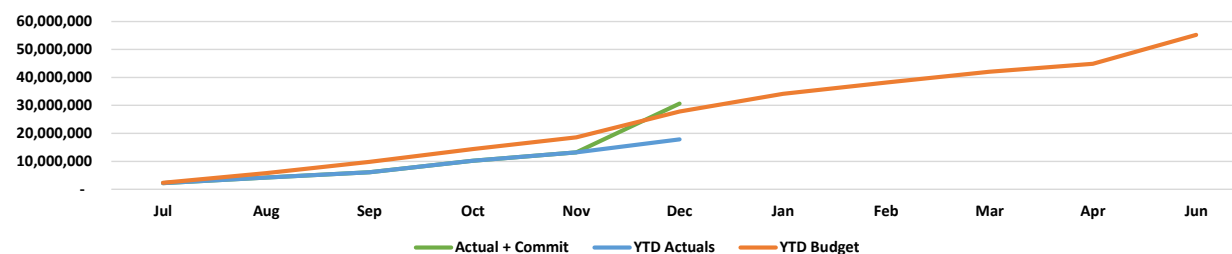
**Water Supply** Favourable to budget by \$640k. Revenue is \$630k favourable due to capital subsidies received from the Department of Internal Affairs for water reform projects and the Ohakea Rural Water scheme, as well as higher than budgeted capital connections.

**Wastewater** Favourable by \$85k with a surplus of \$282k against a budget deficit of \$197k. Revenue is \$13k unfavourable with capital contributions and sewer connections totalling \$103k above budget being offset by lower volumetric sewer charges, trade waste charges and development contributions. Expenditure is \$98k favourable due to the current low maintenance requirements and the wastewater infiltration project progressing behind budget. This is partially offset by above budget expenditure chemicals due to higher than anticipated use at this time of year.

*\*The nursery is located within the wastewater budget however is currently being reported as a separate entity.*

**Nursery** Favourable to budget by \$3k. Revenue is \$1.5K unfavourable to budget, with additional sales to Horizons and Rangitikei Councils still expected before year end. Expenditure is \$5k favourable to budget due to the movement in inventory value as a result of increased plant production for upcoming projects. These projects are expected to begin during the final quarter of this financial year which will result in additional revenue through both internal and external sales.

## Capital Expenditure 2021/22



Overall capital spend is \$17.8M with an additional \$12.8M in commitments - totalling \$30.7M year to date.

The Annual Plan budget is \$32M

The total revised budget for the year is \$55M which reflects the carry forwards from 20/21 year. Further information is outlined in the capital expenditure Report

## Activity Summary

	Revenue			Expenditure			Net Surplus/(Deficit)			Full Year Net Surplus/(Deficit)	
	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	Year to Date Actuals	Year to Date Budget	Variance	AP Budget 2020/21	Total Budget
<b>Support Services</b>											
Infrastructure Support	1,002,596	1,334,880	(332,284)	1,097,513	1,328,851	231,338	(94,917)	6,029	(100,946)	(6)	(6)
Community & Regulatory Support	70,853	0	70,853	(18,072)	(143,025)	(124,953)	88,924	143,025	(54,101)	10,624	494,763
Corporate and Strategy	18,925	28,104	(9,179)	(135,996)	43,371	179,367	154,921	(15,267)	170,188	0	(104,978)
Finance and Treasury	396,981	481,314	(84,333)	402,812	279,081	(123,731)	(5,831)	202,233	(208,064)	459,607	459,607
People and Culture	947	0	947	(16,384)	11,181	27,565	17,331	(11,181)	28,512	(4)	(4)
Chief Executive	0	0	0	(8,574)	3,615	12,189	8,574	(3,615)	12,189	1	(7,599)
	<b>1,490,302</b>	<b>1,844,298</b>	<b>(353,996)</b>	<b>1,321,300</b>	<b>1,523,074</b>	<b>201,774</b>	<b>169,002</b>	<b>321,224</b>	<b>(152,222)</b>	<b>470,222</b>	<b>841,783</b>
<b>Other Activities</b>											
District Development	1,950,096	1,922,334	27,762	2,394,126	2,809,858	415,732	(444,031)	(887,524)	443,493	200,969	(384,380)
Emergency Management	169,131	150,488	18,643	272,639	200,176	(72,463)	(103,508)	(49,688)	(53,820)	(1)	(50,001)
Governance	1,379,820	1,344,900	34,920	1,292,562	1,354,945	62,383	87,259	(10,045)	97,304	(1)	(1)

### Support Services

Support services is the cost of CE, GM's and all staff combined with corporate services (Finance, IT, records, customer services, council building) this is spread to the other activities via the overhead allocations at year end. These areas predominately result in a break even position at year end once the overhead allocation process is run.

Overhead allocation is being carried out as per budget resulting in some over recovery of costs in the areas lower than budget.

### Infrastructure support

Unfavourable to budget by \$101k. RDC shared service revenue is \$332k under budget as a result of less time being charged to RDC projects. Expenditure is \$231k under budget due to less staff time charges as staff allocate time to other areas as well as lower expenditure on training and conferences.

### Community and Regulatory

Unfavourable by \$54k. Revenue \$70k favourable with project income received for the future leaders programme. Expenditure \$125k unfavourable with timesheet recoveries less than budgeted in regulatory area.

### Corporate and Strategy

Favourable by \$170k. Revenue \$9k due to vehicle fleet disposals running behind budget. Expenditure \$179k favourable a combination of vacancies within GM Corporate role and Strategy team, combined with lower depn (\$79k) in fleet as car replacement program is delayed due to supply issues. Insurance is the main unfavourable variance with \$97k over budget.

### Finance

Unfavourable by \$208k predominately due to the interest received from internal loans being lower than budget by \$217k as capital work has not proceeded as Annual plan, these areas include the Admin building and library which has been pushed out to other years, some offset due to lower external interest paid \$104k as loans have not been drawn. Going forward it is expected that interest costs will increase due to the need to prefund the Ohakea RWS by short term borrowing combined with higher interest rates now being incurred.

### People & Culture

Favourable to budget by \$29k. Under budget for costs in corporate training, employee engagement expenses and personnel costs. This is partially offset by above budget expenditure on recruitment due to higher vacancy levels.

### District Development

Favourable to budget by \$443k. Revenue is favourable to budget by \$28k due to Operational Project grants received. Expenditure is favourable to budget by \$416k with notable variances being: lower than anticipated Grants Made by \$20k; and Operational Projects underspent by \$391k.

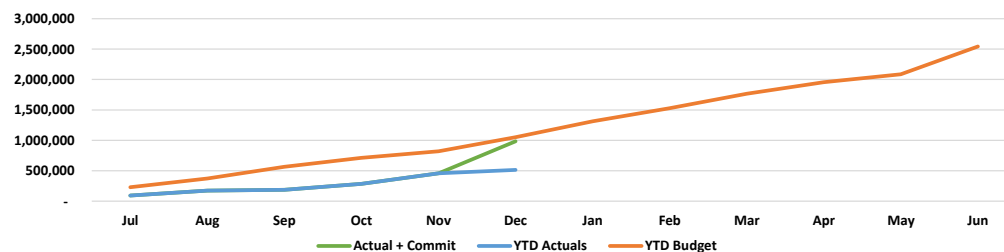
### Emergency Management

Unfavourable to budget by \$54k. Expenditure is above budget due to staff time charged to this area in relation to the COVID-19 event and the December flood event.

### Governance

Favourable to budget by \$24k due to lower than anticipated Internal Charges to date.

## Capital Expenditure 2021/22



Capital expenditure for Support services and Emergency Management was under budget by \$538k.

The total revised budget spend is \$2.6M against an Annual Plan budget of \$2.4M reflecting a low level of carry forwards from 20/21 financial year.

Further information is available in the capital expenditure report.

## Levels of Service

Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
<b>Cemeteries</b>					
Percentage of responses to our residents perception survey that are satisfied with the maintenance of cemeteries	95%	90.5% (Target 90%)	Target Not Met	Target Not Met	Quarter 1 - 93% Quarter 2 - 89% - Target will not be met by year end
Monitoring the number of complaints about late or inadequate interment services	No complaints about late or inadequate interment services	0	Target Met	Target Met	No complaints received
<b>District Libraries</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Monitoring the number of issues per capita per annum.	6	8.65 (Target 8)	In Progress	In Progress	4.68 Issues per capita
Monitoring the number of online transactions and users of Wi-Fi and internet	40,000	46,344 (Target 65,000)	In Progress	In Progress	26,490 logins
Monitoring the number of participants attending programmes, exhibitions, classes and events per annum	8,000	15,120 (Target 19,000)	In Progress	In Progress	5,720 participants
<b>Halls and Recreation Complexes</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Number of in-use Council-owned halls and recreational complexes that are compliant with current building warrant of fitness requirements and FENZ evacuation procedures	100%	New Measure 2021/22	Target Met	Target Met	
<b>Makino Aquatic Centre</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Pool safe accreditation	Accredited	Target Met	Target Met	Target Met	Valid to June 2022
Participants in water activities and learning to swim programmes	51,000	55,503 (Target 57,500)	In Progress	In Progress	16,715 participants Impacted by COVID restrictions
Percentage of customers satisfied overall with their experience at the complex	90%	97%	In Progress	In Progress	
Number of general admissions (swimmers and spectators)	65,000	New Measure 2021/22	In Progress	In Progress	24,071 general admissions Impacted by COVID restrictions
<b>Parks, Reserves and Sportsgrounds</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Percentage of survey participants satisfied with Council's parks, reserves and sportsgrounds	90%	94.50%	Target Met	Target Met	Quarter 1 - 93% Quarter 2 - 94%
Monitoring the number of health and safety incidents or injuries reported that occurred due to inadequate or poor maintenance in our parks, reserves and sports grounds	0	0	Target Met	Target Met	No reported incidents or injuries
<b>Property</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Council-owned buildings and properties are compliant with the relevant safety regulations	100%	New Measure 2021/22	Target Met	Target Met	
<b>Public Conveniences</b>					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Monitoring the number of complaints we receive about inadequate maintenance and poor cleaning of our toilets	< 8	1 (Target <6)	Target Met	Target Met	0

Animal Control					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Urgent requests about dog attacks/wandering stock responded to or caller contacted within 15 minutes of Council receiving the request (Priority 1)	90%	97%	Target Met	Target Met	96%
Notification of roaming dogs responded to or caller contacted the next working business day of Council receiving the request (Priority 2)	90%	99%	Target Met	Target Met	100%
Routine animal control issues responded to or caller contacted the next working business day of Council receiving notification (Priority 3)	90%	98%	Target Not Met	Target Not Met	304 incidents, with 39 not within timeframe (87%) due to additional covid restrictions and resourcing difficulties
Building Control					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Number of the district's commercial and public buildings holding a current compliance schedule that are audited every 3 years	100%	New Measure 2021/22	In Progress	Target Not Met	There are 398 buildings with compliance schedules. 119 buildings have not been audited within 3 years = 70%. This is due to a vacancy
Complaints relating to our building control service are responded to within specified timeframes	90%	96%	Target Not Met	Target Not Met	97 complaints were received between 1 July - 31 Dec 2021. 7 were not responded to within the timeframe = 93% 59 SW complaints were due to the flooding event. 34 were requests for investigation. The high volume and flood event impacted on the ability to meet the timeframe
Number of residential swimming pools that are inspected every 3 years to ensure compliance with the Building Act	90%	New Measure 2021/22	Target Not Met	Target Met	78 inspections were carried out between 1 July - 31 Dec 2021. % of pools inspected within 3 years = 97%
Number of building consent applications and code compliance certificates processed and approved within 20 working days	95%	95%	Target Not Met	Target Not Met	87% This is due to increased consents compared to the previous year and a vacancy within the team and time taken to train and mentor for new staff, and the impact of COVID working from home (slower).
Number of fixed fee (small works) building consent applications are processed and approved within 10 working days	95%	94%	Target Not Met	Target Not Met	92% This is due to increased consents compared to the previous year and a vacancy within the team and time taken to train and mentor for new staff, and the impact of COVID working from home (slower).
Compliance and Monitoring					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Food premises are verified as per legislative requirements under the Food Regulations 2015.	100%	100%	In Progress	In Progress	There are a total of 149 food businesses registered in the district. 111 businesses require MDC to verify. Of those 88 require verifications during the 2021/2022. 34 have been verified.
Requests for service related to incidents that endanger public health that are responded to within 24 hours of notification.	85%	100%	Target Met	Target Met	
Urban noise complaints that are responded to within one hour of notification	85%	98%	Target Met	Target Met	99%
Requests for service related to incidents that do not endanger public health that are responded to within 48 hours of notification	85%	92%	Target Met	Target Met	95%
Number of licensed premises that are inspected annually to ensure compliance with the conditions of their license and to work with those who do not comply to bring them up to compliance.	95%	100%	In Progress	In Progress	Currently 10% complete
Consents Planning					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Number of applications for permitted boundary activities under the Resource Management Act are processed in accordance with the statutory timeframes	100%	New Measure 2021/22	Target Not Met	Target Not Met	91% due to vacancies within the team
Number of non-notified resource consents completed within statutory timeframes	90%	New Measure 2021/22	Target Not Met	Target Not Met	39% due to vacancies within the team
Number of notified and limited notified resource consents (not requiring a hearing) completed within statutory timeframes	90%	New Measure 2021/22	In Progress	In Progress	For the period 1 July to 31 December 2021 no Notified or limited notified consents were received
Number of limited notified resource consents (with hearing) completed within statutory timeframes	90%	New Measure 2021/22	In Progress	In Progress	For the period 1 July to 31 December 2021 no Notified or limited notified consents were received
The number of Resource Consent applications for resource consents returned to applicant as incomplete (under section 88 of the RMA)for: Permitted boundary activities Resource Consents	Number Recorded	New Measure 2021/22	In Progress	In Progress	32 Permitted boundary activity consents were received for the period 1 July 2021 to 31 December 2021. None were returned under sect 88 RMA 1991
The number of applications for which a request for further information has been made. (under section 92 of the RMA)	Number Recorded	New Measure 2021/22	In Progress	In Progress	216 consents were received during the period 1 July 2021 to 31 December 2021. Of these 71 had a request for further information under sect 92 RMA 1991

Governance and Strategy					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
The number of breaches in rates limits od debt levels as set in the Financial Strategy	0	0	Target Met	Target Met	
District Development					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Percentage of targets CEDA has achieved under the relevant Statement of intent	80%	New Measure 2021/22	In Progress	In Progress	Report to be received in quarter 3
Percentage of Results Based Accountability targets achieved under Priority Services contract	80%	New Measure 2021/22	In Progress	In Progress	Report to be received in quarter 3
Creative Communities Scheme projects administered by Council	Number Recorded	New Measure 2021/22	In Progress	In Progress	Total value of approved projects funded \$8,020
Percentage of survey participants who feel a sense of connection with others in their neighbourhood/community	Baseline set 2021/22	New Measure 2021/22	In Progress	In Progress	75%
Emergency Management					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
% of Incident Management Team personnel trained to at least intermediate level of the Integrated Training Framework	75%	New Measure 2021/22	Target Met	Target Met	80% of permanent staff trained to ITF Intermediate
% of survey participants who were satisfied with information and advice provided by Council in relation to an emergency event	Set in 2021/22	New Measure 2021/22	In Progress	In Progress	
Roading					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	Lower than the previous financial year, measured on a per capita basis	0.00046	In Progress	In Progress	4 crashes involving 1 fatality and 3 serious injuries
The average quality of ride on a sealed local road network, measured by Smooth Travel Exposure (STE) index ratings (percentage of assessed network length where roughness is under the relevant threshold)	90%	98%	In Progress	In Progress	
A percentage of the sealed local road network that is resurfaced	5%	6%	In Progress	In Progress	Programme 67% complete and will result in 5.7% of local road being resurfaced
The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in Council's Activity Management Plan	95% of the districts footpaths are within acceptable defect levels (condition rating 1 – 4)	99.70%	Target Met	Target Met	99.70%
For urgent requests for service, Council's will respond within three hours of the request being lodged.	90%	99.23%	Target Met	Target Met	100.00%
For non-urgent requests for service the contractor will include the repairs in the 3 month rolling programme or as instructed by Council's Roading Team.	90%	96.80%	Target Met	Target Met	100.00%

Solid Waste					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Rural residents have convenient council refuse bag drop-off points close to their homes.	90% of rural residents have a refuse bag drop-off points close to their home	94%	Target Met	Target Met	Present collection route meets success measurement
Mobile recycling centres are conveniently located within 5km of identified village centres.	100%	100%	Target Met	Target Met	
Funding provided for waste education programmes that promote reduce and reuse.	100% achievement of confirmed participants in the Council-supported waste education programmes	100%	Target Met	Target Met	
Number of complaints received by Council about its performance of its solid waste services.	<100 complaints received per 100,000 annual collections	49.02	Target Met	Target Met	97 complaints per 100,000 collections
Stormwater					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
The number of flooding events in the district	0	0.12	Target Met	Target Not Met	2 Flooding events during December 2021
The number of habitable floors per 1000 properties affected by flooding per flooding event that occurred in the district	<10		Target Met	In Progress	Due to the large number of urgent and non-urgent complaints received that need to be assessed this number cannot be confirmed for this quarter
Abatement notices received by Council in relation to resource consents. (measured per scheme)	<2	1 Abatement Notice received	Target Met	Target Met	0
Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: • Infringement notices • Enforcement orders, and • Convictions received by Council in relation those resource consents (per scheme).	0		Target Met	Target Met	0
The median response times to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	<2 hours	1.43 hours	Target Met	In Progress	Due to the large number of urgent and non-urgent complaints received that need to be assessed this number cannot be confirmed for this quarter
The number of complaints received by Council about the performance of its stormwater system. (Expressed per 1,000 properties connected to Council's stormwater system).	<20	8.83	Target Met	In Progress	

Wastewater					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
Number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections.	< 6	0.36	Target Met	Target Met	1 dry weather overflow
Abatement notices received by Council in relation to resource consents. (measured per scheme)	<2	1	Target Met	Target Met	0
Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: • Infringement notices • Enforcement orders, and • Convictions received by Council in relation those resource consents (per scheme).	0	0	Target Met	Target Met	0
Median attendance time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (urgent)	<2 hours	0.15 hrs	Target Met	Target Met	0.8 hours
Median resolution time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (from the time Council received notification to the time service personnel confirm resolution of the blockage or other fault) (urgent)	< 5 hours	1.85 hours	Target Met	Target Not Met	37 hours
Median attendance time to sewage overflows resulting from blockage or other faults in the Council's sewerage system (non-urgent).	<2 hours	1.58 hrs	Target Met	Target Met	0.55 hours
Median attendance time (combined)	< 2 hours	1.13 hours	Target Met	Target Met	0.55 hours
Median resolution time to sewage overflows resulting from blockage or other fault in the Council's sewerage system (from the time Council received notification to the time service personnel confirm resolution of the blockage or other fault) (non-urgent).	< 5 hours	24 hours	Target Met	Target Met	2.03 hours
Median resolution time (combined)		6.63 hours	Target Met	Target Met	2.03 hours
The total number of complaints received by Council about the following: • Sewage odour • Sewerage system faults • Sewerage system blockages • Council's response to issues with its sewerage system Expressed per 1,000 connections to the council sewerage system.	< 20 complaints in total per 1,000 connections per annum	5.66	Target Met	Target Met	1.69 complaints per 1000 connections
Water Supply					
Measure	Target for 2022	Prior Year Result	Result Q1	Result Q2	Comments
No Public health risk with substantiated positive E-coli detected in the water supply	100%	100%	Target Met	Target Met	
New Zealand Drinking Water Standard Compliance Criteria for protozoa are met, with the exception of the Stanway-Halcombe Rural Water Supply	100%	100%	Target Met	Target Met	
percentage of real water loss from Council's networked reticulation system. This will be calculated for each water supply scheme using Method 1 - Water Balance as per the Department of Internal Affairs guidelines	< 35%	34%	In Progress	In Progress	12 months of data is required to complete this assessment
Attendance time for urgent call-outs: from the time the Council receives notification to the time that service personnel reach the site	2 hours	0.53 hours	Target Met	Target Met	0.97 hours
Resolution time of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm that the water supply has been reinstated.	9 hours	2.42 hours	Target Met	Target Not Met	Qtr 1 4.25hours median time Qtr 2 10.42 hours median time
Attendance time for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	5 working days	7.18 hours	Target Met	Target Met	24 hours
Resolution time for non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	A further 5 working days	24 hours	Target Met	Target Met	24 hours
Monitoring the total number of complaints received by Council about any of the following: • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply • The local authority's response to any of these issues	<20	16.39	Target Met	Target Met	1.29
The average consumption of drinking water per day, per resident within Council's authority area	300 litres/person/day for domestic supply only	218 litres/person/day for domestic supply only	In Progress	In Progress	12 months of data is required to complete this assessment

## Approved Variation to Annual Plan

These items consolidate to form the variance between Annual Plan and Revised Budget.

<b>Annual Plan Net Surplus/(Deficit)</b>		<b>8,697,000</b>	<b>Surplus</b>
<b>Revenue Adjustments</b>			
Reduction in Waka Kotahi NZTA Subsidy	-831,000		
<b>Total Revenue Adjustments</b>		<b>-831,000</b>	<b>Revenue</b>
<b>Operational Expenditure Adjustments</b>			
<u>Council Approval</u>			
Carry Forwards	1,495,000		
<b>Total additional council approved expenditure</b>		<b>1,495,000</b>	
<u>Chief Executive approved items</u>			
Feilding Little Theater Fesability Study	74,000		
Housing Development Fesability Study	8,000		
Te Reureu Rural Water scheme fesability works	28,000		
Funding of Forestry study	5,000		
Summer Intern District Plan Project team	14,000		
Bring forward Parks and Reserves Districtwide Projects from LTP Y2	25,000		
COVID-19 Response	15,000		
Emergency Response to December 2021 Floods (EOC/Roading/Water)	185,000		
<b>Total additional CE approved expenditure</b>		<b>354,000</b>	
<b>Revised Budget Net Surplus/(Deficit)</b>		<b>6,017,000</b>	<b>Surplus</b>
<b>Annual Plan Capital Budget</b>		<b>40,452,025</b>	
<u>Council Approval</u>			
Carry forwards	23,534,192		
Reduce Current Year Budgets for Library and Admin Building	-3,687,225		
Reduce duplication of Mangaweka Bridge Budget	-1,428,709		
Department of Internal Affairs Water Reform Projects	1,700,000		
Ohakea Rural Water Scheme Council Contingency	2,000,000		
Turners Road Land Purchase	1,000,000		
<u>Chief Executive approved items</u>			
Project funded from Special Reserves - Garden Festival Funds	15,000		
Additional cost of Council Soundd System	7,800		
<b>Total movements to capital budget</b>		<b>23,141,058</b>	
<b>Revised Capital Budget</b>		<b>63,593,083</b>	

**Capital Expenditure Report**  
For the period ended 31 December 2021

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
<b>Community Facilities</b>										
<b>Cemeteries</b>										
Feilding Cemetery New Works	New LOS	5	30	(24)	-81%	5	10	91	55	Cemetery Lowering Device purchased, delayed due to shipping constraints. Upgrade works scheduled for start in third quarter - no delays expected .
Halcombe Cemetery Renewals	Renewal	0	0	0	n/a	0	0	13	13	Retaining wall upgrade due to commence in third quarter, delays may occur due to contractor availability
Sandon Cemetery Renewals	Renewal	0	4	(4)	-112%	0	0	7	7	Upgrade due to commence in third quarter, delays may occur due to contractor availability.
<b>District Libraries</b>										
Library Collection Purchases	Renewal	75	126	(52)	-41%	92	166	253	253	Collection spend slow due to COVID. Will not be spent in full by year end.
Library New Works	New LOS	123	0	123	n/a	67	189	200	2,710	Library project in Detailed Design stage. Anticipate the estimated \$200k will not be enough to see the project through to June 2022. Projected cashflow of an additional \$400k from the Annual Plan budget will be required to be brought forward to meet this years commitments.
Library Renewals	Renewal	0	27	(27)	-98%	0	0	27	27	Project linked to main MDC security renewal - planned to commenced in third quarter.
<b>Makino Aquatic Centre</b>										
Main Plant room Renewals	Renewal	0	15	(15)	-97%	0	0	31	0	Physical work completed by staff is a third of the way through. Contracted work due to commence third quarter during summer period.
Indoor Pool - Equipment	Renewal	6	80	(74)	-92%	0	6	80	80	Pool inflatables ordered, awaiting delivery. Rest of spend is being planned for the remainder of the year.
Indoor Pool HVAC	Renewal	0	6	(6)	-103%	0	0	12	0	Project planned (HVAC maintenance) but delayed due to contractor availability.
<b>Halls and Recreation Complexes</b>										
New Projects	New LOS	0	0	0	n/a	0	0	10	10	Changing room flooring for Te Kawa Rec Centre (Rongotea). Project arranged with Rec Services who are waiting on flooring contractors .
Himatangi Beach Hall Renewals	Renewal	0	5	(5)	-98%	0	0	10	0	Surf Lifesaving Club - put flashing on the building. Waiting for work to commence with contractor - will be complete by year end.
High Profile Hall Renewals	Renewal	0	0	0	n/a	0	0	62	62	Sanson Hall roof. Quotes have been received and accepted. Waiting for delivery of product - 5 month lag in supply.
Fldg LittleTheatre Remediation	Renewal	0	138	(138)	-100%	0	0	275	0	Engaged with architect and signed agreement to commence design of the dangerous building remediation work.
Hall Renewals	Renewal	0	0	0	n/a	0	0	7	7	Te Kawau Rec Centre Lighting renewal underway.
<b>Parks, Reserves and Sports Grounds</b>										
Kowhai Park Growth Projects	Growth	92	91	0	0%	6	98	91	0	Project completed.
Mt Lees Growth	Growth	5	23	(18)	-78%	1	6	23	94	Playground construction underway; estimate completion April 2022.
Rimu Park Growth	Growth	0	0	0	n/a	0	0	889	0	This project will be requested as a carry forward for FY 2022/23. Negotiations with landowner continue.
Feilding Walkway Growth Projects	Growth	12	108	(96)	-89%	4	16	1,152	936	Project is in planning stage. Negotiations are underway with landowner for land purchase.
Parks Walkways/Linkage	Growth	39	44	(5)	-11%	0	39	44	0	Rata Street walkway - almost complete. Linked to the Makino beautification project.
Kitchener Park New Works	New LOS	5	23	(18)	-78%	0	5	120	67	Kitchener Park seed funding to the Trust to progress the walkway.
Feilding Reserves New Works	New LOS	17	0	17	n/a	0	17	77	77	Bush land Reserve. Work let with contractor to build a track. Planting at Mt Stewart that will occur in suitable conditions
Himatangi Beach Reserve New Works	New LOS	3	53	(49)	-93%	26	30	116	31	South St skatepark relocation to Himatangi is scheduled this year. Tennis court renewals are planned. Opus completeing the consent for the stockbank project.
Kowhai Park New Work	New LOS	15	15	0	0%	0	15	15	0	Project completed.
Makino Precinct New Works	New LOS	0	15	(15)	-100%	0	0	104	104	Walkway from Manchester Street to Warrick Street. Makino precinct stream beautification.
Mt Lees New Works	New LOS	28	18	10	56%	0	28	290	255	Projects started with more planning on campground needed (major costs). Investigation started on a camping ground facility on site which will result in the development of a business case if feasible.

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
Timona Park New Works	New LOS	1	5	(4)	-80%	0	1	68	68	Feilding Football Club changing rooms renewal. Works planned and goods ordered. Awaiting contractor availability
Victoria Park New Works	New LOS	30	53	(23)	-43%	11	42	107	9	Signage to be completed and lighting project continuing.
Kowhai Park Aviary	Renewal	4	12	(9)	-73%	3	6	25	0	Architect plans due in Feb for the design of the aviary.
Makino Park Playground and Skate	New LOS	39	28	11	40%	1	40	55	0	Makino stream beautification. Rata Street carpark.
Apiti Valley Reserve Renewals	Renewal	1	7	(6)	-86%	0	1	31	31	Domain grandstand floor replacement. Project commencing with the community.
Districtwide Reserve Renewals	Renewal	16	17	0	0%	0	16	33	33	Playground renewals for the district - used as required .
Feilding CBD Renewals	Renewal	0	25	(25)	-101%	0	0	54	41	Lighting behind the CBD public toilets. Job complete - invoicing coded incorrectly.
Himatangi Beach Reserve Renew	Renewal	22	48	(26)	-55%	0	22	116	116	Resurfaced tennis courts, playground furniture, bins and seats - area revitalisation. Project underway with Rec Services.
Kowhai Park Renewals	Renewal	84	149	(66)	-44%	7	91	195	171	Playground is completed with car park resealing portion forms part of roading reseal programme.
Makino Precinct Renewals	Renewal	0	0	0	n/a	0	0	51	51	Cark park reseal - phased for June.
Mt Lees Reserve Renewals	Renewal	23	0	23	n/a	0	23	225	155	Roof and exterior repainted but waiting for invoice, rewiring complete, fire report complete and awaiting quotes following the recommendations, plumbing quote for the addition of an accessibility toilet are expected soon.
Pohangina Valley Renewals	Renewal	2	5	(3)	-60%	0	2	26	26	Cost for the gates. Project is underway earlier than phased.
Tangi Res Renewals	Renewal	9	4	5	115%	0	9	9	0	Project complete.
Timona Park Renewals	Renewal	0	12	(12)	-100%	0	0	23	23	Renewal of internal showers as part of changing room upgrade (described above). Work in progress.
							0			
<b>Property</b>										
Strengthen Earthquake Prone Buildings	New LOS	5	0	5	n/a	0	5	0	0	Temporary strengthening of Little Theatre. Project is on hold pending a review.
Manfeild Park Development	New LOS	89	143	(54)	-38%	9	98	287	0	Project underway, start was delayed. \$54k expense for Stormwater in December. Remaining expenses early-mid year.
Feilding Depot	New LOS	0	51	(51)	-99%	0	0	103	0	Council storage - project being considered at another site. Will need to carry forward to next financial year.
Property County Fare	New LOS	0	0	0	n/a	0	0	10	10	Project complete, invoice in process. (Ramp built.)
Districtwide Property Renewals Provision	Renewal	0	16	(16)	-102%	0	0	47	47	Project yet to commence due to the need to await the Fielding Little Theatre outcome. Project now able commence in Te Manawa.
							0			
<b>Public Conveniences</b>										
Sanson Public Toilets	New LOS	27	0	27	n/a	93	120	134	134	Early work completed. Toilets ordered with 25% deposit paid. Delays due to COVID impacting delivery of supplies. Expected delivery February 2022.
Public Conveniences New Works	New LOS	35	70	(35)	-50%	111	145	144	144	Makino public toilets ordered with 25% deposit paid. Delays due to COVID impacting delivery of supplies. Expected delivery February 2022.
Public Conveniences Renewals	Renewal	0	8	(8)	-104%	0	0	15	15	Project completed - awaiting invoice. (Himatangi Beach public toilets.)
<b>Total Community Facilities</b>		<b>813</b>	<b>1,474</b>	<b>(663)</b>	<b>-45%</b>	<b>435</b>	<b>1,247</b>	<b>5,759</b>	<b>5,862</b>	
<b>Administration Building</b>										
Administration Building - New Works	New LOS	0	40	(40)	-100%	0	0	277	1,054	Contract signed for security in early February (\$77k). HVAC upgrade contract signed an awaiting start date (\$200k).
Administration Building - Renewals	Renewal	0	2	(2)	-100%	0	0	30	30	Security cameras for main office building. Quotes being sought.
<b>Total Administration Building</b>		<b>0</b>	<b>42</b>	<b>(42)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>1,084</b>	
<b>Emergency Management</b>										
Civil Defence Emergency Management	New LOS	0	0	0	n/a	0	0	5	0	Project planned to take place final quarter 2021/22.
Radio Tower Upgrade and VHF Replacement	Renewal	8	0	8	n/a	0	8	55	12	Radio repeater purchased. Project to be completed by June 2022.
CDEM Radio Repeater	New LOS	0	0	0	n/a	0	0	12	11	Project planned to take place final quarter 2021/22.
<b>Total Emergency Management</b>		<b>8</b>	<b>0</b>	<b>8</b>	<b>n/a</b>	<b>0</b>	<b>8</b>	<b>73</b>	<b>23</b>	

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
<b>Roading</b>										
Subsidised Unsealed Road Metalling	Renewal	110	122	(13)	-10%	0	110	245	252	Works progressing as scheduled under Higgins contract. Metalling work is typically undertaken at the start and end of the financial year in the winter months.
Subsidised Sealed Road Resurfacing	Renewal	954	1,550	(596)	-38%	1,163	2,118	2,138	2,206	Chipseal programme due for completion end February 2022. Remaining AC sites due for completion end of May 2022.
Sub Roding Footpath Renewal	Renewal	0	25	(25)	-100%	50	50	50	51	NZTA programme for this work was approved in September 2021. Work will be programmed over the remaining months.
Subsidised Bridge Renewals	Renewal	1,750	1,622	128	8%	522	2,272	3,052	2,727	Majority of cost to date is for the Mangaweka Bridge Construction Project. This project is scheduled for completion this financial year. The major refurbishment on Bridge Culvert S194A on Pohangina Valley East Road is in progress and is expected to be completed by March 2022.
Subsidised Cycle Facilities	New LOS	34	0	34	n/a	11	45	762	985	This budget is for the second stage of the Feilding to Palmerston North Cycleway. Construction of the remaining 2.0km is on hold pending Kiwirail approval. RMA Consent application for a cycle way bridge across the Taonui Stream on hold pending iwi liaison.
Roading Growth	Growth	792	1,027	(235)	-23%	438	1,230	2,556	995	Costs to date are mainly for the Churcher Street Reconstruction Project.
Subsidised Drainage Renewals	Renewal	115	182	(68)	-37%	335	450	465	573	Works undertaken via the maintenance contract, also \$250k to be spent on Drainage Renewals on the Halcombe Rd widening project between Sherwill Street and Mingaroa Rd, this is currently under construction.
Subsidised Structures Renewals	Renewal	132	246	(114)	-46%	102	235	404	417	Emergency work following the heavy rainfall event in December has interrupted this work programme and a project on Main Drain Road is on hold due to this. Some planned work may need to be carried forward to next financial year. Renewal of components on the Churchill Rd bridge is complete. Other renewal work is underway on a large culvert at Upper Pakihikura Road. Investigation and planning work is underway on 3 further sites on Awahuri Road, Kaimatarau Road and Leen Road.
Subsidised Traffic Services Renewal	Renewal	58	72	(14)	-20%	288	345	377	402	This budget is for renewal work undertaken via the maintenance contract for Signage and delineation assets. Road Marking and Streetlight renewals will be undertaken by other contractors.
Subsidised Pavement Rehabilitation	Renewal	288	628	(340)	-54%	0	288	1,046	1,260	Costs to date are for completed work at Rowe Road, Waitohi Road and Taipo Road. Further work is under construction at a second site on Taipo Road along with sites at Lower Pakihikura Road and Taonui Road. All work is expected to be completed by March 2022.
Subsidised Minor Improvement New Works	New LOS	4	0	4	n/a	2	7	0	754	All subsidised new jobs have been reviewed and aligned with NZTA approved budgets. This job will only be used to manage previously committed expenditure, budget has been transferred to other NEW LOS jobs and sub jobs to manage specific projects.
Sub Road Improvements New	New LOS	0	0	0	n/a	0	0	0	954	All subsidised new jobs have been reviewed and aligned with NZTA approved budgets. Budget has been transferred to other NEW LOS jobs and sub jobs to manage specific projects.
Land Purchase	New LOS	8	0	8	n/a	2	9	0	0	Costs associated with land purchase in road corridor e.g. for widening or realignment projects.
2021-21 LCLR Programme Budget	New LOS	0	77	(77)	-100%	0	0	191	198	Low Cost Low Risk Improvements, will support other improvement projects.
322 Replacement of Bridges and	Renewal	0	0	0	n/a	0	0	0	306	No budgeted expenditure planned this year
324 Road Improvements	New LOS	326	231	95	41%	594	920	923	377	The majority of costs this year will be for the seal widening project at Halcombe Rd (Sherwill to Mingaroa). The contract for this work has been awarded, construction will occur between November 2021 and February 2022. Tenders have been sought for a second project for improvements at the Church St / Grey St intersection, tenders close in January with construction expected to be complete by June 2022. A NZTA programme adjustment will be required to enable funding of this project this financial year, MDC budget is already in place in RD4040 below.
341 Low Cost - Low Risk Prgm	New LOS	0	0	0	n/a	147	147	269	68	Guard rail safety improvements are programmed at sites on Halcombe Rd, Main Drain Rd, Rongotea Rd and Te Rakehou Rd are programmed for completion by June 2022.
341 Road to Zero	New LOS	7	0	7	n/a	0	7	403	253	This budget will fund many individual safety improvement projects under the project groupings, Urban and Rural Speed Management, Safer Journeys for Schools, Road Corridor and Intersection Improvements. Delivery of programme underway, All projects due for completion June 2022

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
357 Resilience Improvements	New LOS	18	0	18	n/a	0	18	66	18	Scour protection work has been completed at sites on East Mangahua Road, Umitoi North Road and Junction Road. A further scour protection jobs at Willoughby Street will proceed if contracting resources allow. This work will improve resilience around bridge abutments which have been identified as being at risk from flood damage.
451 Walking Facilities	New LOS	2	2	0	21%	0	2	271	0	New footpaths on Colyton Road, Taonui Road, Ouse Street and Wear Street. Delivery of programme underway, All projects due for completion April 2022
452 Cycling Facilities	New LOS	16	0	16	n/a	0	16	984	0	A tender has been awarded for new cycle route markings on East Street and North Street in Feilding. Construction will commence in January 2022 with expected completion April 2022
Non Subsidised Roding Renewal	Renewal	5	48	(43)	-90%	34	39	96	99	Renewal of non subsidised assets, or to be used to fund the renewal component of any Growth projects.
NZTA New Surplus	New LOS	0	0	0	n/a	0	0	1,519	0	Budgeted surplus above approved NZTA approved jobs, used to hold budget above what NZTA has approved. Unless there is an opportunity to include extra projects, or to fund non subsidised work, this budget will not be used.
Te Araroa Trail Construction	Renewal	0	0	0	n/a	0	0	245	0	Improvements to sections of the Te Araroa Trail on Mt Stewart Halcombe Road and Ngaio Road are programmed for construction this year.
Non Sub Mitigation Sealing	Renewal	0	0	0	n/a	0	0	17	0	Mitigation of dust nuisance on Karewarewa Rd will be undertaken in conjunction with the resurfacing programme.
Vested Asset Roding	New LOS	0	0	0	n/a	0	0	517	517	Assets expected to be vested to Council by year end.
<b>Total Roding</b>		<b>4,620</b>	<b>5,832</b>	<b>(1,210)</b>	<b>-21%</b>	<b>3,688</b>	<b>8,308</b>	<b>16,597</b>	<b>13,411</b>	
<b>Solid Waste</b>										
Purchase of New Recycling Bins	New LOS	1	18	(17)	-96%	13	14	35	23	New recycling bins purchased as required by the public.
Recycling Inventory	New LOS	(2)	(2)	0	-2%	0	(2)	(5)	(5)	Inventory moved out to public as required.
Resource Recovery Centre	New LOS	737	773	(37)	-5%	205	942	773	773	Physical works due for completion end of February 2022.
Kaimatarau RTS Improvements	New LOS	0	6	(6)	-100%	0	0	13	0	Current location of rural transfer station is under review. Project scope to be determined.
Est Mobile Recycling Centres	New LOS	0	10	(10)	-100%	0	0	21	21	Location for Halcombe recycling to be investigated.
Himatangi RTS	New LOS	0	9	(9)	-100%	0	0	21	21	Concrete pad for Rongotea to be commissioned.
										Work is underway with asphalt bunding and new bins onsite. Upgraded signage and additional bins still to be done.
<b>Total Solid Waste</b>		<b>735</b>	<b>814</b>	<b>(79)</b>	<b>-10%</b>	<b>218</b>	<b>953</b>	<b>858</b>	<b>833</b>	
<b>Stormwater</b>										
Stormwater Growth Feilding	Growth	86	1,232	(1,146)	-93%	147	233	5,452	3,128	Road 1 and 4B awarded to Higgins Contractors Ltd. Negotiations underway with developers and Higgins to undertake Port Street extension utilities this financial year. Turners Road phasing complete with power poles to be moved once land negotiations complete. No physical works will be completed this financial year.
Stormwater New Connections	New LOS	0	8	(8)	-100%	0	0	16	16	New connections are completed on an as required basis.
Stormwater New Work Feilding	New LOS	(3)	22	(26)	-115%	0	(3)	45	0	Meeting had with Feilding Sale Yards collective with design options put forward.
Stormwater Unplanned Renewals	Renewal	16	29	(14)	-46%	59	75	97	61	Asset analysis underway with renewals to be prioritised based on need.
Stormwater District Wide New Works	New LOS	25	324	(299)	-92%	10	35	575	575	Tenders received. Recommended tender price will exceed annual budget. We will propose to bring forward budget from next financial year to enable the project to be undertaken.
Stormwater Land Acquisition	New LOS	0	0	0	n/a	0	0	1,000	0	Not required to spend, the land has been confirmed via Public Works Act process.
<b>Total Stormwater</b>		<b>123</b>	<b>1,615</b>	<b>(1,492)</b>	<b>-92%</b>	<b>216</b>	<b>339</b>	<b>7,185</b>	<b>3,780</b>	

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
<b>Wastewater</b>										
Feilding Wastewater Treatment Plant Asset Renewal	Renewal	1,065	632	434	69%	179	1,244	1,301	57	Physical works underway for a number for projects including the undergrounding of powerlines, entrance way upgrade, SCADA upgrade, upgrading of watermain for firefighting and actiflow upgrade. Further projects to be scoped.
Feilding Wastewater Treatment Plant Irrigation	New LOS	206	170	37	22%	13	219	440	308	Buffer planting in zone 4 underway with further planting zones to be established. Irrigators have not arrived in NZ. Purchase of buffer irrigation completed.
Himatangi WW Asset Replacement	Renewal	0	5	(5)	-100%	0	0	10	10	Asset analysis underway with renewals to be prioritised based on need.
Feilding Wastewater Treatment Plant Upgrade	New LOS	726	859	(133)	-15%	1,324	2,050	2,138	941	Physical works underway for a number of projects including the trade waste line, weighbridge and construction of a security fence. The design of the land passage is underway with consultation with Iwi to follow.
Feilding Wastewater New Projects	New LOS	0	8	(8)	-100%	0	0	16	0	Meeting arranged with Feilding Sale Yards collective to discuss design and costs.
Feilding Wastewater Growth	Growth	575	666	(91)	-14%	15	590	1,281	407	Road 1 and 4B awarded to Higgins Contractors Ltd. Negotiations underway with developers and Higgins to undertake Port St extension Utilities this financial year. Turners Road phasing complete with power poles to be moved once land negotiations complete. No physical works will be completed this financial year.
Feilding Reticulation Renewals	Renewal	286	313	(26)	-8%	297	583	625	224	Churcher Street and Homelands Ave projects are completed. We are investigating Homelands Ave to ensure all sewer laterals have been installed.
WW Unplanned Renewals-Villages	Renewal	4	0	4	n/a	0	4	0	0	Sanson and Rongotea retic renewal works.
Wastewater New Connections	New LOS	49	29	20	69%	0	49	57	57	New connections are completed on an as required basis.
Wastewater Centralisation Renewal	Renewal	1,912	2,934	(1,022)	-35%	287	2,199	5,738	3,386	Sanson WW line is complete with tendering of the Sanson pump stations RFT is closed and evaluation to start early February. We have awarded the pipe supply contracts for both Rongotea and Halcombe and currently negotiating with our preferred contractors for pipe install on Rongotea and Halcombe legs
Rongotea Wastewater Treatment Plant Renewals	Renewal	0	3	(3)	-100%	0	0	5	5	Project scoping to be completed.
Kimbolton Wastewater Treatment Plant Renewals	New LOS	0	50	(50)	-100%	0	0	99	0	Asset analysis underway with renewals to be prioritised based on need.
Sanson Wastewater Treatment Plant Renewals	Renewal	17	10	7	70%	2	19	20	0	Asset analysis underway with renewals to be prioritised based on need.
<b>Total Wastewater</b>		<b>4,841</b>	<b>5,677</b>	<b>(836)</b>	<b>(0)</b>	<b>2,116</b>	<b>6,957</b>	<b>11,733</b>	<b>5,396</b>	

		Actuals YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance %	Commitments \$000	Commitments & Actual YTD \$000	Full Year Revised Budget \$000	Annual Plan \$000	Notes/Comments
<b>Water Supply</b>										
Feilding WTP Renewals	Renewal	93	2,207	(2,113)	-96%	1,446	1,540	4,380	1,779	A number of projects underway as part of the Feilding water strategy, included in these projects are the purchase of land at Campbell Road bore, Newbury Line and Roots Street, the construction of a new bore in Feilding, upgrade of the treatment plant at Campbell Rd including a new reservoir. Land acquisition at Roots Street has been secured. The construction of the reservoir and bore are due to start immediately following the Ohakea water supply contract.
Feilding WS Reticulation Renew	Renewal	371	181	190	105%	11	382	362	226	Kawakawa Road section completed with team moving into MWWTP. Drillco awarded section through Dalgety line and physical works have commenced.
Himatangi Water Asset Renewals	Renewal	3	6	(3)	-48%	4	7	12	12	Asset analysis underway with renewals to be prioritised based on need.
Stanway/Halcombe RWS Renewals	Renewal	34	111	(77)	-69%	0	34	223	44	Asset analysis underway with renewals to be prioritised based on need.
Waituna West RWS Renewals	Renewal	0	7	(7)	-100%	0	0	13	13	Asset analysis underway with renewals to be prioritised based on need.
Feilding Water Supply Growth	Growth	149	503	(354)	-70%	166	315	1,036	178	Road 1 and 4B awarded to Higgins Contractors Ltd. Negotiations underway with developers and Higgins to undertake Port Street extension Utilities this financial year. Turners Road phasing complete with power poles to be moved once land negotiations complete. No physical works will be completed this financial year.
Water Supply New Connections	New LOS	16	5	11	226%	0	16	23	23	New connections are completed on an as required basis.
Feilding Water Pressure Zones	New LOS	0	369	(369)	-100%	0	0	738	738	Rising main design between bore and McDonald Heights reservoir completed with negotiations underway with landowners and Kiwirail for required access.
Stanway/Halcombe RWS	Renewal	16	13	2	18%	0	16	27	14	Asset analysis underway with renewals to be prioritised based on need.
WS Unplanned Renewals-Villages	Renewal	15	9	7	81%	0	15	17	17	Asset analysis underway with renewals to be prioritised based on need.
Stanway/Halcombe WTP New Works	New LOS	117	1,520	(1,403)	-92%	1,075	1,192	1,807	575	Protozoa upgrade of the Stanway/Halcombe scheme underway. Filtec have been awarded the contract for design build with physical works due to start later this year. This project is DIA funded with deadline for completion June 2022. Iwi consultation underway.
Ohakea Rural Water Scheme	New LOS	6,380	8,758	(2,378)	-27%	3,704	10,084	9,768	4,631	A number for projects underway as part of the Ohakea Rural Water Scheme. All procurement for this project is complete with multiple projects underway including the bore, reservoir, treatment plant and pipeworks.
Vinegar Hill Rural Water Scheme	New LOS	4	0	4	n/a	0	4	0	0	Project still under feasibility stage, funding and Iwi consultation process underway.
District Wide Improvements	New LOS	368	225	143	64%	204	572	449	449	Kawakawa Road section completed with team moving into MWWTP. Drillco awarded section through Dalgety line and physical works have commenced.
<b>Total Water Supply</b>		<b>7,570</b>	<b>13,913</b>	<b>(6,343)</b>	<b>-46%</b>	<b>6,611</b>	<b>14,180</b>	<b>18,855</b>	<b>8,699</b>	
<b>Support Services and Other</b>										
Motor Vehicle Renewals	Renewal	198	323	(125)	-39%	111	309	796	461	Two vehicles received up to October. One received in November. Six vehicles are on order with five due for delivery in December-January, and one due by 30 June 2022. Due to delivery delays the annual budget is unlikely to be spent.
New Motor Vehicle	New LOS	38	40	(2)	-5%	0	38	40	0	Completed - this was the EM vehicle
Council Chamber Sound System	Renewal	11	32	(21)	-67%	53	64	64	0	Partly installed, more microphones on order
Computer Hardware Renewals	Renewal	52	299	(247)	-82%	85	138	598	316	Costs to date are for previous year deliveries, and budget includes carry forward from FY2020/21 financial year. Further orders are in place with delivery expected by year end. On track for slight underspend by year end. Still valid.
Software Replacement	Renewal	199	326	(127)	-39%	220	419	652	511	Project start was delayed until August. GIS project spend is now on track. Jarvis Project - progressing well and on track.
IT - Capital New Jobs	New LOS	4	0	4	n/a	0	4	23	23	No new requirements to date.
Call Centre Autex Panelling	New LOS	0	0	0	n/a	0	0	7	7	Investigations on sound panelling still underway
General Renewals	Renewal	0	12	(12)	-100%	0	0	25	25	Linked to Admin building project
General New Assets	New LOS	15	11	4	38%	0	15	22	22	Installation of CCTV cameras in MDC carpark completed in November 2021.
<b>Total Support Services and Other</b>		<b>517</b>	<b>1,043</b>	<b>(526)</b>	<b>(3)</b>	<b>470</b>	<b>987</b>	<b>2,227</b>	<b>1,365</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>19,226</b>	<b>30,410</b>	<b>(11,184)</b>	<b>-37%</b>	<b>13,754</b>	<b>32,979</b>	<b>63,593</b>	<b>40,452</b>	



# Treasury Reporting Dashboard

31 December 2021

STRICTLY PRIVATE AND CONFIDENTIAL



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

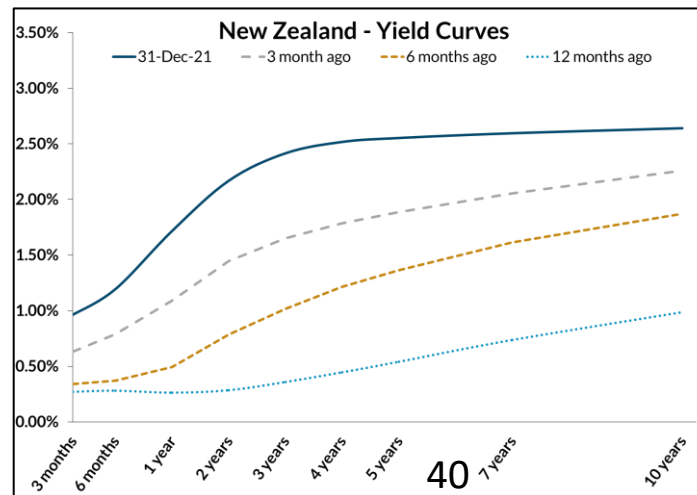


## Global

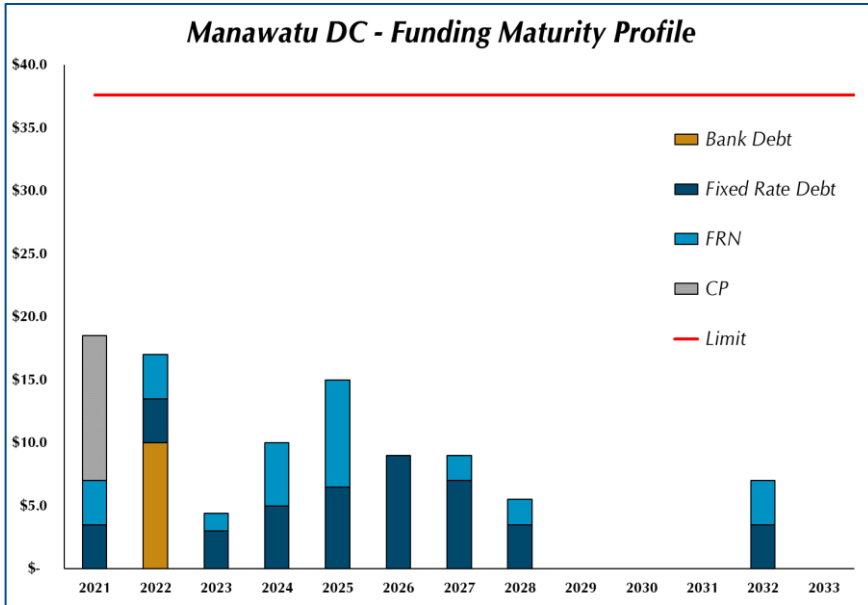
- › Although the impact of COVID-19 and the new Omicron variant is still significant as we start 2022, financial market focus has shifted to the ongoing inflationary pressures being felt, the removal of monetary stimulus in a number of jurisdictions to counter this, and the impact that the realignment of China's economic goals (and its zero COVID-19 policy) could have on global growth.
- › Bond rates were up globally over 2021 with the increase in the US10-year bond yield, by 0.59% to 1.51%, underpinning yields. While most central banks focused on decreasing stimulus by winding down their bond buying programmes, the Reserve Bank of New Zealand (+0.50%) and the Bank of England (+0.15%) hiked their cash rates and implied more hikes over 2022. The US Federal Reserve and the Bank of Canada have indicated that rates will be going up some time in 2022, and the Reserve Bank of Australia has dropped its assertion that there will be no hikes until late 2023. The European Central Bank is now talking about winding down its bond buying programme but, after 20+ years of below target (mainly negative) inflation, the Bank of Japan sees no change to its current settings for the foreseeable future.
- › Despite the prospect of higher interest rates, most equity markets had another solid year with near zero cash rates in the major economies giving solid support. However, residential housing markets were the star performer in most jurisdictions, supported by low mortgage rates, while closed borders saw tight labour markets push wages higher in many places. According to Frank Knight International's 2021 Q3 survey (released late December), of the 56 countries surveyed annual house prices fell in only two places, Morocco, and Malaysia. Turkey was number one with +35.5% growth for the 12-months reviewed, with South Korea next at +26.4% and New Zealand third at +21.9%. In Australia prices were up 18.9%, in the US they increased by 18.7%, and in the UK, they were up 11.8%. They were even up in Japan (by 8.9%) although China posted gains of 'only' 3.2% as the impact of the Government's 'common prosperity' goal impacted on property speculation. Frank Knight did note however that the annual rate of price increases moderated in Q3 2021, with this trend expected to continue over Q4 and into 2022.
- › Looking ahead the World Bank slashed its global growth forecast to 4.1% in 2022 and 3.2% in 2023 as nations start to unwind the unprecedented levels of fiscal and monetary policy support as the sharp rise in inflation, debt and income inequality jeopardises the global recovery. Also, Goldman Sachs lowered their projections for China from 4.8% to 4.3% based on the expectation of increased restrictions on business activity to contain COVID given that Beijing has now registered its first Omicron case.
- › Australia continues to be impacted by the Omicron outbreak, as infected and isolating workers are causing significant disruptions across the economy pushing already strained supply-chains past breaking point, particularly in the food sector. The extent of the economic damage to the local economy will ultimately depend on how quickly cases subside although a sustained outbreak may require the reactivation of fiscal support measures.

## New Zealand

- › Despite the surge in COVID-19 Omicron cases around the world, the focus for interest rate markets is squarely on increases in global inflation levels and how ‘transitory’ current supply chain pressures may be. This is seeing an end to quantitative easing and/or rate hikes priced in throughout the OECD. Domestic financial market pricing has a projected cash rate of 2.25% by the end of this year, with this quantum of hikes reflected in current swap rates. The 3-year swap rate is up 2.06% from this time last year whereas the cash rate is ‘only’ up 0.50%. However, given that financial markets are forward looking there would need to be a more aggressive tightening cycle factored in to see swap rates out to 5-years increase much more, although longer-term rates are influenced by US bond rate moves and if the US10-year rate continues to move higher then the local curve could steepen. On balance we think interest rate markets have priced in a lot of good news and we increasingly see the current 2.75% to 3.00% peak for the OCR priced in for this tightening cycle being the best (worst) case scenario, depending on if you are a borrower or a lender. We see any significant surprises to the downside, given the uncertain global outlook, but it is clear that the OCR will go higher this year.
- › Data released during the fourth quarter showed that the New Zealand economy contracted 3.7% in the September quarter and 0.3% for the year as the COVID-19 induced lockdown that commenced in mid August had a significant effect on economic activity. However, the unemployment rate fell to a record equalling low of 3.4% in the September quarter while inflation climbed sharply, increasing by 2.2% in the September quarter and 4.9% for the year ending 30 September. Retail sales declined by 8.1% in the September quarter which came as no surprise given the lockdown and the significant effect it has on consumer spending.
- › Looking ahead the economy in 2022 could look quite different to the artificially positive economic outcomes of 2020 and 2021 where massive monetary and fiscal stimulus drove up asset prices and underpinned consumer spending. Interest rates are set to rise higher and bank lending has credit tightened which will hamstring consumer and business sentiment. Our expectation remains for domestic economic data to be print softer over coming months which could see a slower interest rate hiking cycle than the market is currently pricing.



# Funding and Liquidity



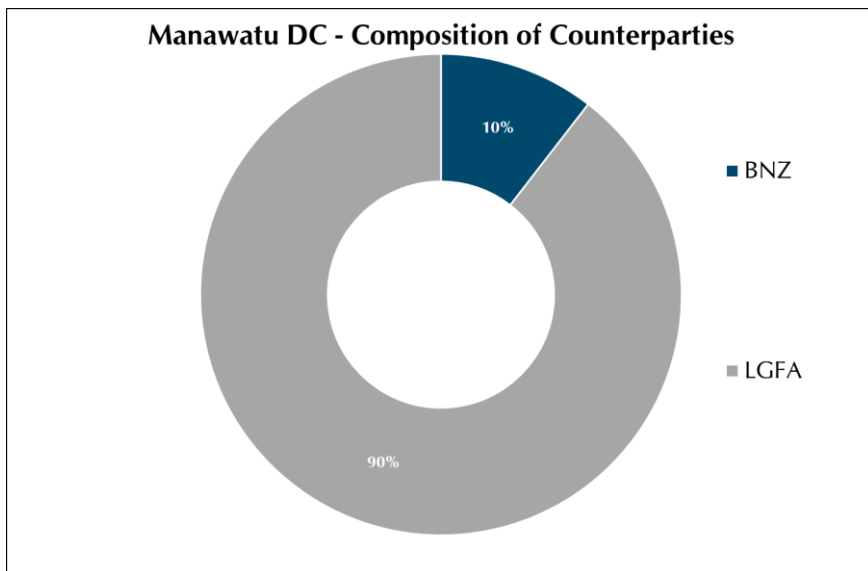
Funding KPIs	Minimum %	Maximum %	Actual	Compliant?
Liquidity	110%	N/A	121.9%	Yes
Funding Maturity Profile <i>No more than 40% of debt to mature in any rolling 12 month period</i>				Yes

Debt  
**\$85.4m**  
 Total External Council Drawn Debt

LGFA  
**\$85.4m**  
 Funds Drawn from LGFA

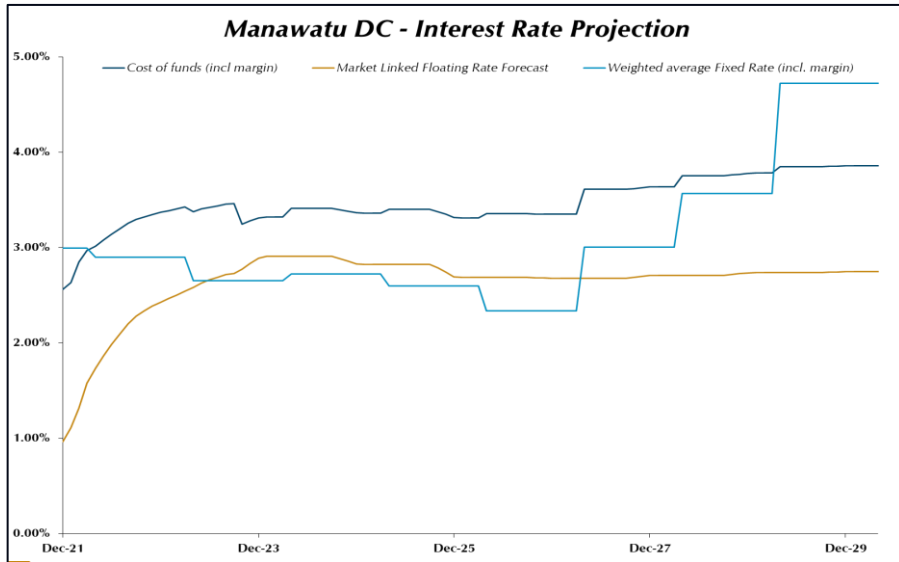
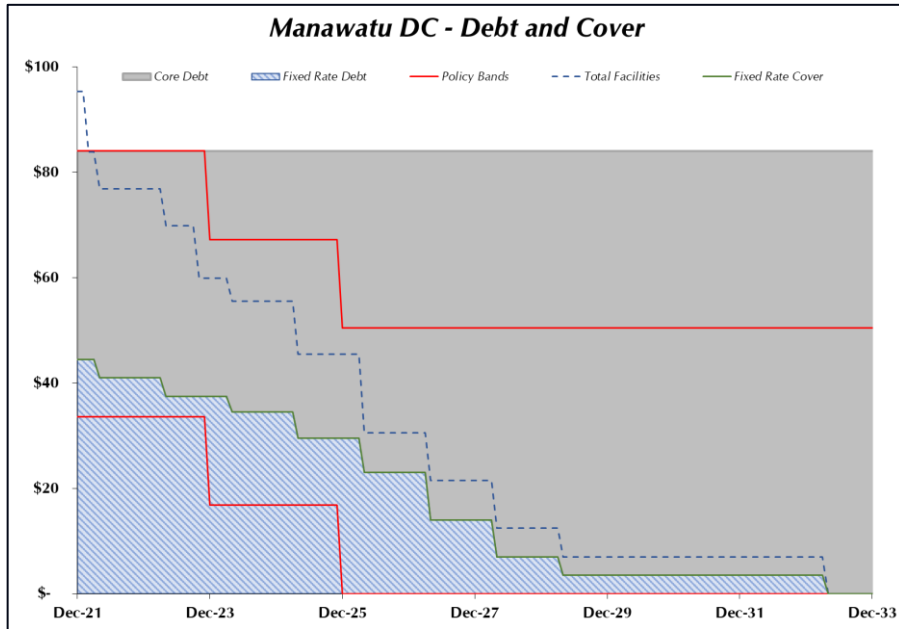
Headroom  
**\$10.0m**  
 Undrawn Bank Facilities

Liquidity Ratio  
**121.9%**  
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt



Policy Compliance	Compliant	Flag
<i>Have all transactions been transacted in compliance with policy?</i>	Yes	
<i>Is fixed interest rate cover within policy control limits?</i>	Yes	
<i>Is the funding maturity profile within policy control limits?</i>	Yes	
<i>Is liquidity within policy control limits?</i>	Yes	
<i>Are all counterparty exposures within policy control limits?</i>	Yes	

# Interest Rate Risk Management



<b>Current % of Debt Fixed</b>	52.9%
<b>Current % of Debt Floating</b>	47.1%
<b>Value of Fixed Rate (m)</b>	\$44.5
<b>Weighted Average Cost of Fixed Rate Instruments</b>	3.45%
<b>Weighted Average Cost of Fixed Rate Instruments (incl margin)</b>	2.99%
<b>Value of Forward Starting Cover</b>	\$0.0
<b>Weighted Average Cost of Forward Starting Cover</b>	0.00%
<b>Value of Floating Rate (m)</b>	\$39.6
<b>Current Base Rate</b>	0.96%
<b>Current Floating Rate (incl margin)</b>	2.08%
<b>All Up Weighted Average Cost of Funds Including Margin</b>	2.56%
<b>Total Facilities In Place</b>	\$95.4
<b>Facility Headroom</b>	\$10.0

<b>Policy Bands</b>				
	<b>Minimum</b>	<b>Maximum</b>	<b>Cover %</b>	<b>Policy</b>
0 - 2 years	40%	100%	52.9%	Compliant
2 - 4 years	20%	80%	44.6%	Compliant
4 - 13 years	0%	60%	35.1%	Compliant

# Current Position

**Fixed Rate Cover**

Cover Type	Bank	Face Value (\$m)	Start Date	Maturity	Swap rate / Cap
		\$ 44.5			2.99%
Fixed Rate Debt	LGFA	\$ 3.5		15-Apr-22	4.11%
Fixed Rate Debt	LGFA	\$ 3.5		15-Apr-23	5.56%
Fixed Rate Debt	LGFA	\$ 3.0		15-Apr-24	1.81%
Fixed Rate Debt	LGFA	\$ 5.0		15-Apr-25	3.47%
Fixed Rate Debt	LGFA	\$ 4.0		15-Apr-26	3.89%
Fixed Rate Debt	LGFA	\$ 2.5		15-Apr-26	2.90%
Fixed Rate Debt	LGFA	\$ 7.0		15-Apr-27	1.11%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-27	1.95%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-28	3.12%
Fixed Rate Debt	LGFA	\$ 3.0		15-Apr-28	2.20%
Fixed Rate Debt	LGFA	\$ 2.0		15-Apr-28	2.12%
Fixed Rate Debt	LGFA	\$ 1.0		20-Apr-29	2.42%
Fixed Rate Debt	LGFA	\$ 2.5		20-Apr-29	2.41%
Fixed Rate Debt	LGFA	\$ 3.5		14-Apr-33	4.72%

**Floating Rate Facilities in place**

Type	Counterparty	Current value	Start Date	Maturity Date	Margin	Line Fee
		\$ 50.9			1.06%	
CP	LGFA	\$ 11.5	16-Aug-21	11-Feb-22	0.20%	
FRN	LGFA	\$ 3.5	15-Apr-15	15-Apr-22	0.51%	
FRN	LGFA	\$ 3.5	19-May-14	15-Apr-23	0.82%	
FRN	LGFA	\$ 5.0	20-Jun-16	15-Apr-25	0.82%	
FRN	LGFA	\$ 4.0	15-Dec-17	15-Apr-26	0.91%	
FRN	LGFA	\$ 2.0	17-Dec-18	15-Apr-26	0.88%	
FRN	LGFA	\$ 2.5	15-Mar-19	15-Apr-26	0.79%	
FRN	LGFA	\$ 2.0	15-Mar-19	15-Apr-28	0.89%	
FRN	LGFA	\$ 2.0	14-Jun-21	20-Apr-29	0.63%	
FRN	LGFA	\$ 3.5	15-May-17	14-Apr-33	0.94%	
Bank Debt	BNZ	\$ 10.0		31-Oct-23	2.88%	0.20%
FRN	LGFA	\$ 1.4	1-Dec-21	15-Apr-24	0.40%	

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## GET IN TOUCH

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## **Audit and Risk Committee**

Meeting of 10 February 2022

Business Unit: Infrastructure  
Date Created: 14 December 2021

## **Waka Kotahi - Investment and Audit Report of Manawatū District Council**

### **Purpose Te Aronga o te Pūrongo**

The purpose of the audit is to provide assurance that Waka Kotahi NZ Transport Agency's investment in Manawatū District Council's land transport programme is being well managed and delivering value for money.

### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

### **Recommendations Ngā Tūtohinga**

That the Audit and Risk Committee receives the Waka Kotahi - Investment and Audit Report, and notes the recommendations, and implementation dates.

Report prepared by:  
John Jones  
Roading Manager

Approved for submission by:  
Hamish Waugh  
General Manager - Infrastructure

**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	✓
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	✓
An environment to be proud of He kāinga ka rauhītia tōna taiao	✓
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	✓
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	✓
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

**2 Background Ngā Kōrero o Muri**

2.1 Waka Kotahi NZ Transport Agency’s (hereafter Waka Kotahi) funds the Manawatū District Council’s (MDC) land transport activity through its National Land Transport Programme (NLTP). Manawatū District Council is responsible for the management of the land transport activity, excluding the state highways, within the Manawatū District.

2.2 There were five recommendations resulting from the previous June 2019 investment audit (procedural) report. Four of these recommendations have been addressed.

2.3 This procedural audit was completed for the NLTP period 1 July 2018 to 30 June 2021, and the audit findings confirm a value for money delivery.

**3 Discussion and Options considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia**

3.1 The recommendations contained in Waka Kotahi’s Investment and Audit Report of Manawatū District Council have been accepted.

**4 Te Kīwai (o te kete)**

4.1 Te Kīwai is the engagement process which guides Council’s practice and ensures the onus to engage and include Māori is shared between Council and all partners. In this manner, we progress both the articles and principles of Te Tiriti o Waitangi by maintaining the balance between Kawanatanga (Governance) of the Council and Tino Rangatiratanga (Sovereignty) of whānau, hapū, and iwi Māori.

4.2 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

## **5 Community Engagement Te Whai Wāhitanga mai o te Hapori**

5.1 No community engagement is necessary.

## **6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi**

6.1 The claim process will be documented on Jarvis to reduce the risk of reliance on key staff.

6.2 Transactions will be checked prior to claims being submitted to Waka Kotahi.

6.3 A full reconciliation of the retentions account will be carried out.

6.4 Financially assisted tenders will be advertised on the Government Electronic Tenders service (GETS).

6.5 Council has published the current endorsed Procurement Strategy on its website.

6.6 A late tenders policy clause will be added to future Request for Tender Contract Documents.

6.7 The Tender Evaluation Team clause will be removed from future Request for Tender Contract Documents.

6.8 Ensure the agreed treatment of road safety audits recommendations are documented.

## **7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni**

7.1 There are no financial implications.

## **8 Statutory Requirements Ngā Here ā-Ture**

8.1 Land Transport Management Act 2003.

## **9 Delegations Te Mana Whakatau**

9.1 The Audit and Risk Committee has deligated authority to receive this report.

## **10 Conclusion Whakatepena**

10.1 While Council has demonstrated several examples of good practice, there are a few issues which have been identified that require Council's attention.

## **11 Attachments Ngā Āpitihanga**

- Appendix 1: Waka Kotahi Investment Audit Report. Procedural Audit of Manawatū District Council.



# INVESTMENT AUDIT REPORT

## Procedural Audit of Manawatū District Council

### **Monitoring Investment Performance**

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

BEN RODDIS

1 DECEMBER 2021

<b>Approved Organisation (AO):</b>	Manawatū District Council
<b>Waka Kotahi NZ Transport Agency Investment (2018 – 2021 NLTP):</b>	<b>\$23,694,157</b> (budgeted programme value)
<b>Date of Investment Audit:</b>	26 <sup>th</sup> – 28 <sup>th</sup> October 2021
<b>Auditors:</b>	Tony Pinn / Ben Roddis
<b>Report No:</b>	RABRI-2138

## **AUTHORITY SIGNATURES**



**Prepared by:**

.....  
Tony Pinn, Senior Investment Auditor  
Ben Roddis, Senior Investment Auditor



**Approved by:**

.....  
Yuliya Gultekin, Practice Manager Audit & Assurance

30/11/2021

.....  
Date

### **DISCLAIMER**

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

## EXECUTIVE SUMMARY

Waka Kotahi NZ Transport Agency's (hereafter Waka Kotahi) funds the Manawatū District Council's (MDC) land transport activity through its National Land Transport Programme (NLTP). Manawatū District Council is responsible for the management of the land transport activity, excluding the state highways, within the Manawatū District.

There were five recommendations resulting from the previous June 2019 investment audit (procedural) report. Four of these recommendations have been addressed.

This procedural audit was completed for the NLTP period 1 July 2018 to 30 June 2021, and the audit findings confirm a value for money delivery. Claims for funding assistance for the three preceding financial years to 30 June 2021 were reconciled against the Council's General Ledger records with sufficient audit trail evident. Transaction testing of work categories was successful across the three years audited.

Manawatū District Council's current Procurement Strategy expires on the 3<sup>rd</sup> of August 2023. It is Waka Kotahi requirement to publish the endorsed Procurement Strategy on the Council's website. While Council has demonstrated several examples of good practice, there are a few issues have been identified during the review of the procurement procedures requiring the Council's attention.

Road safety audits for improvement projects are being commissioned from independent providers. However, there was no documentation showing how Council is addressing the resulting recommendations from these audits. Council needs to urgently address this.

## AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	<b>Some Improvement Needed</b>
3	Procurement Procedures	<b>Some Improvement Needed</b>
4	Contract Management	<b>Significant Improvement Needed</b>
5	Professional Services	<b>Effective</b>
Overall Rating		<b>Some Improvement Needed</b>

**Note:** Before being finalised this report was referred to Manawatu District Council for comment. Council's responses are included in the body of this report.

\* Please see Introduction for Rating Assessment Classification Definitions

## RECOMMENDATIONS SUMMARY

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Manawatū District Council		Implementation Date
R 2.1	Documents the claim process to reduce the risk of reliance on key staff.	30 June 2022
R 2.2	Validates claim to ensure transactions and LC/LR are checked prior to claims being submitted to Waka Kotahi.	31 January 2022
R 2.3	Carries out a full reconciliation of the retentions account.	30 June 2022
R 3.1	Openly advertises financially assisted tenders on the Government Electronic Tenders service (GETS).	From January 2022 onward
R 3.2	Publishes Council's current endorsed Procurement Strategy on the Council's website.	December 2021
R 3.3	Applies a consistent late tenders policy to its request proposal documents.	From January 2022 onward
R 3.4	Ensures that any changes to tender evaluation team members from that stated in the RFT are communicated to potential tenderers through a Notice to Tenderers.	From January 2022 onward
R4.1	Urgently addresses outstanding recommendations resulting from road safety audits conducted on Awahuri Fielding Safety Improvements and Rongotea Rd Right Turn Bay projects.	December 2021 to March 2022

## 1.0 INTRODUCTION

### 1.1. Audit Objective

The objective of this audit is to provide assurance that Waka Kotahi NZ Transport Agency's (hereafter Waka Kotahi) investment in Manawatū District Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with Waka Kotahi investment. We recommend improvements where appropriate.

### 1.2. Rating Assessment Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
<b>Investment management</b>	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
<b>Compliance</b>	Transport Agency and legislative requirements met.	Some omissions with Transport Agency requirements. No known breaches of legislative requirements.	Significant breaches of Transport Agency and/or legislative requirements.	Multiple and/or serious breaches of Transport Agency or legislative requirements.
<b>Findings/ deficiencies</b>	Opportunities for improvement may be identified for consideration.	Error and omission issues identified which need to be addressed.	Issues and/or breaches must be addressed, or on-going Transport Agency funding may be at risk.	Systemic and/or serious issues must be urgently addressed, or on-going Transport Agency funding will be at risk.

## 2.0 ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

<b>1. Previous Audit Issues</b>	
<p>There were five recommendations resulting from the June 2019 audit i.e.</p> <p>That Manawatū District Council:</p> <ul style="list-style-type: none"> <li>a) Confirms the three required non-price attributes will be used for evaluating proposals.</li> <li>b) Confirms all Low Cost / Low Risk project expenditure will be claimed against work category 341 in future.</li> <li>c) Confirms procurement of suppliers for financially assisted contracts will comply with approved Transport Agency procedures.</li> <li>d) Documents its audit recommendations follow-up action decisions to close-out road safety audit reports.</li> <li>e) Confirms road safety audits will be considered at key stages of projects development, and audit exemption declarations completed where it has decided an audit is unnecessary.</li> </ul> <p>All recommendations have been addressed except for (d), and this matter now requires urgent attention. We discuss this in more detail in section 4.</p>	
Manawatū District Council comment	Accepted.

\* \* \*

<b>2. Financial Processes</b>	<b>Some Improvement Needed</b>
<p>The structure of the General Ledger is mapped to work categories once the data has been extracted from Ozone. The spreadsheet used is for more than just the claim and is complex with some manual free text cells, but it works for Council's current needs. However, there is the potential for Council to underclaim and a heavy reliance on key staff with no formal documented process for claiming. We recommend producing a documented process around claiming to reduce the reliance on key staff.</p> <p>Claims for funding assistance for the three financial years to 30 June 2021 were reconciled against the Council's General Ledger records with sufficient audit trail evident. Over the three years Council utilised 98% of the MOR approval.</p> <p>Transaction testing was largely successful and the sampled expenditure transactions were mostly correctly coded and eligible for subsidy. During testing, we came across the below transactions which were incorrectly coded to the subsidised GL code. This indicates the possibility of miscoding through the existing claims process and should be considered as a risk. Sufficient unclaimed qualifying expenditure was found to negate a recovery from Waka Kotahi.</p>	

Job	Sub Job	Analysis Code	Trans Date	Year	Pd	Trans Amount	Narration	Creditor	PO	Source Type
RD1006	001	4008	01-Jan-2018	2018	07	2,000.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2018 - 31 DECEMBER 2018	LINZ - LANDBANK	47555	AP
RD1006	001	4008	01-Jan-2019	2019	07	-2,000.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2019 - 31 DECEMBER 2019	LINZ - LANDBANK	36538	PO
RD1006	001	4008	01-Jan-2019	2019	07	2,000.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2019 - 31 DECEMBER 2019	LINZ - LANDBANK	53746	AP
RD1006	001	4008	15-Jan-2019	2019	07	2,000.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2019 - 31 DECEMBER 2019	LINZ - LANDBANK	36538	PO
RD1006	001	4008	01-Jan-2020	2020	07	2,000.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2020 - 31 DECEMBER 2020	LINZ - LANDBANK	59303	AP
RD1006	001	4008	01-Jan-2021	2021	07	2,100.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2020 - 31 DECEMBER 2020	LINZ - LANDBANK	65271	AP
RD1006	001	4008	13-Aug-2020	2021	08	117.06	AORANGI PARK RAILWAY LAND - ANNUAL RENT SHORTFALL 1/11/19 TO 31/12/20	LINZ - LANDBANK	65564	AP
RD1006	001	4008	13-Aug-2020	2021	08	-117.06	AORANGI PARK RAILWAY LAND - ANNUAL RENT SHORTFALL 1/11/19 TO 31/12/20 - LINZ - LANDBANK	LINZ - LANDBANK	45193	PO
RD1006	001	4008	01-Jan-2021	2021	08	-2,100.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2020 - 31 DECEMBER 2020 - LINZ - LANDBANK	LINZ - LANDBANK	45532	PO
RD1006	001	4008	03-Feb-2021	2021	08	2,100.00	AORANGI CARPARK RAILWAY LAND - ANNUAL RENT - 1 JAN 2020 - 31 DECEMBER 2020 - LINZ - LANDBANK	LINZ - LANDBANK	45532	PO
RD1006	001	4008	16-Feb-2021	2021	08	117.06	AORANGI PARK RAILWAY LAND - ANNUAL RENT SHORTFALL 1/11/19 TO 31/12/20 - LINZ - LANDBANK	LINZ - LANDBANK	45193	PO
						8,217.06				

The Low Cost / Low Risk (LC/LR) programme coding is confusing in the claim spreadsheet process. There is a work category aligned to the AMP activity code (which links directly to Waka Kotahi work category codes) which can differ to Waka Kotahi LC/LR 341 work category. Both are free text boxes. This method increases the risk of confusion and/or claim anomalies if inputted incorrectly. The current claiming process does not have a check against this.

The 20/21 LC/LR programme was overclaimed by \$30,000 (total \$15,900 subsidised) and Manawatū District Council had already contacted their Senior Investment Advisor for advice. The Audit team has followed up within Waka Kotahi to confirm that a new activity will be approved in TIO with a negative approval of \$30,000 in order to repay the overclaim in the next available TIO claim.

Given the reliance on key staff, complexity of the spreadsheet and miscodes, we recommend that the claim spreadsheet is checked and validated by another appropriate staff member prior to entry into TIO.

Council closed off the 2020/2021-year end around the 5<sup>th</sup> of July; however, Manawatū District Council did receive some invoices after that date and could consider utilising the supplementary claim if approval is available at year end to minimise any underclaim.

The retentions account was difficult to review as there did not appear to be a clear reconciliation between the General Ledger balance and the list of retentions being held per contract. One old retention for contract 1539 was identified with a debit balance. This needs further investigation through a full reconciliation of this account.

Recommendation	That Manawatū District Council:  2.1 Documents the claim process to reduce the risk of reliance on key staff.  2.2 Validates claim to ensure transactions and LC/LR are checked prior to claims being submitted to Waka Kotahi.  2.3 Reconciles its retentions account to individual contracts.
Suggestion	Council could consider utilising the supplementary claim if approval is available at year end to further minimise any underclaim.
Manawatū District Council comment	Accepted

\*\*\*

3. Procurement Procedures	Some Improvement Needed
<p>Council has a current Waka Kotahi endorsed Procurement Strategy dated July 2020 that is expiring on the 3<sup>rd</sup> of August 2023.</p> <p>Seven physical works contracts were reviewed for compliance with Waka Kotahi Approved Procurement Procedures and Councils Procurement Strategy. Contracts complied generally; however, the following issues have been identified during our audit.</p> <p><u>Contract 1228 Rangiotu Road Intersection Improvements</u></p> <p>The composition of the tender evaluation team (TET) was varied from that stated in the request for tender (RFT), but tenderers were not notified as required by the RFT. This could potentially give rise to challenge by unsuccessful tenderers. Council needs to ensure conformity with the specified terms and conditions of the contract tender documents.</p> <p><u>General</u></p> <ul style="list-style-type: none"> <li>• Electronic Tendering for financially assisted contracts is only advertised through Tenderlink. Section 10.6 of the Waka Kotahi Procurement Manual states “An approved organisation must openly advertise all opportunities to supply, which are required to commence as an open competitive process, on the Government Electronic Tenders Service (GETS)”. We remind Council of this requirement.</li> <li>• Council’s Procurement Strategy published on the MDC’s website is the preceding May 2018 version. It is a requirement that the current endorsed Procurement Strategy be published online in the Council’s website. This will need updating.</li> <li>• There did not appear to be a late tender policy applied across all the RFTs we reviewed</li> </ul> <p>We also noted several examples of good practices throughout the procurement process e.g.:</p> <ul style="list-style-type: none"> <li>• Tender evaluation reports and relevant procurement documentation were readily accessible in the Council’s records system.</li> <li>• Good procedures are in place for the overall managing and acknowledgment of Notice to Tenderers (NTTs).</li> <li>• A consistent application of the conflicts of interest process.</li> </ul>	
<p>Recommendation</p>	<p>That Manawatū District Council:</p> <p>3.1 Openly advertises financially assisted tenders on the Government Electronic Tenders Service (GETS).</p> <p>3.2 Ensures that the current endorsed Procurement Strategy is published in the Council’s website.</p> <p>3.3 Applies a consistent late tenders’ policy to its request for proposal documents.</p> <p>3.4 Ensures that any changes to the tender evaluation team’s composition from that stated in the RFT are communicated to potential tenderers through a Notice to Tenderers.</p>
<p>Manawatū District Council comment</p>	<p>Accepted</p>

\* \* \*

<b>4. Contract Management</b>		<b>Significant Improvement Needed</b>
<p>Good reporting procedures are in place for the management of contracts and there was supporting evidence that contracts are being monitored on a regular basis.</p> <p>Variations checked during the procurement testing were within acceptable tolerances and were well documented.</p> <p>Road safety audits for improvement projects are being commissioned from independent providers and Council has a good understanding of the policy requirements. We reviewed three Road safety audits, two relating to the Awahuri Fielding Safety Improvements (followed up from the previous audit) and the Rongotea Rd Right Turn Bay. There was no documentation showing how Council was addressing the resulting recommendations from these audits. This exposes Council to potential reputational risk, for example, where there is an accident, and the audit recommendations are still outstanding. Council must urgently address these findings and document its decisions. This was also highlighted in the previous audit.</p>		
Recommendation	4.1 That Manawatū District Council urgently addresses outstanding recommendations resulting from road safety audits conducted on Awahuri Fielding Safety Improvements and Rongotea Rd Right Turn Bay projects.	
Manawatū District Council comment	Accepted, however since the outstanding administration regarding safety audits is easily remedied, I think the grading should be “Some Improvement Needed”.	
Auditor’s response	After carefully considering Council’s response to the draft report and the non-action from 2019 audit report, the rating of “Significant Improvement Needed” will remain.	

\* \* \*

<b>5. Professional Services</b>		<b>Effective</b>
<p>Council procures professional services primarily in-house. The cost recovery multiplier of approximately 2.4 appeared high compared to similar Councils. Further investigation revealed that this covers both administration and the direct overheads of the business unit staff. Whilst this is acceptable no separate administration costs are charged. Council may wish to consider a review to ensure all costs of the roading activity are being captured appropriately.</p>		
Suggestion	That Council considers reviewing overhead allocations to ensure all costs of the roading activity are being captured.	
Manawatū District Council comment	Accepted	

\* \* \*

## 3.0 APPENDICES

### APPENDIX A

#### Audit Programme

1. Previous audit June 2019
2. Land Transport Disbursement Account
3. Final Claims for 2018/19, 2019/20, 2020/21
4. Transactions (accounts payable)
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management & Administration
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close-out meeting

## APPENDIX B

## Contracts Audited

Contract Number	Tenders Received	Date Let	Description	Contractor		
			<b>Physical Works</b>			
C1063	4	Aug 20	Mangaweka Bridge Replacement	Dempsey Wood Ltd	Estimate	\$7,161,830
					Let Price	\$6,902,372
					Final Cost	Ongoing
C1066	2	Nov 18	Hiwinui Unsealed Footpath	Higgins Ltd	Estimate	\$309,112
					Let Price	\$399,595
					Final Cost	\$421,065
C1228	2	Aug 20	Rangiotu Road and Bainesse Road Intersection Improvements.	Downer Ltd	Estimate	\$217,705
					Let Price	\$227,417
					Final Cost	\$227,262
C1298	2	Apr 21	Churcher Street Reconstruction	Higgins Ltd	Estimate	\$812,000
					Let Price	\$1,005,121
					Final Cost	ongoing
C1094	1	Sep 18	Terrace Road RP4390	McIntyre Contracting	Estimate	\$71,060
					Let Price	\$51,542
					Final Cost	\$58,469
C1083	5	Sept 19	Rongotea/Green Rd Right Turn Bay	Downer Ltd	Estimate	\$372,619
					Let Price	\$367,613
					Final Cost	\$423,864
C1247	4	Nov 20	Active Mode Connectivity Palmerston North to Feilding.	Chris Gommans Contracting	Estimate	\$225,006
					Let Price	\$259,533
					Final Cost	\$ongoing

## **Audit and Risk Committee**

Meeting of 18 February 2022

Business Unit: Finance

Date Created: 03 February 2022

### **Rates Setting Process Controls**

#### **Purpose Te Aronga o te Pūrongo**

To outline the internal controls in place with regard to the rates setting process within Council.

#### **Significance of Decision Te Hira o te Whakataunga**

The Council's Significance and Engagement Policy is not triggered by matters discussed in this report. No stakeholder engagement is required.

#### **Recommendations Ngā Tūtohinga**

That the Audit and Risk committee receive the report and note the changes that have been implemented as a result of the error that occurred with the 2021-22 rates setting process.

That the Audit and Risk committee note that it is the intention of the Chief Financial Officer to undertake a legal review on the rates resolution prior to adoption of the Annual Plan.

Report prepared by:  
Amanda Calman  
Chief Financial Officer

Approved for submission by:  
Amanda Calman  
Chief Financial Officer

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**1 Contribution to Community Well-being and Council’s Community Outcomes Te Tūhono ki ngā Whāinga a te Kaunihera mō te Oranga Hapori me te Whakawhanake Hapori**

1.1 Relationship to Council’s strategic priorities (community outcomes):

A place to belong and grow He kāinga e ora pai ai te katoa	
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	
An environment to be proud of He kāinga ka rauhītia tōna taiao	
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	
Value for money and excellence in local government He kāinga ka eke tōna kāwanatanga ā-rohe ki ngā taumata o te kairangi	✓

**2 Background Ngā Kōrero o Muri**

- 2.1 During the rates setting process for 2021-22 financial year and error in the rate value calculations was identified after the rates invoices had been issued, this was resulting in the total revenue being invoiced to be higher than the budget required.
- 2.2 Legal advice was sought on the best method to correct the error, and the rates reset process was recommended and adopted by Council
- 2.3 Council resolved to contract Audit NZ to check do an independent review of the calculations and resulting rates values before the rates reset process was invoked
- 2.4 Legal review was undertake on the public notice requirements and to ensure the process undertaken met legislative requirements.
- 2.5 Council resolved to reset rates at the 7 October 2021 meeting, in time for the second quarter invoicing.
- 2.6 Council requested a report be presented to Audit and Risk to outline the controls being used to ensure this error does not occur in the future.

**3 Discussion and Options considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia**

- 3.1 Audit NZ noted at the Council meeting 3 February 2022 that Council undertake legal review of the Rates resolution and Funding impact statement (this is actually the rates section of the Annual report that outlines each rate value) This will come at an additional cost and is not included in the rates control process.

- 3.2 Most Councils do this legal review at the time of the Long Term Plan, and not each year. This was not undertaken for the 2021-31 Long Term Plan. It is not planned to undertake this legal review as part of the 2022-23 Annual Report
- 3.3 Some Council's do this legal review on an annual basis (with each LTP and Annual Plan), this seems excessive but It is the Chief Financial Officers recommendation that this is under taken for the next two years to ensure maximum learnings can be taken from this process.
- 3.4 The expertise required for this review sits predominately with Simpson Grierson and this is the supplier who Council would utilise, their experience and speed in which they assisted during the recent reset is greatly appreciated and impressive.

#### **4 Te Kīwai (o te kete)**

- 4.1 There are no known cultural considerations associated with the matters addressed in this report. No engagement with Māori is necessary.

#### **5 Community Engagement Te Whai Wāhitanga mai o te Hapori**

- 5.1 There is no community engagement required for this item.

#### **6 Operational Implications Te Whai Pānga Atu ki ngā Kaupapa Mahi**

- 6.1 This is an operational report, and the process outlined in the report will result in some current changes to align to this process. This will be actioned within existing resources.

#### **7 Financial implications Te Whai Pānga Atu ki ngā Kaupapa Ahumoni**

- 7.1 The additional legal review requirements outlined within the report will require an additional expenditure item, it is anticipated to absorb this cost within the existing year budgets due to current vacancies resulting in some expenditure compacity.

#### **8 Statutory Requirements Ngā Here ā-Ture**

- 8.1 The rates process is regulated under the Local Government Act 2002 and the Local Government Rating Act 2002.

#### **9 Delegations Te Mana Whakatau**

- 9.1 The Local Government (Rating) Act provides Council with the flexible powers to set, assess and collect rates to fund local government activities (see section 3)

#### **10 Conclusion Whakatepenga**

- 10.1 Based on the error that occurred during the 2021-2022 rates setting process, additional steps have been built into the operational process's to ensure the error does not occur in the future.
- 10.2 As per Audit NZ advice, legal review will be undertaken for the next rates setting process for the Annual Plan 2022-23.

## **11 Attachments Ngā Āpiti hanga**

- Rates setting operational process as at Feb 2022

## Setting of Rates process

The setting of rates is a multiple stage process which includes:

1. Budget setting - Determining the total rates required by each rate type
2. Individual rate values – Calculating each rate value for each rate type
3. Audit process (LTP only) – Assessing the first two steps and checking for completeness of rates calculated and required to the Funding Impact Statement
4. Rates strike process – applying each rate value against all rate-able properties within the district

### Budget setting

This process is well documented and is driven by various strategies and policies including the revenue and financing policy which outlines how each activity is funded and which rate is applicable.

Once the total rates requirement by rate type is determined via the budget process, the calculation of the individual price/value of each rate is then undertaken (this is still part of the budget process).

### Individual Rates Value Calculation

#### Step 1 – Check that rates model is calculating correctly

*This is a testing step - It takes the existing rating database numbers and calculates the individual rates values; it allows the values to be run through the rating system and back checked to the model to ensure the model is working correctly.*

- Take existing property numbers from rating database, bring into rates model noting no inflation to property numbers for this time
- Bring in the total rates requirement by rate type into the model as per budget
- Refresh all formulae
- Reconcile model to the total rates requirement including remissions
- Refresh - sample ratepayer properties
- Copy existing property data into rating test environment (Ozone test)
- Load the new prices calculated from the model into test environment and run rating assessment

#### Quality check 1 Senior Rates Officer

- Reconcile the total rates assessed via the test system back to the budget requirement including remissions These should match very closely.
- Reconcile sample ratepayer properties from test environment back to calculated sample,

- Analyse variances (can be due to changes in remission status from what is assumed in model)

- Adjust assumptions to sample ratepayer properties if required based on current information

**Quality check 2 – (NEW) CFO or Management Accountant**

- Checks individual rates values have been input correctly
- Check that total rates requirement reconciles to model
- Signs off test report as being accurate

*Once test assessment reconciles to model then this means the model is working correctly*

**Step 2 – Run rates model with inflation assumptions applied**

*This take the model that is now confirmed as working correctly and brings in the latest property growth assumptions to calculate the individual rates values before applying them back to the existing rating properties in the database*

- Take existing property numbers from rating database into rates model adding outstanding months of inflation to property numbers
- Bring in the total rates requirement by rate type into the model as per budget
- Refresh all formulae
- Reconcile model to the total rates requirement including remissions
- Refresh - sample ratepayer properties
- Copy existing property data into rating test environment (Ozone test)
- Load the new prices calculated from the model into test environment and run rating assessment

**Quality check 3 Senior Rates Officer**

- Reconcile the total rates assessed via the test system back to the budget requirement including remissions
- Reconcile sample ratepayer properties from test environment back to calculated sample
- Analyse variances - should only reflect the inflation assumption

**Quality check 4 – (NEW) CFO or Management Accountant**

- Checks individual rates values have been input correctly
- Check that total rates requirement reconciles to model
- Extract total data from rating assessment and compare against previous two years of actual assessment

- Check that overall movement of properties resembles the total movement expected
- Review properties with large variances for reasonableness
- Sign off rates statement as being correct

### **Step 3 –Format rating information into Rates Resolution and Rating Statement format for Annual Plan/LTP**

- Collate rating values into the format published for the Annual Plan/LTP (Audit and Legal review call this the FIS)
- Set up the Council rates resolution

#### **Quality check 5 – By Senior Rates Officer, Accountant, at least one other**

- Checks individual rates values in resolution match those of model
- Check individual rates values in resolution add up to total rates requirement in FIS
- Check total revenue requirement by rate type noted, rates model and reconciles to requirement of FIS
- Check all dates referred to in resolution are updated (payment dates etc.)
- Once reviewed and signed off by three individual people these are ready to send to legal review

### **Step 4 – (NEW) Send rates resolution and rating statement format to legal review**

- Send Rates resolution and FIS statement for legal review
- Once approved by legal review, the rates are then sent to Council for adoption as part of the Annual Plan/LTP

### **Audit process occurs (LTP years)**

*Audit have full access to all workings and add an additional step before adoption in an LTP year.*

### **Step 5 – Send Council resolution to Council & Publish signed off rates values in Annual Plan/LTP**

This has its own range of quality control checks performed via the proofing process

### **Rates Strike (July) – Calculating the official rates invoice**

*Striking rates in July ensures all the new subdivisions and new houses have been valued and all change of ownership notices have been actioned before we do the final strike.*

### **Step 1 – Rates strike is performed in Test environment**

*Take the latest property information and run the process through the test environment to check the outcome*

- Copy rates database with property information into test environment
- Take existing properties at 1 July (this will be different to the modelled numbers) as it takes into account latest subdivision and amalgamations
- Input the Rates values for each rate type from Council Rates Resolution
- Run the model
- Reconcile total rates and remissions back to rates requirements of budget – there will always be a variance of +/- \$100,000. (Rates statement report)

#### **Quality Control check 4** by Senior Rating Officer

- Check that Rates Values input match those adopted in Council Resolution
- Reconcile to QV Database,
- Reconcile to RWS,
- Review new remissions applications to ensure they have been processed and calculating correctly

#### **Quality control (NEW) 5 – CFO to check**

- Check each rating value has been input correctly and matches Council resolution
- Extract total data from rating assessment and compare against previous two years of actual assessment
- Check that overall movement of properties resembles the total movement expected
- Review properties with large variances for reasonableness
- CFO signs off rates statement as being correct to rates model and requirement

### **Step 2 – Rates strike is performed in Live environment**

*Repeat previous step in live environment and check that outcome is the same*

- Perform step 1 again but in live environment
- Copy rates database with property information into test environment
- Take existing properties at 1 July (this will be different to the modelled numbers) as it takes into account latest subdivision and amalgamations
- Input the Rates values for each rate type

- Run the model
- Reconcile total rates and remissions back to rates requirements of budget – there will always be a variance of +/- \$100,000. (Rates statement report)

**Quality Control check 6** (by Senior Rating Officer)

- Reconcile back to test environment outcome in previous step

**Quality control (NEW) 7** Reports submitted to CFO for:

- Checking variance
  - Checking back to model totals
  - Check back to test environment outcome in previous step
  - CFO signs off rates statement report as being correct to the rates values and requirement
- Send print file to printer for printing and distribution