

MASTERTON DISTRICT COUNCIL

AGENDA

AUDIT AND RISK COMMITTEE

WEDNESDAY 12 MAY AT 1.00PM

MEMBERSHIP OF THE COMMITTEE

Philip Jones (Chairperson)

Her Worship the Mayor

Cr B Gare

Cr G McClymont

Cr T Nelson

Cr T Nixon

Cr C Peterson

Iwi representative T Te Tau

Quorum: Four

Notice is given that the meeting of the Masterton District Council Audit and Risk Committee will be held on Wednesday 12 May 2021 at Waiata House, 27 Lincoln Rd, Masterton commencing at 1.00pm.

**RECOMMENDATIONS IN REPORTS ARE NOT TO BE CONSTRUED AS COUNCIL
POLICY UNTIL ADOPTED**

7 May 2021



1

AGENDA ITEMS

1. CONFLICTS OF INTEREST (Members to declare conflicts, if any)
2. APOLOGIES
3. PUBLIC FORUM
4. LATE ITEMS
5. **MINUTES OF PREVIOUS MEETING TO BE RECEIVED** (030/21) Pages 401-408

FOR DECISION

6. **AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2021** (068/21) Pages 411-429
7. **CIVIC FINANCIAL SERVICES LTD ANNUAL GENERAL MEETING** (070/21)
Pages 430-431

FOR INFORMATION

8. **SERVICE PROVISION REPORT: ARATOI REGIONAL TRUST** (066/21)
Pages 432-436
9. **SERVICE PROVISION REPORT: DESTINATION WAIRARAPA** (074/21)
Pages 437-440
10. **NON-FINANCIAL PERFORMANCE 2020/21 THIRD QUARTER REPORT** (065/21)
Pages 441-461
11. **NINE MONTHS TO DATE FINANCIAL REPORT 2020/21** (069/21) Pages 462-486
12. **HEALTH AND SAFETY QUARTERLY REPORT** (078/21) Pages 487-495
13. **EXCEPTION TO PROCUREMENT POLICY** (067/21) Pages 496-499
14. **LOCAL GOVERNMENT FUNDING AGENCY QUARTERLY REPORT** (071/21)
Pages 500-517
15. **EXTERNAL PROJECT FUNDING** (076/21) Pages 518-521
16. **INSURANCE REPORT** (077/21) Pages 522-526

2

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

Moved by

Seconded by

Under section 48 (1) of the Local Government Official Information and Meetings Act 1987 the following matters will be taken with the public excluded :-

Minutes of the previous meeting

17. Receive the Minutes of the previous meeting held with the public excluded 3 March 2021.

General Business

18. Cyber Security

19 SLT Risk Discussion.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Minutes of Previous Meeting held 3 March 2021	See page 404-406	s48(1)(a)(i) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
Cyber Security	(7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. (7)(2)(j) – Prevent disclosure or use of official information for improper gain or improper advantage. Ground(s) Under Section 48(1) for the Passing of the Resolution 7(2)(b)(ii) – Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	s48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 except section 7(2)(f)(i) of this Act.
SLT Risk Discussion	7(2)(c)(i) The withholding of the information is necessary to protect information which is	s48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure

3

subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

7(2)(c)(ii)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.

401

030/21

**REPORT OF THE AUDIT & RISK COMMITTEE MEETING HELD AT WAIATA HOUSE,
LINCOLN ROAD, MASTERTON ON WEDNESDAY 13 MARCH AT 2.00 PM**

PRESENT

Philip Jones (Chair), Mayor L Patterson, Councillors B Gare, G McClymont, T Nixon, T Nelson, and C Peterson

IN ATTENDANCE

Chief Executive, Manager Finance, Manager Strategic Planning, Manager Assets and Operations, Manager Community Facilities and Activities, Acting Communications and Marketing Manager, People and Capability Manager, Health and Safety Advisor and Governance Advisor.

CONFLICT OF INTEREST

No conflicts were declared.

**LATE ITEMS FOR INCLUSION UNDER SECTION 46A(7) OF THE LOCAL
GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987**

There were no late items.

APOLOGIES

Moved Mayor L Patterson

That the apologies from Tiraumaera Te Tau for non-attendance be accepted.

Seconded by Philip Jones and CARRIED

MINUTES OF PREVIOUS MEETING TO BE RECEIVED (173/20)

Moved by Councillor Nixon

That the minutes of the previous meeting of the Audit and Risk Committee held 18 November 2020 be received.

Seconded by Councillor T Nelson and CARRIED

WORKPLACE HEALTH AND SAFETY AND STAFF WELLBEING POLICY (024/21)

The report seeking endorsement of the revised Workplace Health and Safety and Staff Wellbeing Policy by the Audit and Risk Committee was presented by the Manager People and Capability.

Moved by Councillor G McClymont

That the Audit and Risk Committee:

- a) notes the Workplace Health and Safety and Staff Wellbeing Policy has been reviewed.

402

b) notes the revised Workplace Health and Safety and Staff Wellbeing Policy was approved by the Senior Leadership Team on 11 February 2021; and

c) endorses the revised Workplace Health and Safety and Staff Wellbeing Policy included as Attachment 1 to Report 024/21.

Seconded by Councillor T Nixon and CARRIED

INVESTMENT POLICY AMENDMENT (029/21)

The report recommending a change to the Investment Policy to enable Council to provide loan funding to a wider range of entities was presented by the Chief Executive and the Manager Finance.

The Chair raised the need for an advice note to accompany the policy. The Chief Executive advised that a standard operating procedure with a checklist would be developed. Once a loan agreement has been approved by Council, there will also be a requirement to report back to Council at least annually, although each loan agreement would have different reporting timeframes depending on the level of risk involved.

Moved by Mayor L Patterson

That the Audit and Risk Committee recommends to Council that:

- a) Council amend its current Investment Policy to allow loans to a greater range of entities**
- b) Council adopts the proposed changes (as highlighted and struck through) to its Investment Policy in Attachment 1 of Report 029/21.**

Seconded by Councillor T Nelson and CARRIED

[Note the proposed Investment Policy changes (Attachment 1 to Report 029/21) are attached in Minutes Attachment 1]

SERVICE PROVISION REPORT (021/21)

The report providing the Committee with the quarterly progress report against key result areas for Aratoi Regional Trust, and key deliverables for Destination Wairarapa; the six-month report against key result areas for Connecting Communities Wairarapa; and key initiatives for Sport Wellington Wairarapa was presented by the Manager Community Facilities and Activities.

Moved by Councillor G McClymont

That Council receives Service Provision Report 021/21, which covers:

- (a) the summary results of the key result areas for the quarter 1 October – 31 December 2020 from Aratoi Regional Trust**
- (b) the summary results of key deliverables for the quarter 1 October – 31 December 2020 from Destination Wairarapa**
- (c) the summary results of key result areas for the six months 1 July – 31 December 2020 from Connecting Communities Wairarapa**

403

(d) the summary results of the key initiatives for the six months 1 July – 31 December 2020 from Sport Wellington Wairarapa

Seconded by Councillor T Nixon and CARRIED

NON-FINANCIAL PERFORMANCE 2020/21 SECOND QUARTER REPORT (022/21)

The report advising the Committee of performance against non-financial measures for the period from 1 July 2020 to 31 December 2020 was presented by the Manager Strategic Planning.

A revised page 452 was provided as the measures for the War Memorial Stadium had been updated.

A request was made for the mandatory measures to be identified in future reporting.

The Manager Strategic Planning advised that the current measures had been revised and a new suite had been adopted for the LTP.

Moved by Mayor L Patterson

That the Audit and Risk Committee receives the Quarter 2 non-financial performance report for the 2020/21 financial year.

Seconded by Councillor T Nixon and CARRIED

HEALTH AND SAFETY QUARTERLY REPORT (025/21)

The report providing an update to assist elected members carry out their role as officers under the Health and Safety at Work Act 2015 was presented by the Senior Advisor Health and Safety.

Moved by Councillor B Gare

The Audit and Risk Committee notes the content and receives the Health and Safety Report for the second quarter (1 October 2020 to 31 January 2021).

Seconded by Councillor T Nixon and CARRIED

6 MONTHS TO DATE FINANCIAL REPORT 2020/21 (023/21)

The report providing the Committee with the financial report for the six months to 31 December 2020 was presented by the Manager Finance.

The accounting treatment of the three waters stimulus package funding and other one-off grants from central government was discussed. For the next financial report, the Chair requested a table setting out money approved, received, when it was planned to be spent, whether opex or capex and when Council needed to spend it by. Project updates were reported to the Infrastructure and Services Committee but, as there was a risk in money having to be returned, it was agreed that an initial report would come to Audit and Risk with exception reporting after that. Consideration of the accounting treatment of the income was requested - if income had been received but not spent at the end of a financial year.

404

Moved by Councillor T Nixon

That Audit & Risk Committee receives the 6 months to date financial report and commentary, including the Operating and Capital Expenditure Statements contained in Report 023/21.

Seconded by Mayor L Patterson and CARRIED

MATTERS TO BE TAKEN WITH THE PUBLIC EXCLUDED

Moved by Councillor B Gare

Under section 48 (1) of the Local Government Official Information and Meetings Act 1987 the following matters will be taken with the public excluded :-

Minutes of the previous meeting

13. Receive the Minutes of the previous meeting held with the public excluded 18 November 2020.

General Business

14. Risk Policy and Risk Management Enhancements

15. Update on CouncilMARK Assessment Report

16 SLT Risk Discussion.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Minutes of Previous Meeting held 18 November 2020	See page 405-406	s48(1)(d) That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies
Risk Policy and Risk Management Enhancements	7(2)(c)(i) The withholding of the information is necessary to protect information which is the subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the	s48(1)(d) That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies

405

available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

7(2)(c)(ii)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest

Update on CouncilMARK Report

7(2)(c)(i)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied

SLT Risk Discussion

7(2)(c)(i)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely

s48(1)(d)

That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceeding to which this paragraph applies

406

to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

7(2)(c)(ii)

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.

AND That Karl Dudley is permitted to remain at this meeting after the public has been excluded because of his knowledge of the agenda item relating to the Risk Policy and Risk Management Enhancements.

Seconded by Councillor T Nixon and CARRIED

The public was excluded at 2.53pm

The meeting returned to open session at 3.06pm

The meeting returned to open session to take the item on the final Report from Council's Auditors, Audit New Zealand on their audit of Council for the year ended 30 June 2020.

REPORT TO THE COUNCIL ON THE AUDIT FOR THE YEAR ENDED 30 JUNE 2020

(028/21)

To provide the Audit and Risk Committee with the final Report from Council's Auditors, Audit New Zealand on their audit of Council for the year ended 30 June 2020.

Council's Appointed Auditor, John Whittal, was in attendance by zoom.

The Chair requested some of the audit comments be cleared in the interim audit, rather than the final. Most were easily addressed and could be cleared.

The Audit comment in relation to simplifying the content of the Annual Report was discussed. Audit NZ were requested to send an example of a report that met their requirements early on in the process of putting together Council's next Annual Report. An assessment could then be made of what simplification would be possible for the 2020-2021 report.

407

Moved by Mayor L Patterson

That Audit & Risk Committee receives the Report on the Audit of Masterton District Council for the year ended 30 June 2020 attached to Report 028/21.

Seconded by Councillor T Nixon and CARRIED

The meeting concluded at 3.20 pm

408

INVESTMENT POLICY

Loan Advances

~~MDC may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic and commercial purposes. New loan advances are by Council resolution only.~~

Loan advances may be made from time to time to assist the Council to achieve its investment objectives and Council outcomes. Council approval is required for all loan advances.

Council will make advances and other investments after considering the impact of these on the community and the security and return of the advance.

Council may offer advances at concessionary interest rates (except to a Council Controlled Trading Organisation as per below).

On occasion, Council may approve loans to trusts or other community-based organisations where there is social or community benefit to be achieved from the lending.

Often such lending might be made at significantly discounted or nil interest rates, again in recognition of the clear social and community benefit that is being provided.

~~MDC does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable than those that would apply if MDC were borrowing the money or obtaining the financial accommodation.~~

MDC does not lend to CCTOs on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security. MDC will not guarantee loans to CCTOs in accordance with the LGA (s.62).

MDC may allow time for ratepayers to pay rates via postponement arrangements or other agreements to pay off debts over time. Those arrangements are governed by separate policies and are not regarded as Loan Advances.

MDC reviews the performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved. ~~The Manager Finance monitors loan advances and reports to Council annually.~~ Reporting to the Council on the loan advances and guarantees of other entity borrowing must be done at least annually.

To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	Audit Plan for the year ending 30 June 2021
DECISION	
Recommendation:	
That the Audit and Risk Committee	
<ul style="list-style-type: none"> i. reviews and endorses the Audit Plan for the year ending 30 June 2021 and ii. requests that the Chief Executive Officer (or her delegate) continues to ask for an earlier audit date and final audit opinion date. 	

Purpose

To provide the Audit and Risk Committee with a copy of Audit NZ's proposed Audit Plan for their audit of the Annual Report of the year ending 30 June 2021 (see Attachment 1).

Discussion

The Local Government Act 2002 requires councils to:

- complete and adopt an annual report that contains audited financial statements and service performance information within four months after the end of the financial year
- make the audited annual report publicly available within one month of adopting it
- make an audited summary of the annual report publicly available within one month of adopting the annual report.

The Council adopted an Audit Engagement Letter and Audit Proposal in 2020 for the three financial years ending 30 June 2020, 2021 and 2022. These documents set out the terms of the audit engagement and respective responsibilities of the governing body (the council) and the appointed auditor, for the financial statements and performance information.

The Proposal set out information relating to the three financial years and included the statutory basis for the audit, key members of the audit team, the hours they plan to spend on the audit, their fees for the 2020 audit, and what the OAG fees provide.

The Audit Plan for the 2020/21 audit sets out the risks and issues which will be the main focus of the audit. It sets out the audit process, reporting protocols and audit logistics which include the proposed dates of the audit and issuing of the final audit opinion (27 October 2021). Enquiries have been made to establish whether there is an flexibility to move the dates of the audit forward. The initial response is that they will look at it and come back to staff as soon as possible, but the signals were not strong that this would be achieved.

A separate audit fees proposal will be discussed and agreed with the Audit Director, John Whittal.

Audit plan

Masterton District Council

For the year ending 30 June 2021

Audit plan

I am pleased to present our audit plan for the audit of Masterton District Council (the District Council) for the year ending 30 June 2021. The purpose of this audit plan is to discuss:

Audit risks and issues.....	2
Our audit process.....	7
Reporting protocols	12
Audit logistics.....	13
Expectations	15

The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely

John Whittal
Appointed Auditor
[4 May 2021]

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
Asset revaluations and fair value assessment	
<p>PBE IPSAS 17, Property, Plant and Equipment, requires that valuations be conducted with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The District Council has adopted a policy to revalue its infrastructure, and land and building assets on a cyclical basis. The District Council last revalued its infrastructure assets during the 2019/20 financial year, and land and building assets in the 2017/18 financial year.</p> <p>We understand that the District Council will revalue its land and building assets as at 30 June 2021. There is increased risk of material misstatement in the financial statements due to the judgemental nature and large value of the assets.</p> <p>As this is a non-revaluation year infrastructure assets, the District Council will need to formally assess whether a revaluation is required to ensure the carrying value of these assets fairly reflects their fair value.</p> <p>It is prudent that the DHB makes this assessment at an early stage, as a full valuation if required takes a significant amount of time to complete.</p>	<p><i>For assets not revalued</i></p> <p>We will review the District Council's fair value assessments for reasonableness. As part of our work we will:</p> <ul style="list-style-type: none"> • obtain a copy of the assessments; • review the processes followed; and • review the basis for each assessment to ensure that it complies with generally accepted accounting practice. <p><i>For assets revalued</i></p> <p>We will:</p> <ul style="list-style-type: none"> • assess relevant controls that management has put in place to support the integrity of the underlying data and schedules supplied to the valuers; • obtain an understanding of the underlying data; • evaluate the qualifications, competence and expertise of the external valuers used; • review the method of valuing and assess if the applicable methods used are in line with the financial reporting framework and valuation standards; • engage with the valuers to assess the reasonableness of the assumptions used; • review the appropriateness of the accounting entries and the fixed asset register to ensure the values are correctly updated; and • understand the continued impact Covid-19 may have on the assumptions made by the valuers.

Audit risk/issue	Our audit response
Capital projects	
<p>A number of major projects are either underway or about to commence, including the Town Centre Upgrade, Hood Aerodome and Civic Centre.</p> <p>The key financial statement risks associated with capital projects include:</p> <ul style="list-style-type: none"> • costs not being appropriately accounted for in accordance with accounting standards; • balances being included in WIP at balance date when the assets have been completed and should have been capitalised; and • contracts entered into before balance date that are not disclosed as commitments in the notes to the financial statements. <p>We ask you to keep us informed on progress with the projects.</p>	<p>We will maintain a watching brief and monitor developments in relation to major capital projects at a high level.</p> <p>We will update our understanding of the projects, and when relevant, consider the adequacy of:</p> <ul style="list-style-type: none"> • project governance and management structures; • procurement and project management processes applied; and • risk management practices. <p>We will also consider the adequacy of systems in place for recording costs and commitments associated with the project. This includes reviewing the classification of expenditure on the project to make sure this has been accounted for in accordance with generally accepted accounting practice, identifying commitments and reviewing the District Council's impairment assessment at balance date.</p>
Covid-19 pandemic	
<p>The impact of the Covid-19 pandemic on the sector has been wide and varied.</p> <p>The long-term impact of Covid-19 in New Zealand, and how it might affect public entities, is unknown. The pandemic is still significantly impacting people and organisations globally. The borders remain closed and it is likely the pandemic will continue to have effects throughout the year ending 30 June 2021. As part of our audit we will continue to monitor how Covid-19 has impacted the District Council.</p>	<p>We will continue to monitor and update our understanding of how Covid-19 has affected the Council.</p> <p>In relation to Covid-19 and as part of our audit, we will:</p> <ul style="list-style-type: none"> • review the Council's impact assessment of the Covid-19 pandemic on the financial statements, performance information and control environment to determine the effect on our audit approach, specifically: <ul style="list-style-type: none"> ○ the valuations of all categories of assets; and ○ the Council's and management's assessment of any impairment indicators for the Council's Property, Plant and Equipment, including the calculation of recoverable amounts and allocations of any identified impairment losses to assets.

Audit risk/issue	Our audit response
	<ul style="list-style-type: none"> assess the completeness and accuracy of disclosures in the annual report relating to the Covid-19 pandemic. <p>Given the significance of this impact, it may also be necessary to consider whether there is any impact on the audit opinion.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> testing the appropriateness of selected journal entries; reviewing accounting estimates for indications of bias; and evaluating any unusual or one-off transactions, including those with related parties.

Other areas of focus for all local authorities

Area of audit focus	Our audit response
Rates	
<p>Rates are the Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</p>	<p>For 2020/21 we will again consider the Council's compliance with aspects of the LGRA that potentially materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the funding impact statement.</p> <p>We will also review selected differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The Council is responsible for ensuring that it complies with applicable laws and regulations.</p>

Area of audit focus	Our audit response
Annual report disclosures	
<p>Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 detail disclosures to be included in the annual report. The Council should review these requirements to ensure all disclosures have been included in the annual report.</p> <p>Note: The Local Government (Community Well-being) Amendment Act 2019 has amended Schedule 10 of the LGA which now includes the requirements to:</p> <ul style="list-style-type: none"> • outline any significant negative effects that any activity within the group of activities may have on the social, economic, environmental, or cultural well-being of the local community; and • describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community. 	<p>We will ensure that the disclosures required by Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 have been appropriately included in the City Council's annual report.</p>
Ethics and integrity	
<p>Ensuring that the public sector is effective and, above all, trusted, requires transparency, honesty and accountability. For that reason, ethics and integrity is an area of interest for the Auditor-General.</p>	<p>We will assess whether:</p> <ul style="list-style-type: none"> • the Council's control environment promotes transparency and ethical behaviour; • elected members of the Council provide clear and consistent communication about expected behaviours; and • the Council has controls and processes in place to mitigate the risks of unethical behaviour.
Procurement and contract management	
<p>An effective procurement management system can reduce the risk of challenges to the procurement decision-making processes, retain credibility with suppliers, and may decrease the cost of procurement of goods and services. An effective contract management system can provide significant value to an entity throughout the lifecycles of the contracts procured.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of current procurement and contract management practices; and • assess whether the Council's procurement policies and processes are up to date and appropriate.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of Masterton District Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the District Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the Council covering any relevant matters that come to our attention.

Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$76.8 million based on last year's net assets. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

Overall materiality	\$75,816,170
Clearly trivial threshold	\$3,840,809
Specific materiality	\$1,500,000
Clearly trivial threshold	\$75,000

For this audit we have set a **specific materiality** of \$1,500,000 for all items not related to the fair value of property, plant and equipment.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the management other than those that are **clearly trivial**. We consider misstatements of less than \$75,000 to be clearly trivial unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the District Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
<p>Safety of drinking water</p> <p>The extent to which drinking water supplies comply with:</p> <ol style="list-style-type: none"> 1 part 4 of the drinking-water standards (bacteria compliance criteria); and 2 part 5 of the drinking-water standards (protozoal compliance criteria). 	0% for compliance/ non-compliance
<p>Drinking water – customer satisfaction</p> <p>The total number of complaints received by the local authority about any of the following:</p> <ol style="list-style-type: none"> (a) Drinking water clarity. (b) Drinking water taste. (c) Drinking water odour. 	5%

Material measure	Materiality
<p>Wastewater – Discharge compliance/management of environmental impacts</p> <p>Breaches of resource consents for discharges from wastewater system.</p> <p>Number of:</p> <ul style="list-style-type: none"> • abatement notices; • infringement notices; • enforcement orders; and • convictions <p>for discharges from wastewater system.</p>	5%
<p>Dry weather sewerage overflows</p> <p>Dry weather overflows per 1000 connections.</p>	8% (0.08 per 1,000 connections)
<p>Wastewater – customer satisfaction</p> <p>The total number of complaints received by the TA about any of the following:</p> <ol style="list-style-type: none"> (a) Sewage odour. (b) Sewerage system faults. (c) Sewerage system blockages. (d) The TA’s response to issues with its sewerage system. <p>Expressed per 1000 connections to the TA’s sewerage system.</p>	5%
<p>Road condition</p> <p>The average quality of ride on sealed local road network, measured by smooth travel exposure.</p>	8%
<p>Roading – Road safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.</p>	5%

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

Wider public sector considerations

A public sector audit also examines whether:

- the District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



We will meet with management and the Mayor throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to Council



We will provide a draft of all reports to management (and Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to management and Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

John Whittal	Appointed Auditor
Valerie Wang	Audit Manager
Adrienne Dempsey	Assistant Manager

Timetable



Our proposed timetable is:

Interim audit begins	5 July 2021
Draft report to issued	31 July 2021
Draft financial statements and performance information available for audit (including notes to the financial statements) with actual year-end figures and performance results	1 October 2021
Final audit begins	4 October 2021
Final financial statements available, incorporating all the amendments agreed to between us	15 October 2021
Annual report available, including any Chair and Chief Executive's overview or reports	22 October 2021
Audit opinion issued	27 October 2021
Draft report to issued	30 November 2021

There is the possibility that, due to Covid-19, there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

AuditDashboard

During the audit, your staff provide us with a significant number of files. These files contain information that we have asked for about your internal controls or financial and non-financial information to support the contents of your annual report. When all this information is available in a timely manner, it helps the audit process to run as smoothly and effectively as possible for both you and us.

During 2021 we are implementing a new online portal called AuditDashboard. AuditDashboard allows for easier collaboration and file sharing between the DHB staff and the audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information with us. More information on this new tool can be found at: [Information about AuditDashboard](#).

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

There will be no change to the information that the audit team asks for. Rather than emailing information we will request information using AuditDashboard, which your team will then use to upload files.

If management accepts to collaborate with us, we intend to use start using AuditDashboard at our final audit stage. We will provide the Chief Executive with and ask them to complete an Agreement to use AuditDashboard. We expect these will be already be covered by your computer-use policy. We need to receive this back prior to implementing AuditDashboard on your audit.

We will work with your team to onboard them to AuditDashboard, answer any questions you might have, and ensure your team understand how to use it.

Expectations



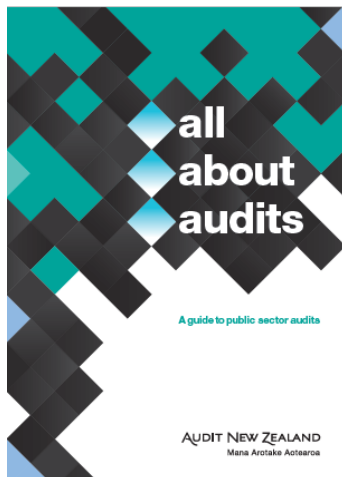
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our Audit Engagement Letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to help explain the audit process:



Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

www.auditnz.parliament.nz

PO Box 99
Wellington 6140
Phone: 04 496 3099



To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject	Civic Financial Services Limited Annual General Meeting
FOR DECISION	
Recommendation:	
That the Audit and Risk Committee endorses the Council's proxy vote being cast in favour of Jo Millar, Louise Edwards and Bevan Killick at the Civic Financial Services Limited Annual General Meeting being held on 18 June 2021.	

Purpose

To seek endorsement of the Council to cast a proxy vote on resolutions at the Civic Financial Services Limited Annual General Meeting (AGM) which will be held on 18 June 2021.

Background

The Council is a shareholder in Civic Financial Services Limited (Civic)– a provider of superannuation fund management services on behalf of the local government sector. They also have a role in administering the LAPP infrastructure insurance scheme and oversee the wind-down of the Riskpool mutual insurance fund.

The company has had a much larger role in the past when it was an insurer and dealt with Christchurch earthquake claims. It has since restructured, rebranded and earthquake strengthened Civic Assurance House. The building was sold in 2019 providing a special dividend pay out to shareholders (MDC special dividend was \$106,522).

The Council has previously given delegated authority to the Chief Executive to cast the usual AGM votes for Civic and the LGFA, but given the timing of this vote, a report to Council prior to the vote has been considered appropriate.

Civic AGM Issues to Vote On

The AGM needs to approve the appointment of three directors and there are five candidates, two are current directors, one is currently a co-opted director and two have been nominated.

Those standing are: Anthony Marriot – current director

431

John Melville – current director

Jo Millar – co-opted in Dec 2020, required to stand for election,
nominated by Hutt City

Louise Edwards & Bevan Killick nominated by Christchurch City Council.

Candidate profiles have been received with the voting pack and these are available to elected members on request. All candidates have the skills and experience to be directors.

The staff recommendation is to try and introduce some new perspectives around the board table, so to vote in favour of Jo Millar, Louise Edwards and Bevan Killick.

To:	Audit and Risk Committee
From:	Corin Haines, Acting Manager Community Facilities and Activities Deanna Elwin, Personal Assistant/Grants Administrator
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	Service Provision Report: Aratoi Regional Trust
FOR INFORMATION	
Recommendation: That the Audit and Risk Committee receives Service Provision Report 066/21, which covers the summary of results for Aratoi Regional Trust's key result areas for the third quarter, 1 January – 31 March 2021.	

Purpose

The purpose of this report is to provide the committee with the third quarter progress report against key result areas for Aratoi Regional Trust.

Context




The Aratoi Regional Trust provides a report for funding they receive, through the Provision of Services Agreement and Memorandum of Understanding, three-year term (1 July 2018 to 30 June 2021), in place with Council. Funding was confirmed via the 2020/21 Annual Plan.


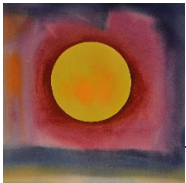

The Aratoi Regional Trust provides community infrastructure and a community service, to support Council's outcome "*Pride in our Identity and Heritage*".

The following table outlines Aratoi Regional Trust's key result areas and the results against these:

Aratoi Regional Trust

Key Result Areas	Result	Assurance (How Achieved)
<p>A sustainable and thriving organisation:</p> <ul style="list-style-type: none"> ▪ Revenue from other sources (other than Masterton District Council and Masterton Trust Lands Trust) is greater than or equal to 20% of total revenue ▪ Increases in self-generated revenue <ul style="list-style-type: none"> ➤ <i>[Baseline: increase on 2019/20 result]</i> ▪ Resident and visitor satisfaction with Aratoi services <ul style="list-style-type: none"> ➤ <i>[Baseline: to be established, then an increase on the previous year result]</i> 	<p>Achieved</p> <p>In progress</p> <p>In progress</p>	<p>45% of Aratoi's income was from other sources for the nine months ending 31 March 2021.</p> <p>Self-generated income streams for the quarter were 40% above budget due to commissions received from exhibitions (\$24,049), venue hire (\$4,295) and donations received (\$14,601)</p> <p>Baseline to be established</p>
<p>Provider of arts, culture and heritage services that reflect the history and heritage of the Masterton district and wider Wairarapa region:</p> <ul style="list-style-type: none"> ▪ Number of programmes, events and activities undertaken annually that include local artists (or artists that whakapapa to the Wairarapa region) <ul style="list-style-type: none"> ➤ <i>[Baseline: to be established in 2019/20, then no decreases based on the previous year]</i> ▪ Taonga Māori display held annually <ul style="list-style-type: none"> ➤ <i>[Baseline: 1 or more per annum]</i> 	<p>Achieved</p> <p>Achieved</p>	<p>730+ visual artists in exhibitions, including:</p> <ul style="list-style-type: none"> ▪ <i>Kotahitanga</i> - Coming together ▪ Yellow: Pop-up exhibition Wairarapa Cancer Society ▪ Lions International Peace Poster contest ▪ Breadcraft Wairarapa Schools Art ▪ Wairarapa Teachers Art ▪ Mayors for Peace 'Peaceful Towns' poster competition ▪ Little Jewels 2020 ▪ Crystal Chain Gang: In Flux ▪ Andree de Latour, Angela Busby and Dennis Handyside: Out of the Woods ▪ Slavick sisters: Family Tree Whakapapa ▪ Jason Burns: One Fifty ▪ Helene Carroll: Imperfect Offerings <p>25+ local artists represented in the shop</p> <ul style="list-style-type: none"> ▪ For You and Yours – Recent Acquisitions ▪ <i>Toi Raranga</i> – The Art of Weaving ▪ Terri Te Tau – <i>Whakatau Miromiro</i>

Key Result Areas	Result	Assurance (How Achieved)
<ul style="list-style-type: none"> ▪ Exhibition held that tells the stories of our local history and heritage <ul style="list-style-type: none"> ➤ <i>[Baseline: 1 or more per annum]</i> 	<p>Achieved</p>	<div style="text-align: center;">  <p><i>Toi Raranga – The Art of Weaving</i></p> </div> <div style="text-align: center;">  <p><i>Roarr! – Aratoi’s Animal Kingdom</i></p> </div> <div style="text-align: center;">  <p><i>For You and Yours – Recent Acquisitions</i></p> </div>
<p>To professionally manage and maintain all Aratoi assets, including the permanent collection:</p> <ul style="list-style-type: none"> ▪ Collections housed in best practice conditions – adherence to professional museum standards ▪ Taonga, artworks and heritage objects are managed in line with the Aratoi Collection Policy ▪ Collections are documented in line with professional museum standard 	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Housed in best practice conditions with adherence to professional museum standards</p> <p>Managed in line with the Aratoi Collection Policy</p> <p>Documented in line with professional museum standards</p>

Key Result Areas	Result	Assurance (How Achieved)
<p>Genuine partnerships and effective relationships:</p> <ul style="list-style-type: none"> ▪ Iwi and Maori are offered opportunities to contribute towards key projects/initiative led by Aratoi <ul style="list-style-type: none"> ➤ <i>[Baseline: annual reporting]</i> ▪ Key partnerships are offered to contribute towards key projects/initiatives led by Aratoi <ul style="list-style-type: none"> ➤ <i>[Baseline: annual reporting]</i> 	<p>Achieved</p> <p>In progress</p> <p>Achieved</p>	<p>Two representatives from each of the following iwi are on the Trust Board:</p> <ul style="list-style-type: none"> ▪ Ngāti Kahungunu ki Wairarapa ▪ Rangitāne o Wairarapa <p>Developing exhibition on Māori Performance</p> <p>Partnerships for this quarter have been:</p> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">Lions Club - International Peace Poster</div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">Paint August Yellow</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Hedley's Booksellers & Kokomai - The Spirit of the Sixties: The Photography of Michael Cooper</div> </div>

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implication

Aratoi Regional Trust contributes towards Council's community outcomes and key strategies, in particular; *He Hiringa Tangata, He Hiringa Whenua*, the revised 2019-24 Arts, Culture and Heritage Strategy and the Wairarapa Economic Development Strategy.

Significance, Engagement and Consultation

The information contained in this report has been assessed against Council's Significance and Engagement Policy and is of no significance as there is no decision that impacts on any matters identified in the assessment of significance.

Financial Considerations

Funding to Aratoi Regional Trust is via the 2020/21 Annual Plan and as stated in the Provision of Service Agreement and Memorandum of Understanding with Council.

Treaty Considerations/Implications for Māori

There are no Treaty considerations/Implications for Māori arising out of the report provided.

Communications/Engagement Plan

There is no requirement for communication or engagement on the report provided.

Environmental/Climate Change Impact and Considerations

There is no environmental/climate change impact consideration arising out of the report provided.

To:	Audit and Risk Committee
From:	Nerissa Aramakutu, Policy Manager
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	Service Provision Report: Destination Wairarapa
FOR INFORMATION	
Recommendation:	That the Audit and Risk Committee receives Service Provision Report 074/21 that includes a summary of results of key deliverables for the third quarter, 1 January – 31 March 2021, from Destination Wairarapa.

Purpose

The purpose of this report is to provide the Audit and Risk Committee with the third quarter (1 January – 31 March 2021) progress report on key deliverables of Destination Wairarapa.

Context

Destination Wairarapa is a regional tourism organisation servicing the Wairarapa region. Their role is to attract visitors to the region, to help grow tourism revenue, and to support local tourism operators.

The three Wairarapa District Councils and Destination Wairarapa have a Memorandum of Understanding that sets out key deliverables to be met by Destination Wairarapa in alignment with funding and investment from the Councils. A three-year term (1 October 2019 to 30 September 2022) Memorandum of Understanding is in place.

The following table outlines the results against each of the key deliverables of Destination Wairarapa:

Key Deliverables	Result	Assurance (How Achieved)
To increase the number of visitors to the Wairarapa, the length of time they stay in the region and the amount they spend.	Increase on November 2020	Accommodation Data ¹ , February 2021: <ul style="list-style-type: none"> Total guest nights: 25,900 (Q2-22,100) Average nights stayed: 2 (Q2-1.7)

¹ The Accommodation Data Programme replaced Commercial Accommodation Monitor in 2019. This data captures 33 registered accommodation establishments in Wairarapa. This methodology does not capture unregistered establishments.

Key Deliverables	Result	Assurance (How Achieved)
Specifically, Destination Wairarapa are tasked with delivering 3% growth in domestic and 6% in international visitor spend per annum and in line with the Tourism Industry Aotearoa's Tourism Beyond 2025 framework. In particular this growth needs to be seen across the winter period. This information will be reported as Wairarapa-wide and by TLA where available.		Electronic Card Transaction ² , February 2021: <ul style="list-style-type: none"> • 2% increase on previous year <p>NOTE: the data provided may not fully capture the information needed to track the progress for this performance indicator.</p>
Represent the Wairarapa in the Business Events market in partnership with suitable venues, activities and other services	Progressing	Business events: <ul style="list-style-type: none"> • Currently, very little interest in conferencing events. However, there is growing interest in wedding venue/destination market. <p>Capability building:</p> <ul style="list-style-type: none"> • Cathy Knowsley from HighViz Event Management delivered 'Health and Safety in Events' workshop attended by 18 people. Further six events have had 'one-on-one' mentoring. <p>New members:</p> <ul style="list-style-type: none"> • Brac N Bow/Royal Hotel, Kaituna Riverside Cottages, Wai Shuttles and Wairarapa RV Experience. <p>NOTE: No data on total membership quarter to quarter.</p>
Destination Management Plan	In progress	<ul style="list-style-type: none"> • Held 2 sessions with iwi. • Draft Plan expected at the end of FY20/21.
To provide an online Wairarapa events calendar and a PDF downloadable	Achieved	<ul style="list-style-type: none"> • On the website • Currently 60 businesses signed up to the industry portal

² Interim data methodology, Tourism Electronic Card Transactions (TECTs), was used due to the COVID-19 disruptions. It is solely based on physical electronic card transactions and does not include any other form of spending such as cash, pre-purchases or online spend.

Key Deliverables	Result	Assurance (How Achieved)
version of major events		
Represent the Wairarapa in the Inbound market in partnership with suitable venues and activities	Planned	<ul style="list-style-type: none"> • Still uncertainty around the Inbound Market, will be reengaging with travel agencies.
Host the Wairarapa core economic development information around “Buy & Invest”, “Live & Work” and “Study” on the Destination Wairarapa website	Achieved	Accessible on website link https://wairarapanz.com/live-work
To provide a balanced budget	Achieved	The Quarter 3 General Manager’s and Marketing Board report for 3 months ended 31 March 2021 has been received.
To report quarterly to the council, including attending council meetings. The report is to cover progress towards all deliverables.	Achieved	The Quarter 3 General Manager’s and Marketing Board Report has been received and reported on in this report.

1. Other activities undertaken during this reporting period

a) Ongoing promotion:

- Placement of Wairarapa Lifestyle magazines in Koru Club Lounges
- Social media ads for Wings targeting Aucklanders and out of region visitors
- Dominion Post and North and South
- Country Music Festival; Tauherenikau Races; Martinborough Fair; Pick your own lavender events; NZ Cycle Classic; Farmers markets including TK market across the summer
- New photo images for Carterton including a video.

b) Media hosting:

- Hosted leading travel writer Sharon Stephenson (Air NZ Kia Ora magazine) and Brook Sabin (STUFF Travel).

c) Examples of social media reach:

- Wings over Wairarapa e.g., B-52 post 35,782 people reached, 229 comments
- Easter promotion e.g., Greytown Village for Easter page 30,765 people reached, 949 comments.

d) Trust House Funding

- a. Destination Wairarapa was awarded \$100,000

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implication

The work undertaken by Destination Wairarapa supports Council's community outcome and economic development vision statement in He Hiringa Tangata, He Hiringa Whenua (Councils Wellbeing Strategy): *Masterton/Whakaoriori has a strong, sustainable economy that supports our people and places.*

Significance, Engagement and Consultation

The information contained in this report has been assessed against Council's Significance and Engagement Policy and is of no significance as there is no decision that impacts on any matters identified in the assessment of significance.

Financial Considerations

Funding for Destination Wairarapa is part of the Memorandum of Understanding with the three Wairarapa District Councils.

Treaty Considerations/Implications for Māori

Destination Wairarapa has been working with local iwi with regard to the Destination Management Plan.

Communications/Engagement Plan

There is no requirement for communication or engagement on the report provided.

Environmental/Climate Change Impact and Considerations

There is no environmental/climate change impact consideration arising out of the report provided.

To:	Audit and Risk Committee
From:	Angela Jane, Manager Strategic Planning
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject	Non-Financial Performance 2020/21 Third Quarter Report
INFORMATION	
Recommendation:	
That the Audit and Risk Committee receives the Quarter 3 non-financial performance report for the 2020/21 financial year.	

PURPOSE

The purpose of this report is to advise the Audit and Risk Committee of performance against non-financial measures that are reported at 9 months. The figures in this report are for the period from 1 July 2020 to 31 March 2021.

EXECUTIVE SUMMARY

This is the third non-financial performance report for Year 3 (2020/21) of the 2018-28 Long-Term Plan (LTP).

Results against performance measures are reported for six activity areas in this third quarter report. The activity areas are:

- Roads and Footpaths
- Water Supply
- Wastewater
- Stormwater
- Solid Waste
- Community Facilities and Parks

Of the 24 measures that were applicable this quarter, 87.5% (21 measures) were achieved and 12.5% (3 measures) were not achieved. Twenty-five measures were scheduled for reporting at the end of the third quarter, however one was not applicable as data was not available this quarter. Further information is provided in Attachment 1.

CONTEXT

The Local Government Act 2002 requires Councils to include performance measures and targets for activity areas in its Long-Term Plan. This is the third non-financial performance report for Year 3 of the 2018-28 Long-Term Plan (LTP).

There are some mandatory measures identified by the Department of Internal Affairs (DIA) that all Councils must report on. These primarily relate to infrastructure services and have been included in our performance measure framework.

Council are required to report on progress against these measures and targets at least annually. Where data is available more frequently, measures are reported quarterly or six monthly. For measures that are reported annually, interim reports are provided where there has been some relevant information or activity that Council should be aware of.

HIGHLIGHTS

Water Activities

Our water infrastructure activities performed well against annual targets as at the end of the 2019/20 year. This has continued into 2020/21 with wastewater, stormwater and water supply services achieving 100% of applicable measures reported year to date.

Roading

The percentage of non-urgent roading customer service requests responded to within timeframes specified improved substantially in quarter one, and this has been maintained at a similar level in quarters two and three. This measure was not achieved in 2019/20. Year to date the result is tracking to be achieved with 90.9% of service requests responded to on time. This compares to only an average of 69% across the 2019/20 financial year.

COVID-19 IMPLICATIONS

Participation in the Learn to Swim programme has improved compared to the previous two quarters, but participation is still low compared to previous years. Five schools were enrolled for the third quarter, but only three participated. This year's result may reflect flow on effects of COVID-19 and associated restrictions that resulted in no swimming lessons being offered in the last quarter of 2019/20. In this third quarter one school that cancelled specifically referenced COVID-19 implications.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

Under legislation, Council is required to identify performance measures and targets for its activity areas and periodically report on these. Council must also report on those measures that are identified as mandatory for all Councils.

Significance, Engagement and Consultation

The recommendation to receive this report does not trigger criteria under the significance and engagement policy.

Financial Considerations

There are no specific financial considerations associated with this update.

Treaty Considerations/Implications for Māori

There are considerations or implications specific to Māori arising out of the receipt of this report.

Communications/Engagement Plan

Not applicable.

Environmental/Climate Change Impact and Considerations

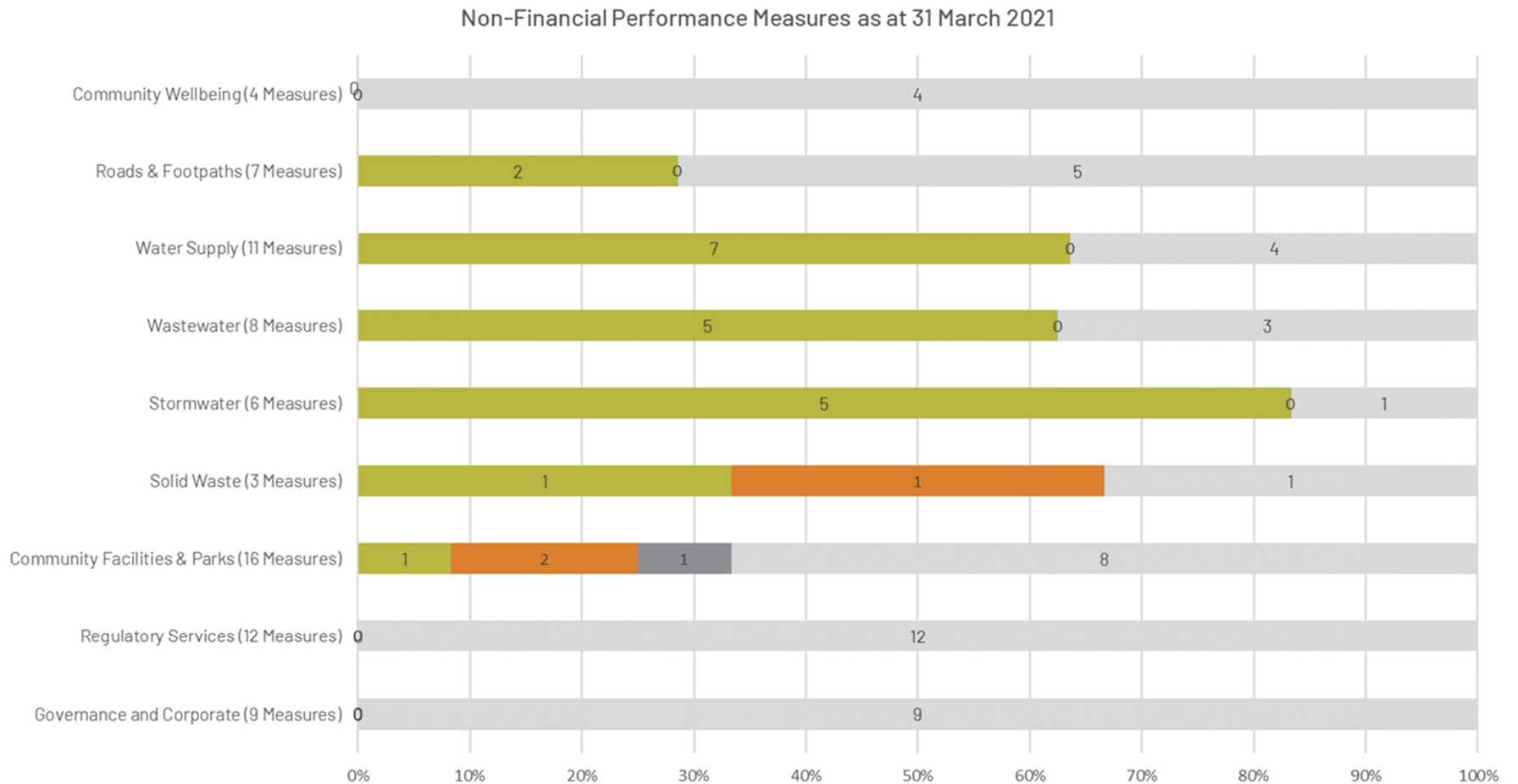
There are no environmental/climate change impacts or considerations arising from the receipt of this report

ATTACHMENT 1: Non-Financial Performance Measures for 2020/21 Quarter 3

The graph below shows the percentage of applicable measures against each activity area that:

- have been achieved as at 31 March 2021 (green); or
- have not been achieved as at 31 March 2021 (orange); or
- were not applicable / data not available as at 31 March 2021 (dark grey).

The total number of measures for each activity area is included in brackets next to the activity. Not all measures are reported or were applicable in quarter three.



2020/21 Quarter 3 Non-Financial Performance Measure Results

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Roads and Footpaths						
Percentage of urgent customer service requests responded to within 2 days (Mandatory Measure)	95%	100%	Achieved	Year End Result: 98% 421 out of 430 2018/19 Quarterly Results: Q1: Not Available Q2: 97% Q3: 97%	Year End Result: 99.7% 347 out of 348 2019/20 Quarterly Results: Q1: 100% (107/107) Q2: 99.1% (110/ 111) Q3: 100% (70/70) Q4: 100% (60/60)	YTD Result: 100% 293 out of 293 urgent requests have been responded to within specified timeframes. 2020/21 Quarterly Results: Q1: 100% (128/128) Q2: 100% (103/103) Q3: 100% (62/62) Year to date there have been five more urgent requests than for the first nine months of last year. We have maintained a 100% response rate within two days.
Percentage of non-urgent customer service requests responded to within the timeframes specified in MDC's Asset Management Plan and placed on appropriate maintenance programme. Specified response times for non-urgent requests vary by	80%	89.6%	Achieved	Year End Result: 76% 595 out of 785 2018/19 Quarterly Results: Q1: Not Available Q2: 82% Q3: 84%	Year End Result: 69% 515 out of 749 2019/20 Quarterly Results: Q1: Not available Q2: 62.4% (128/205) Q3: 70.6% (161/228) Q4: 76% (75/99)	YTD Result: 90.9% 511 out of 562 non-urgent requests have been responded to within specified timeframes. 2020/21 Quarterly Results: Q1: 92.2% (200/217) Q2: 90.7% (165/182) Q3: 89.6% (146/163)

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
category, ranging from 7 days to 30 days. (Mandatory Measure)						The 2020/21 Q3 result continues the trend of improved response times for non-urgent requests compared to the same period last year.

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Water Supply						
Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply, or MDC's response to any of these issues (Mandatory Measure)	Less than or equal to 6 complaints/1000 connections	1.81 complaints/1000 connections Actual complaints: 17	Achieved	Year End Result: 3.2 complaints/1000 connections Actual Complaints: 29 2018/19 Quarterly Results: Q1: 1/1000 (9) Q2: 1.2/1000 (11) Q3: 0.65/1000 (6) Q4: 0.33/1000 (3)	Year End Result: 3 complaints/1000 connections Actual Complaints: 27 2019/20 Quarterly Results: Q1: 1/1000 (9) Q2: 0.89/1000 (8) Q3: 0.89/1000 (8) Q4: 0.22/1000 (2)	YTD: 0.96 complaints/1000 connections YTD Actual Complaints: 9 2020/21 Quarterly Results: 2020/21 Q1 Result: 0.42/1000 (4) 2020/21 Q2 Result: 0.53/1000 (5) 2020/21 Q3 Result: 0.85/1000 (8)
Response time to call outs to a fault or unplanned interruption to MDC's networked reticulation system:						
a) attendance at urgent call outs (from notification to arrival on site) (Mandatory Measure)	60 minutes or less	39 minutes	Achieved	Year End: 24 minutes 2018/19 Quarterly Results: Q1: 25 minutes Q2: 29 minutes Q3: 14 minutes	Year End: 15 minutes 2019/20 Quarterly Results: Q1: 12.5 minutes Q2: 40 minutes Q3: 16 minutes Q4: N/A - none	YTD: 39 minutes 2020/21 Quarterly Results: Q1: N/A – no call outs Q2: 20 minutes Q3: 43 minutes
b) resolution of urgent call outs (from notification to confirmation of resolution) (Mandatory Measure)	480 minutes or less	100 minutes	Achieved	Year End: 231 minutes 2018/19 Quarterly Results: Q1: 213 minutes Q2: 245 minutes	Year End: 25 minutes 2019/20 Quarterly Results: Q1: 22.5 minutes Q2: 342 minutes	YTD: 100 minutes 2020/21 Quarterly Results: Q1: N/A – no call outs Q2: 49 minutes

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
				Q3: 165 minutes	Q3: 28.5 minutes Q4: N/A - none	Q3: 111 minutes
c) attendance at non-urgent call outs (from notification to arrival on site) (Mandatory Measure)	7 days or less	73 minutes	Achieved	Year End: 60 minutes 2018/19 Quarterly Results: Q1: 14 minutes. Q2: 84 minutes Q3: 73 minutes	Year End: 47 minutes 2019/20 Quarterly Results: Q1: 15 minutes Q2: 63 minutes Q3: 55 minutes Q4: 26 minutes	YTD: 186 minutes 2020/21 Quarterly Results: Q1: 665 minutes Q2: 21 minutes Q3: 73 minutes Average time from notification to arrival on site has increased compared to the same period last year, however response times in Q3 are consistent with 2018/19 Q3 results. Staff have been working on the installation of water meters as well as responding to call outs. While response times are longer than last year, they are still well within target.
d) resolution of non-urgent call outs (from notification to confirmation of resolution)	3 months or less	240 minutes	Achieved	Year End: 115 minutes	Year End: 86.5 minutes	YTD: 240 minutes

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
(Mandatory Measure)				2018/19 Quarterly Results: Q1: 60 minutes Q2: 21 hours (1267 minutes) Q3: 118 minutes	2019/20 Quarterly Results: Q1: 81 minutes Q2: 112 minutes Q3: 104 minutes Q4: 46 minutes	2020/21 Quarterly Results: Q1: 704 minutes Q2: 43 minutes Q3: 93 minutes Average time from notification to arrival on site has increased compared to the same period last year, however response times in Q2 and Q3 have reduced compared to Q1 of this year. Staff have been working on the installation of water meters as well as responding to call outs. While average response times year to date are longer than last year, they are still well within target.
Council's drinking water supply complies with:						
a) part 4 of the Drinking Water Standards (bacteria compliance criteria) (Mandatory Measure)	Fully compliant	Fully compliant	Achieved	Fully compliant	Fully compliant	YTD: Fully Compliant

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
b) part 5 of the Drinking Water Standards (protozoal compliance criteria) (Mandatory Measure)	Fully compliant	Fully compliant	Achieved	Fully compliant	Fully compliant	YTD: Fully Compliant

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Wastewater						
Number of complaints received about sewerage odour, system faults, system blockages, MDC's response to issues with its sewerage system (Mandatory Measure)	Less than or equal to 8 complaints/ 1000 connections.	5.75 complaints/ 1000 connections. Actual Complaints: 54	Achieved	Year End: 5.44 complaints/ 1000 connections. Actual complaints 49 2018/19 Quarterly Results: Q1: 1.33/1000 (12) Q2: 1.33/1000 (12) Q3: 1.33/1000 (12) Q4: 1.44/1000 (13)	Year End: 5.22 complaints/ 1000 connections Actual Complaints: 47 2019/20 Quarterly Results: Q1: 2.11/1000 (19) Q2: 1.56/1000 (14) Q3: 1/1000 (9) Q4: 0.56/1000 (5)	YTD: 5.75 complaints/1000 connections Actual Complaints: 54 2020/21 Quarterly Results: Q1: 3.09/1000 (29 complaints) Q2: 2.02/1000 (19 complaints) Q3: 0.64/1000 (6 complaints)
Median response time to sewerage overflows resulting from a blockage or other fault to MDC's sewerage system:						
a) attendance (from time of notification to the time service personnel arrive onsite) (Mandatory Measure)	6 hours or less	23 minutes	Achieved	Year End: 34 minutes 2018/19 Quarterly Results: Q1: 31 minutes. Q2: 26 minutes. Q3: 31 minutes.	Year End: 32 minutes 2019/20 Quarterly Results: Q1: 31 minutes Q2: 33 minutes Q3: 33 minutes Q4: 32 minutes	YTD: 23 minutes 2020/21 Quarterly Results: Q1: 27 minutes Q2: 23 minutes Q3: 21 minutes
b) resolution (from time of notification to the time service personnel confirm resolution) (Mandatory Measure)	12 hours or less	107 minutes	Achieved	Year End: 170 minutes 2018/19 Quarterly Results: Q1: 111 minutes. Q2: 165 minutes. Q3: 146 minutes.	Year End: 143 minutes 2019/20 Quarterly Results: Q1: 190 minutes Q2: 149.5 minutes Q3: 143 minutes Q4: 97 minutes	YTD: 107 minutes 2020/21 Quarterly Results: Q1: 153 mins Q2: 63 mins Q3: 146 minutes

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
<p>Number of dry weather sewerage overflows from MDC's sewerage system</p> <p>(Mandatory Measure)</p>	Less than or equal to 2/1000 connections	0.74 complaints/1000 connections Actual Complaints: 7	Achieved	<p>Year End Result: 0.33/1000 connections</p> <p>2018/19 Quarterly Results: Q1: None Q2: None Q3: 0.1/1000 connections</p>	<p>Year End Result: 1.22/1000 connections</p> <p>Actual Complaints: 11</p> <p>2019/20 Quarterly Results: Q1: 0.44/1000 (4) Q2: 0.33/1000 (3) Q3: 0.22/1000 (2)</p>	<p>YTD: 0.74 complaints/1000 connections</p> <p>Actual: 7 complaints</p> <p>2020/21 Quarterly Results: Q1: 0.53/1000 (5 complaints) Q2: 0.21/1000 (2 complaints) Q3: 0/1000 (no complaints)</p>
<p>Compliance with MDC's resource consents for discharge from its sewerage system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents</p> <p>(Mandatory Measure)</p>	100% - no consent breaches	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Stormwater						
Number of flooding events that occur in the district (Mandatory Measure)	10 events or less	1 flooding event	Achieved	Year End Result: No events All Quarters: No events	Year End Result: No events All Quarters: No events	YTD: One flooding event Q1: No events Q2: One flooding event Q3: No events
For each flooding event, the number of habitable floors affected (Mandatory Measure)	Less than or equal to 1/1000 connections	1 habitable floor affected	Achieved	Year End result: No habitable floors affected as no events All Quarters: No habitable floors affected as no events	Year End result: No habitable floors affected as no events All Quarters: No habitable floors affected as no events	YTD: One habitable floor affected Q1: No events Q2: One habitable floor affected Q3: No events

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
<p>Number of complaints received about the performance of MDC's stormwater system</p> <p>(Mandatory Measure)</p>	Less than or equal to 2/1000	<p>1.33 complaints/1000 connections</p> <p>Actual Complaints: 12</p>	Achieved	<p>Year End: 1.33 complaints/1000 connections</p> <p>Actual: 12 complaints</p> <p>2018/19 Quarterly Results: Q1: 0.2/1000 (2). Q2: 0.8/1000 (7) Q3: 0.11/1000 (2)</p>	<p>Year End: 0.67 complaints/1000 connections</p> <p>Actual: 6 complaints</p> <p>2019/20 Quarterly Results: Q1: 0.11/1000 (1) Q2: 0/1000 (None) Q3: 0.55/1000 (5) Q4: 0/1000 (None)</p>	<p>YTD: 1.33 complaint/1000 connections</p> <p>Actual: 12 complaints</p> <p>2020/21 Quarterly Results: Q1: 0.44/1000 (4 complaints) Q2: 0.56/1000 (5 complaints) Q3: 0.33/1000 (3 complaints)</p> <p>There have been 12 complaints in the first nine months of this year compared to only 6 complaints for the same period last year. Results vary given other factors such as the weather. Q1 and Q2 last year were drier than this year.</p>
<p>Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)</p> <p>(Mandatory Measure)</p>	60 minutes or less	30 minutes	Achieved	<p>Year End Result: 28 minutes</p> <p>2018/19 Quarterly Results: Q1: 49 minutes. Q2: 60 minutes. Q3: 41 minutes</p>	<p>Year End: No flooding events</p> <p>N/A</p> <p>No flooding events occurred through the year.</p>	<p>YTD: 30 minutes</p> <p>Q1: No flooding events Q2: 30 minutes Q3: No flooding events</p>

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
<p>Compliance with MDC's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders or convictions received by MDC in relation to those consents.</p> <p>(Mandatory Measure)</p>	100% - no consent breaches	100% - no consent breaches	Achieved	100% - no consent breaches	100% - no consent breaches	

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Solid Waste						
Number of call backs due to non-collection of official rubbish bag in each weekly collection	Improvement on previous year (49 call-backs in 2019/20)	6 call-backs	Achieved	Year End: 29 Call Backs 2018/19 Quarterly Results: Q1 Result: 7 Q2 Result: 10 Q3 Result: 2 Q4 Result: 10	Year End: 49 Call Backs 2019/20 Quarterly Results: Q1 Result: 4 Q2 Result: 15 Q3 Result: 18 Q4 Result: 12	YTD: 18 Call backs 2020/21 Quarterly Results: Q1 Result: 2 Q2 Result: 10 Q3 Result: 6
Tonnage of waste transferred to landfill per head of population <i>Note: Statistics NZ revised the estimated population for 30/6/20 after the 2019/20 results were finalized which is why the populations differ in the Q3 result and 2019/20 result columns.</i>	Reduction on previous year (Result at Year End: 0.429 tonne per head of population in 2019/20)	0.517 (annualized) per head of population as at 31/03/21 YTD tonnage is tracking to exceed the previous year. <i>(based on revised est. population</i>	Not Achieved	0.560 tonne per head of population. <i>(est. population as at 30/6/19: 25,700)</i> 14,264 tonnes of waste transferred (0.9% increase on previous year)	0.429 tonne per head of population <i>(est. population as at 30/6/20: 26,800)</i> 11,505 tonnes of waste transferred (19.3% decrease on previous year)	YTD Result: 0.517 tonne per head of population is the annualised figure of waste transferred to landfill from Masterton district (last YTD 0.455) YTD 10,654 tonnes of waste has been transferred, compared to 9,148 tonne for the same period last year. This is an increase of 1,505= tonne or 16.4%.

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
		<p><i>as at 30/6/20: 27,500)</i></p> <p>10,654 tonnes of waste transferred</p>				<p>YTD tonnages are currently tracking to exceed 2019/20 year end results but to be close to 2018/19 tonnages.</p> <p>As the target is a reduction on the previous year, this measure is tracking to be 'not achieved' at year end.</p>

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Community Facilities and Parks						
Number of structured activities/events in MDC's parks and sportsgrounds	Increasing utilisation over time (359 at 2018-19).	210 Activities/Events year to date	Not Achieved	Year End: 359 Activities/Events Not reported Quarterly in 2018/19	Year End: 236 Activities/ Events 2019/20 Quarterly Results: Q1: 89 Q2: 99 Q3: 46 Q4: 2	YTD: 210 Activities/Events 2020/21 Quarterly Results: Q1: 19 Q2: 134 Q3: 57 Currently this measure is not tracking to achieve the year-end target of more than 359 activities/ events, but is on track to exceed 2019/20 results, noting 2019/20 was impacted by COVID-19 Alert Level 4 lock down from late Q3. Numbers this year were down in Q1 compared to the same period last year, but there have been more activities/events in Q2 and Q3 than last year. <i>Note: The Q1 report stated that we had 11 activities/events in Q1. There were actually 19 bookings through the contractor.</i>

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Number of people using the recreational trails that are part of our parks and reserves network	Increasing utilisation over time (312,440 at 2018-19).	Unable to report	Not Applicable	Year End: 312,440 Not reported Quarterly in 2018/19	Year End: 266,783 2019/20 Q1 & Q2 result: 148,309 2019/20 Q3 & Q4 result: 118,474 There were issues with data loggers in 2019/20 that impacted results. Given that, the actual results in 2019/20 are likely to be higher than the reported result.	YTD: unable to report due to issues with data loggers and data collection 2020/21 Quarterly Results: Q1: 58,581 Q2: Unable to report Q2 results due to issues with loggers and data collection. Staff are working to resolve these issues, but this is likely to impact results for Q3 as well. Q3: Unable to report Q3 results due to continued issues with loggers and data collection. In addition, one logger location is now part of a construction zone. Two new digital trail loggers have been ordered and will be installed as a trial. <i>Note: In the Q1 report the result for Q1 was stated as 137,184. Staff have since identified an error in the data capture. The Q1 result has been revised to correct this.</i>
Number of structured activities/events that have been run in the War Memorial Stadium	Increasing utilisation over time (52 in 2018/19 vs Baseline of 19)	149 Activities/Events year to date	Achieved	Year End: 52 Activities/Events Not reported Quarterly in 2018/19	Year End: 75 Activities/Events	YTD: 149 Activities/Events

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
					2019/20 Quarterly Results: Q1: 43 Q2: 7 Q3: 20 Q4: 5	2020/21 Quarterly Results: Q1: 27 Q2: 55 Q3: 67 There were 67 activities/events in Q3 compared to 20 activities/events for the same period last year. Year to date results exceed both 2018/19 and 2019/20. B-Legends daily afternoon play is now included in the reporting results and will be a key contributor to the increase. In addition to B-Legends there was one community event (Kids Conference); four birthday parties; 12 group fitness activities and 10 community group marching team practices. Alert Level 2 COVID-19 restrictions were in place for 5 weeks of Q1 and twice in Q3. Very few sports groups were training, or community groups organising events, during this period impacting results.

461

Measure	2020-21 Annual Target	Q3 Result (as at 31/03/21)	Status at 31/03/2021	2018/19 Results	2019/20 Results	Commentary
Number of under-12s enrolled in Learn to Swim programmes	Annual increase (475 swim school enrolments in 2019/20 vs Baseline of 589 enrolments)	125 enrolments year to date	Not Achieved	Year End Result: 465 Enrolments Not reported Quarterly in 2018/19	Year End Result: 475 Enrolments 2019/20 Quarterly Results: Q1: 119 Q2: 180 Q3: 176 Q4: 0	YTD: 125 Enrolments 2019/20 Quarterly Results: Q1: 0 Q2: 24 Q3: 101 There were no participants in Q1 and only one school participated in Q2. Interest from schools was impacted by academic pressures following the COVID-19 lockdown. Five schools (approximately 300 students) were booked in for Q3 but only three schools participated. One school cancelled due to COVID-19 impact and another due to clashes with another school. One school has booked for Q4 (217 children) but we are not expecting to achieve the year-end target.

To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	9 Months to Date Financial Report 2020/21
FOR INFORMATION	
Recommendation:	
That Audit & Risk Committee receives the 9 months to date financial report and commentary, including the Operating and Capital Expenditure Statements contained in Report 069/21.	

PURPOSE

To provide the Audit and Risk Committee with the year to date financial report for the nine months to 31 March 2021 and the Council's forecast position at year end.

EXECUTIVE SUMMARY

We are on track. Council is spending the income it gets from rates and other sources at the level it planned to do, with some variances that should not concern the Committee.

We have not experienced a meaningful change in the quantum of rates that were unpaid at the end of March 2021 compared with that time last year, interest and investment income is down (as we have regularly reported) but conversely our revenue is up in areas such as planning, building, waste (where we receive fees) and activity is up, and we received the NZTA subsidy backpay and some smaller but not insignificant funding for existing and expending community programmes.

The high level summary of capital expenditure is reported below. Please note that this includes some spending on projects that have received Government stimulus and PGF funding for Hood and Three Waters. This spending was not allowed in the Annual Plan for 2020/21 and is reported on in a separate report.

In addition, we are seeing a variation in the quality of consent applications with many consents being of a very high standard and presenting few issues as they pass through the system, while others are at the other end of the spectrum and require significant assistance to navigate to a successful conclusion. In addition, the supply chain issues are causing more delays for those progressing developments and there is a need to work with consent holders closely as the landscape and the solutions they need to use are changing all the time. We will be providing more detail on this in future reports to committees.

As we progress to year end we are filling vacancies, but there is also strong competition in the market for skills and people that are in demand (from building control officers to engineers, planners and project managers, and many in between). The risk associated with this is one we are trying to mitigate with training, development, talent identification and the review of our pay scales and market data.

Statement of Revenue & Expenditure						
9 Months Year to Date to 31 March 2021	\$000s	\$000s	\$000s			\$000s
	2020/21 YTD Actual	2020/21 YTD Plan	Variance		Notes	Full Year 2020/21
Revenue						
Rates Revenue	24,128	24,107	20	0.1%		32,367
Interest Received (external)	203	432	-229	-53.0%	1	578
NZTA Rooding Subsidies	4,239	4,256	-17	-0.4%		7,165
Financial Contributions	1,257	969	287	29.6%	2	1,258
Fees, Charges & Other Revenue	8,036	6,769	1,267	18.7%	3	9,461
Total Operating Revenue	37,862	36,534	1,329	4%		50,829
Expenditure						
Personnel Costs	7,664	8,146	482	5.9%	4	10,972
Other Operating Expenditure	17,664	17,422	-242	-1.4%	5	23,989
Interest Expense	1,628	1,612	-17	-1.0%		2,149
Depreciation & amortisation	9,867	9,677	-190	-2.0%		12,902
Total Operating Expenses	36,822	36,856	34	0%		50,012
Operating Surplus/(Deficit)	\$1,040	(\$322)	\$1,362			\$817

Notes:

- Bond fund investments have lost some of the previous value gains in Q3 as longer term rates have risen.
- Subdivision activity has remained above the level forecast in the Annual Plan, generating more revenue.
- More external revenue has resulted from the following:

	\$000s
- Community Dev subsidies & grants more than planned (incl Shift)	\$ 95
- Planning fee income reflects higher level of activity	\$ 60
- Building fees income 40% more than planned	\$300
- NZTA subsidy back-paid re prior year incorrect rate applies	\$384
- Shovel ready - roadside trees project more c/fwd than planned	\$142
- Solid waste transfer station gate fees +12.5% above plan	\$249
- Mawley Holiday Park income 23% above plan	\$ 77
- Personnel costs underspend of 5.9% is a result of a number of unfilled roles, partly offset by higher spending on contracted services (eg POSS, business improvement, building control)
- Over & underspending through most budget areas offset each other, some over-spending is offset by additional revenue (eg Solid Waste, Community Development and roadside trees project).

The **Summary Statement of Capital Expenditure** at ¾ through the year shows \$8.98m spent, which is 37% of the full year capital budget (last year \$10.5m and 44%). The detailed list of capital expenditure for 2020/21 and spend to date is included at the end of this report.

A projection to year end has been included, which if it is achieved is above the levels we have achieved over the past two years. This would be a good result given the stimulus projects that are also underway and the consultation we are doing on three major projects (two of which were planned to be under construction in one form or another during 2021/22).

Summary Statement of Capital Expenditure	YTD	Plan YTD	Full Year Plan	Full Year Forecast	Comments on forecast
	31-Mar-21	31-Mar-21	2020/21	2020/21	
	\$000s	\$000s	\$000s	\$000s	
Roading	3,403	3,459	9,360	7,853	Masterton \$1.2m revamp project c/fwd to 2021/22
Water Services	1,468	1,465	4,150	2,478	Water meter install project of \$1.8m will have \$1.3m c/fwd to 2021/22
Wastewater Services	1,817	1,501	2,055	2,133	
Stormwater Services	122	148	402	385	
Solid Waste Services	0	38	90	50	
Parks, Reserves & Sportsfields	690	764	3,175	1,386	Skate park project of \$1.3 will have \$1.0m c/fwd to 2021/22
Wellbeings (Amenities)	53	58	120	87	
Other Property	513	603	1,416	810	Civic facility design provision of \$250k will be under-spent by \$160k
Recreation Centre	147	150	280	280	
Housing for the Elderly	49	102	266	236	
Library & Archive	144	191	566	245	
Airport	270	345	1,810	455	Approx \$1.3m costs for runway & lights will be carried forward
Regulatory Services	76	125	510	209	
Corporate Services	227	187	216	269	
TOTAL COUNCIL	\$ 8,981	\$ 9,135	\$ 24,417	\$ 16,877	
% spent of full year Plan	37%			69%	

As we work towards more trend analysis, data to information and knowledge and risk based reporting, we know that for many committee members having the detail behind the information provides a level of assurance. This detail can therefore be found in subsequent pages in this report. However, we will move away from detailed reporting in future reports and look to ensure that there is more integration between projects, programmes of work, risk, non-financial KPIs and financial reporting. This will be a continuous improvement process.

FURTHER DETAIL

The **Rates Requirement Summary** to 31 March 2021 shows the Council's net spending of rates funding at \$22.4m compared to \$22.8m planned year to date, 1.7% less. Significant variances from the budgeted position are explained in the commentary below. Net spending shows unders and overs, but overall is less than planned after nine months of the financial year. The reason for the actual and planned surplus of rates income after nine months is the timing of expenditure – a large portion of the roading work that is partly rates-funded is scheduled for the last quarter of the year, but the rates revenue is collected in four even instalments.

The **Statement of Revenue & Expenditure** shows a YTD (after 9 months) accounting surplus of \$1.04m. This is \$1.36m better than planned YTD.

Variances from Plan include:

- Interest income YTD is only 47% of the level planned – due to lower returns on the bond fund investment portfolio as bond market values declined (linked to increasing medium term interest rates);
- Financial Contributions of \$1.256m are 29.6% ahead of plan YTD and reflect the continuing strong level of activity of urban subdivision development;
- Fees, charges and other revenue of \$8.04m is 18.7% (\$1.27m) more than planned. Revenue items that make up that result are :
 - Community Dev subsidies & grants more than planned (incl Shift project) \$95k
 - Planning fees income reflects higher level of activity \$60k
 - Building fees income is running 40% ahead of planned level \$300k
 - NZTA subsidy back-paid for prior year incorrect rate applied \$384k
 - Shovel-ready project – roadside trees c/fwd more than planned \$142k
 - Solid waste transfer station fees +12.5% above planned \$249k
 - Mawley Holiday Park income above planned \$77k
- Personnel costs less than planned year to date by 5.9% as a result of a number of unfilled roles. These savings have been partially offset by higher costs of contracted services delivering specific projects (eg POSS, business improvement program and building control external processing).

Commentary on Operating/Funding Statements

This commentary should be read in conjunction with the Operating/Funding Statements for the 9 months to 31 March 2021 for each of the Council's operating areas, detailed on the following pages.

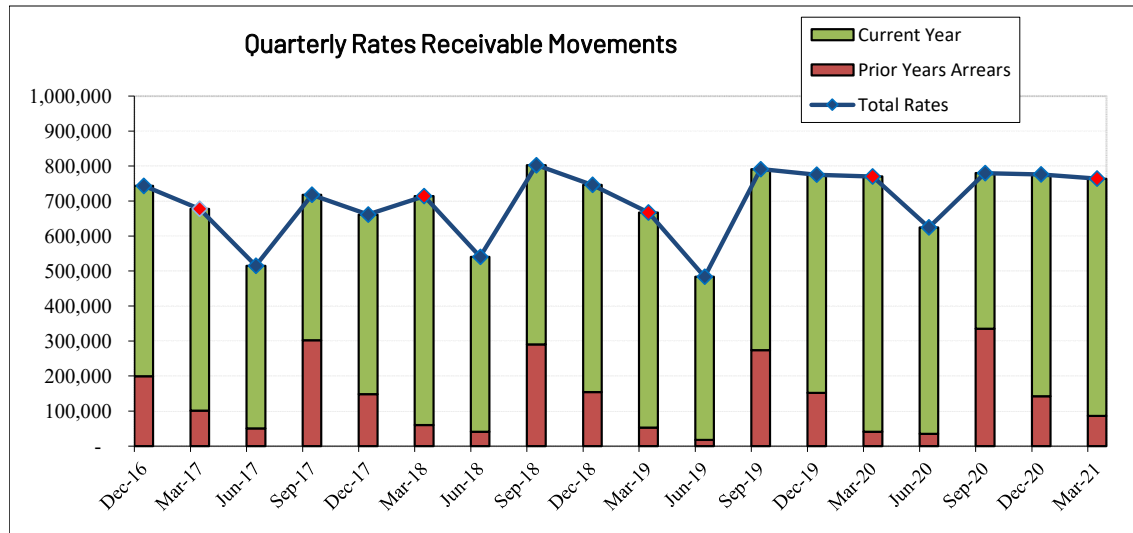
The variances shown may not translate to the full year result, but the Plan figures for nine months to date have been adjusted to match expected timing of income and expenditure, where known.

In the Activity areas:

- Roading has run 0.9% under the planned rates required YTD. The subsidised renewals work was slightly less than half way through the full year Plan but on-track to be spent by year end. Retaining walls/dropout repairs were completed early in the year, carried over from the prior year, with MDC share being funded from Flood Damage reserves. The non-subsidised rural maintenance over-spend relates to the tree removal project that was largely funded by the Government. Other income includes \$384k from NZTA that was back-dated subsidy from prior years (the wrong subsidy rate had been advised). This windfall gain will be carried forward and has been allowed for as external funding for the 2021/22 LTP roading programme.
- Urban Water Supply operating costs have been higher than planned for reticulation (including leak detections) and lower for water treatment costs.
- In the rural Wastewater activity, the operating costs of both Riversdale and Castlepoint sewerage schemes have been higher than planned (6% and 14% respectively).
- Solid Waste revenue (gate fees) at Nursery Road is running 12.5% (\$242k) above the planned level. The tonnes of waste sent to landfill were 10,653t vs last year to date of 9,148t (16.5% more). Direct costs of disposal of that waste are running 10.1% (\$165k) above planned, reflecting the higher tonnages than expected. The costs of collecting and processing recycling have run 8.1% more than planned.
- In the Community Facilities & Activities area expenditure is tracking close to planned levels in most activities with some below plan results in the Parks & Reserves, Sportsfields and Recreation Centre. Rental income for Housing for the Elderly is running 7% less than planned due to lower occupancy while flats are refurbished. In the Other Property area, revenue from Mawley Holiday Park is 23% ahead of planned. The Airport income reflects \$80k unplanned income from capital contributions from new hangar sites (joining infrastructure).
- Library operating costs have run 8.7% below the level planned, largely due to some unfilled staffing for part of the year.
- Arts & Culture includes higher costs than expected & due to painting work done on the Jubilee Fire Museum building.
- The Economic Development & Promotions activity shows the costs of CBD amenities being more than planned – this is largely costs associated with Xmas decorations installation and removal (which we have discussed previously with Council as an activity that does not naturally sit with economic development and would move with the new activity groupings proposed for the LTP 2021-31).
- Resource Management and Planning income from financial contributions is 19.5% ahead of plan, while consent fee income is 78.7% ahead of plan (\$137k vs \$76.7k)
- Environmental Health has achieved operating cost savings of 9.9% YTD.
- Building Services revenue is 40.6% more than the planned level, while operating costs are 2.8% more than plan YTD. Legal costs continue to be incurred (re Waiata House claim and others).
- Parking Control has run a deficit of \$34.7k as income is running 20.7% below planned. The income from both meters and infringements has not returned to pre-COVID levels.
- Internal functions include interest income being lower than planned (as noted above). Operating costs in the corporate areas show some under and over plan YTD and are expected to be close to the Plan by year end.

Rates Receivable

The graph below provides a picture of the changes in the value of rates receivable by quarter.



At the end of March 2021, the balance of rates unpaid was \$763,766. This is close to the balance one year ago. Arrears from prior years were \$86,354, which is 13.8% of the balance of all arrears at 30 June 2020. This compares to \$40,747 and 8.4% at 31 March 2020.

Current year instalments unpaid at 31 March 2021 were \$677,412, 7.1% less when compared to \$729,027 at 31 March 2020.

The level of rate arrears over the last 3 quarters shows a similar profile to the prior year.

2020/21 9 Months to 31 March 2021

2019/20 9 months	Rates Requirement Summary	2020/21 9 months	2020/21 YTD Plan	Variance		2020/21 Full Year Plan
\$		\$	\$	\$	%	\$
	RATES REQUIRED BY ACTIVITY					
	Transport					
3,893,370	Roading	4,625,469	4,668,957	43,488		6,483,252
	Water Services					
2,444,106	Urban Water supply	2,542,726	2,488,951	(53,775)		3,387,678
112,486	Rural Water supplies & races	40,672	35,589	(5,083)		103,545
	Wastewater Services					
3,663,943	Urban Sewerage system	3,513,278	3,501,396	(11,882)		6,533,166
150,136	Rural Sewerage systems	135,200	112,613	(22,587)		335,295
	Stormwater Services					
302,989	Stormwater	411,044	405,723	(5,321)		561,016
	Solid Waste Services					
559,132	Solid Waste Services	518,256	596,949	78,693		926,554
188,047	Waste Minimisation Services	342,238	243,668	(98,570)		245,422
	Community Facilities/Activities					
2,137,745	Parks, Reserves & Sportsfields	2,242,491	2,248,280	5,789		3,075,430
794,713	Trust House Recreation Centre	900,227	933,138	32,911		1,168,128
60,183	Cemeteries	93,353	101,886	8,533		138,961
1,567,424	Library & Archive	1,597,980	1,681,196	83,216		2,251,287
563,769	District Building	377,111	415,768	38,657		562,993
107,632	Housing for Elderly	86,701	69,831	(16,870)		55,118
534,811	Other Property	572,767	589,299	16,532		844,580
173,805	Hood Airport	176,891	175,271	(1,620)		326,409
26,338	Mawley Holiday Park	51,050	95,222	44,172		167,710
	Community Wellbeing					
878,325	Community Development	794,280	802,058	7,778		907,723
374,913	Arts & Culture	392,364	383,550	(8,814)		523,398
750,385	Economic Devlpmt & Promo	787,066	784,521	(2,544)		1,016,481
101,438	Environmental Initiatives	179,518	183,081	3,563		247,723
	Regulatory Services					
649,848	Resource Mgmt & Planning	619,593	685,796	66,203		885,274
274,283	Building Development	223,375	486,067	262,692		641,044
306,319	Environmental Services	304,620	369,674	65,054		516,493
(39,002)	Parking Control	44,027	9,323	(34,704)		5,771
48,308	Animal Services	121	5,429	5,308		86,864
132,744	Emergency Management	181,428	181,443	15		246,931
	Governance					
537,495	Representation	577,167	572,356	(4,811)		793,599
(253,068)	Internal Functions (net)	92,174	(11,196)	(103,370)		-
\$ 21,042,616	Total Rates Requirement	\$ 22,423,185	\$ 22,815,839	\$ 392,654	1.7%	\$ 33,037,845
	RATES INCOME					
23,929,784	Masterton District Council rates	24,824,122	24,804,633	19,489		33,072,845
174,392	Penalty Income	104,617	108,750	(4,133)		145,000
(135,888)	Rates Remissions	(140,129)	(135,000)	(5,129)		(180,000)
\$ 23,968,287	Net Rates Income	\$ 24,788,610	\$ 24,778,383	\$ 10,227	0.0%	\$ 33,037,845
\$ 2,925,671	Surplus/(Deficit) of Rates Income	\$ 2,365,425	\$ 1,962,545	\$ 402,880	1.8%	\$ 0

MASTERTON DISTRICT COUNCIL							
2019/20	Operating/Funding Statements		2020/21	Plan		2020/21	
9 months	2020/21	9 months YTD	9 months	9 months	Variance	%	Full Year Plan
Roading							
ROADS, STREETS, FOOTPATHS & PARKING AREAS							
3,637,895	Income:	NZTA subsidies	4,238,675	4,255,547	(16,872)		7,165,235
549,334		Petrol Tax & Other Income	1,801,273	1,144,367	656,906		1,299,147
679,950		Transfers from Reserves	217,352	249,474	(32,122)		1,923,122
<u>4,867,179</u>		Sub Total	<u>6,257,300</u>	<u>5,649,388</u>	<u>607,912</u>	10.8%	<u>10,387,504</u>
3,656,174	Expenses:	Subsidised Maintenance	4,282,926	4,373,569	90,643	2.1%	6,393,310
2,806,692		Subsidised Renewals	3,169,457	3,416,608	247,151		6,447,989
430,171		Emergency Works - retaining walls	295,154	0	(295,154)		180,000
3,112		Construction (Waipoua Bridge)	0	0	-		285,000
161,278		Non-Subsidised - Rural Maintenance	1,093,297	956,052	(137,245)		1,032,878
851,703		Non-Subsidised - Urban Maintenance	749,576	788,280	38,704		1,016,005
-		Non-Subsidised - Urban Renewals	21,339	10,000	(11,339)		457,206
3,760,291		Depreciation	4,200,902	4,200,903	1		5,601,202
361,104		less Transfer to Reserves	684,685	187,500	(497,185)		250,000
<u>12,030,525</u>		Sub Total	<u>14,497,336</u>	<u>13,932,912</u>	<u>(564,424)</u>	-4.1%	<u>21,663,590</u>
(3,287,796)		less Depn not rated	(3,632,796)	(3,632,796)	-		(4,843,728)
17,819		plus Loan Repaymt	18,229	18,229	(0)		50,894
<u>\$3,893,370</u>	Net Cost - Rates Required		<u>\$4,625,469</u>	<u>\$4,668,957</u>	<u>43,488</u>	0.9%	<u>\$6,483,252</u>

2019/20		MASTERTON DISTRICT COUNCIL		2020/21	Plan		2020/21
9 months		Operating/Funding Statements		9 months	9 months	Variance	Full Year Plan
		2020/21 9 months YTD					
Water Supplies							
URBAN WATER SUPPLY							
280,756	Income:	Metered water charges		300,286	310,752	(10,466)	414,340
-		Transfers from Reserves		0	0	-	20,000
280,756		sub total		300,286	310,752	(10,466)	434,340
-							
913,801	Expenses:	Water reticulation costs		910,260	821,586	(88,674)	1,027,112
920,956		Water treatment costs		950,671	1,007,042	56,371 5.6%	1,338,420
950,753		Depreciation		1,130,086	1,119,087	(10,999)	1,492,099
2,785,511		sub total		2,991,017	2,947,715	(43,302) -1.5%	3,857,631
(66,375)		less Depn not rated		(153,750)	(153,756)	(6)	(205,000)
5,726		plus Loan Repaymt		5,745	5,744	(1)	169,389
\$2,444,106		Net Cost - Rates Required		\$2,542,726	\$2,488,951	(53,775) -2.2%	\$3,387,680
RURAL WATER SUPPLIES & RACES							
206,001	Income:	User charges		218,297	206,417	11,880	217,697
-		Transfers from Reserves		0	0	-	0
206,001		sub total		218,297	206,417	11,880	217,697
263,232	Expenses:	Rural water supplies		214,403	201,773	(12,630) -5.9%	265,270
50,522		Depreciation		61,029	56,700	(4,329)	75,595
6,800		less Transfer to Reserves		0	-	-	0
320,554		sub total		275,432	258,473	(16,959)	340,865
(4,966)		less Depn not rated		(19,401)	(19,404)	(3)	(25,868)
2,898		plus Loan Repaymt		2938	2,937	(1)	6,246
\$112,486		Net Cost - Rates Required		\$40,672	\$35,589	(\$5,083) -14.3%	\$103,546

2019/20 9 months	Operating/Funding Statements 2020/21 9 months YTD	2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
Wastewater Services					
URBAN WASTEWATER SYSTEM					
445,038	Income: External income	282,814	335,071	(52,257) -18.5%	482,940
97,500	Transfers from Reserves	115,000	142,500	(27,500)	220,000
542,538	sub total	397,814	477,571	(79,757)	702,940
970,013	Expenses: Sewerage reticulation	980,989	976,962	(4,027)	1,322,300
2,312,717	Wastewater treatment	1,943,582	2,019,011	75,429 3.7%	2,675,215
1,648,426	Depreciation	1,787,795	1,784,268	(3,527)	2,379,011
-	less Transfer to Reserves	0	0	-	0
4,931,156	sub total	4,712,366	4,780,241	67,875 1.4%	6,376,526
(864,938)	less Depn not rated	(945,000)	(945,000)	-	(1,260,000)
140,263	plus Loan Repaymt	143,726	143,726	0	2,119,580
3,663,943	Net Cost - Rates Required	\$3,513,278	\$3,501,396	(\$11,882) -0.3%	\$6,533,166
RURAL WASTEWATER SCHEMES					
9,750	Income: User charges	0	154	(154)	8,322
196,360	Riversdale Beach cap. contributions	120,683	123,000	(2,317)	123,000
37,500	Transfers from Reserves	49,000	51,000	(2,000)	68,000
243,610	sub total	169,683	174,154	(4,471)	199,322
73,339	Expenses: Castlepoint sewerage scheme	75,774	66,201	(9,573) -14%	85,821
140,800	Riversdale sewerage scheme	164,040	154,970	(9,070) -6%	202,927
20,883	Tinui sewerage scheme	10,450	11,023	573	14,654
215,254	Depreciation	239,667	239,625	(42)	319,499
450,276	sub total	489,931	471,819	(18,112) -3.8%	622,901
(166,478)	less Depn not rated	(191,903)	(191,907)	(5)	(255,870)
109,948	plus Loan Repaymt	6,855	6,855	(0)	167,586
150,136	Net Cost - Rates Required	\$135,200	\$112,613	(22,587)	\$335,295

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD	2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
Stormwater					
STORMWATER					
	Income: Miscellaneous income	0	0	-	0
115,668	Transfers from Reserves	54,000	69,750	(15,750)	93,000
115,668	sub total	54,000	69,750	(15,750)	93,000
245,116	Expenses: Stormwater maintenance	304,267	314,697	10,430	404,622
222,515	Depreciation	243,502	243,504	2	324,669
467,632	sub total	547,769	558,201	10,432	729,291
(48,975)	less Depn not rated	(82,725)	(82,728)	(3)	(110,300)
-	plus Loan Repaymt	0	0	-	35,025
\$302,989	Net Cost - Rates Required	\$411,044	\$405,723	(5,321) -1.3%	\$561,016
Solid Waste					
SOLID WASTE MANAGEMENT					
181,477	Income: Refuse bag recoveries	166,060	148,032	18,028 12.2%	197,370
1,890,091	Transfer station gate fees	2,172,206	1,930,396	241,810 12.5%	2,565,525
68,115	Waste levy recovery	69,701	75,000	(5,299)	100,000
30,000	Transfers from Reserves	0	0	-	173,600
2,169,682	sub total	2,407,967	2,153,428	254,539 11.8%	3,036,495
259,097	Expenses: Refuse Collection	238,028	227,826	(10,202) -4.5%	303,774
1,585,583	Waste transfer & disposal	1,790,410	1,625,660	(164,750) -10.1%	2,198,375
926,149	Recycling & Composting	1,111,059	1,027,891	(83,168) -8.1%	1,398,656
193,681	Rural Landfills	220,408	204,112	(16,296)	270,970
2,964,510	sub total	3,359,904	3,085,489	(274,415) -8.9%	4,171,775
-	less Transfer to Reserves	0	0	-	0
(68,250)	less Depn not rated	(112,500)	(112,500)	-	(150,000)
20,601	plus Loan Repaymt	21,056	21,056	(0)	186,697
\$747,179	Net Cost - Rates Required	\$860,494	\$840,617	(19,877) -2.4%	\$1,171,977
Surplus as a % of Operating Expenditure -0.6%					

2019/20 9 months		MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
Community Facilities & Activities							
PARKS, RESERVES & SPORTSFIELDS							
20,449	Income: Parks & reserves	20,554	18,873	1,681			25,161
19,772	Sports fields	11,108	8,034	3,074			14,712
75,355	Transfers from Reserves	74,000	115,750	(41,750)			183,000
<u>115,576</u>	Sub Total	<u>105,661</u>	<u>142,657</u>	<u>(36,996)</u>			<u>222,873</u>
1,554,233	Expenses: Parks & reserves	1,564,677	1,660,276	95,600	5.8%		2,223,908
335,483	Sportsfields	339,653	379,177	39,524			505,382
483,378	Depreciation	563,588	471,249	(92,339)			628,340
(121,500)	less Depn not rated	(121,500)	(121,500)	-			(162,000)
1,728	plus Loan Repaymt	1,735	1,735	(0)			102,675
<u>2,253,321</u>	Sub Total	<u>2,348,152</u>	<u>2,390,937</u>	<u>42,785</u>			<u>3,298,305</u>
<u>\$2,137,745</u>	Net Cost - Rates Required	<u>\$2,242,491</u>	<u>\$2,248,280</u>	<u>5,789</u>	0.3%		<u>\$3,075,432</u>
TRUST HOUSE RECREATION CENTRE							
15,000	Income: Lease & other income	15,000	15,000	-			35,420
-	Transfers from Reserves	40,000	60,000	(20,000)			140,000
<u>15,000</u>	sub total	<u>55,000</u>	<u>75,000</u>	<u>(20,000)</u>			<u>175,420</u>
553,612	Expenses: Recreation Centre	707,417	770,544	63,127			1,017,554
433,031	Depreciation	429,451	419,238	(10,213)			558,990
<u>986,643</u>	sub total	<u>1,136,868</u>	<u>1,189,782</u>	<u>52,914</u>			<u>1,576,544</u>
(189,750)	less Depn not rated	(195,000)	(195,003)	(3)			(260,000)
12,820	plus Loan Repaymt	13,359	13,359	0			27,005
<u>\$794,713</u>	Net Cost - Rates Required	<u>900,227</u>	<u>933,138</u>	<u>32,911</u>	3.5%		<u>\$1,168,129</u>
CEMETERIES							
72,008	Income: Burial Fees & Sale of Plots	57,153	60,775	(3,622)			79,778
-	Transfers from Reserves	0	12,500	(12,500)			35,000
<u>72,008</u>	sub total	<u>57,153</u>	<u>73,275</u>	<u>(16,122)</u>	-22.0%		<u>114,778</u>
132,191	Expenses: Operating costs	150,506	175,161	24,655			253,740
<u>\$60,183</u>	Net Cost - Rates Required	<u>93,353</u>	<u>101,886</u>	<u>8,533</u>	8.4%		<u>\$138,962</u>

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD	2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
DISTRICT BUILDINGS					
322,471	Income: Rental - Offices (internal recovery)	396,938	398,016	(1,078)	530,680
-	Transfers from Reserves	0	0	-	0
<u>322,471</u>	sub total	<u>396,938</u>	<u>398,016</u>	<u>(1,078)</u>	<u>530,680</u>
573,847	Expenses: Operating & maintenance	482,535	503,474	20,938 4.2%	636,777
147,262	Ext rent & office costs	118,325	141,426	23,101	188,570
<u>112,795</u>	Depreciation	<u>149,298</u>	<u>110,493</u>	<u>(38,805)</u>	<u>147,322</u>
833,905	sub total	750,158	755,393	5,235	972,669
-	less Depn not rated	(34,500)	-	34,500	-
52,335	plus Loan Repaymt	58,391	58,391	(0)	121,004
<u>\$563,769</u>	Net Cost - Rates Required	<u>\$377,111</u>	<u>\$415,768</u>	<u>\$38,657</u> 9.3%	<u>\$562,993</u>
HOUSING FOR THE ELDERLY					
312,155	Income: Rental income	301,581	322,794	(21,213)	430,404
-	Transfers from Reserves	52,500	37,500	15,000	75,000
<u>337,155</u>	sub total	<u>354,081</u>	<u>360,294</u>	<u>(6,213)</u>	<u>505,404</u>
379,174	Expenses: Housing for the Elderly	418,372	412,116	(6,256)	536,513
283,112	Depreciation	217,410	213,012	(4,398)	284,009
<u>662,287</u>	sub total	<u>635,782</u>	<u>625,128</u>	<u>(10,654)</u> -2%	<u>820,522</u>
(217,500)	less Depn not rated	(195,000)	(195,003)	(3)	(260,000)
-	plus Loan Repaymt	0	0	-	0
-	plus Tsfs to reserves	0	0	-	0
107,632	Net Cost - Rates Required	<u>86,701</u>	<u>69,831</u>	<u>(\$16,870)</u>	<u>\$55,118</u>

MASTERTON DISTRICT COUNCIL							
9 months	Operating/Funding Statements	2020/21	Plan			2020/21	
0	2020/21 9 months YTD	9 months	9 months	Variance		Full Year Plan	
OTHER PROPERTY							
219,896	Income: Rental - Other Properties	211,041	197,930	13,111	6.6%	269,218	
388,614	Mawley Holiday Park	410,659	333,063	77,596	23.3%	444,084	
41,788	Forestry recoveries (net)	31,093	33,750	(2,657)		45,000	
7,500	Transfers from Reserves	0	0	-		85,000	
657,798	sub total	652,794	564,743	88,051	15.6%	843,302	
176,524	Expenses: Other Property maintenance	193,904	178,179	(15,725)		228,213	
228,454	Public Conveniences	269,138	274,087	4,949		359,684	
72,594	Rural Halls & Fire Stations	85,036	80,910	(4,126)		186,854	
171,019	Property Development	117,900	127,696	9,797		175,692	
367,761	Mawley Park	413,949	379,703	(34,246)		497,470	
41,175	Forestry	49,205	55,644	6,439		66,012	
269,464	Depreciation	198,884	204,444	5,560		272,586	
1,326,991	sub total	1,328,016	1,300,663	(27,352)	-2.1%	1,786,512	
(125,250)	less Depn not rated	(69,000)	(68,994)	6		(92,000)	
17,206	plus Loan Repaymt	17,595	17,595	(0)		161,080	
	plus Tsfs to reserves	-	-	-		-	
\$561,149	Net Cost - Rates Required	\$623,817	\$684,521	\$60,704	8.9%	\$1,012,290	
AIRPORT							
214,441	Income: Operating Income	303,131	213,322	89,809		244,101	
39,614	Transfers from Reserves	12,000	0	12,000		20,000	
254,055		315,131	213,322	101,809		264,101	
365,931	Expenses: Operating Costs	343,327	323,814	(19,513)	-6%	434,073	
61,190	Depreciation	66,976	63,063	(3,913)		84,079	
-	less Transfer to Reserves	80,000	0	(80,000)		0	
173,067	Operating (Surplus)/Deficit	175,171	173,555	(1,616)		254,051	
(36,750)	less Depn not rated	(37,500)	(37,503)	(3)		(50,000)	
37,488	plus Loan Repaymt	39,219	39,219	(0)		122,358	
\$173,805	Net Cost - Rates Required	\$176,891	\$175,271	(\$1,620)		\$326,409	

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
LIBRARY & ARCHIVE						
21,584	Income: Donations Income		26,649	28,824	(2,175)	31,631
48,082	Operating Income		34,964	41,838	(6,874)	58,419
-	Transfers from Reserves		0	0	-	0
69,666	Sub Total		61,613	70,662	(9,049)	90,050
117,350	Expenses: Book purchases		153,562	135,000	(18,562)	180,000
1,122,881	Library operating costs		1,114,173	1,219,909	105,736 8.7%	1,593,453
279,155	Archive operating costs		279,741	304,107	24,366	435,603
235,082	Depreciation		249,366	230,094	(19,272)	306,782
1,754,468			1,796,842	1,889,110	92,268	2,515,838
(11,625)	less Depn not rated		(6,000)	(6,003)	(3)	(8,000)
3,325	plus Loan Repaymt		3,751	3,751	(0)	13,498
(109,079)	capex transfers		(135,000)	(135,000)	-	(180,000)
\$1,567,424	Net Cost - Rates Required		\$1,597,980	\$1,681,196	\$83,216 4.9%	\$2,251,286
COMMUNITY DEVELOPMENT						
47,462	Income: Misc. & Grant Income		113,484	18,150	95,334	47,600
19,605	Internal Recoveries		34,722	34,722	-	46,296
250,266	Transfers from Reserves		105,414	152,000	(46,586)	334,000
317,333	Sub Total		253,620	204,872	48,748	427,896
1,195,658	Expenses: Com devlpmt grants & project costs		1,047,900	1,006,930	(40,970)	1,335,619
-	less Transfer to Reserves		0	0	-	0
\$878,325	Net Cost - Rates Required		\$794,280	\$802,058	7,778 1.0%	\$907,723
ARTS & CULTURE						
33,133	Income: Misc. & Grant Income		37,366	30,500	6,866	30,500
-	Transfers from Reserves		8,189	10,000	(1,811)	40,000
33,133	Sub Total		45,555	40,500	5,055	70,500
408,046	Expenses: Arts & Culture		437,919	424,050	(13,869)	593,898
\$374,913	Net Cost - Rates Required		\$392,364	\$383,550	(8,814) -2.3%	\$523,398

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
ECONOMIC DEVELOPMENT & PROMOTION						
10,407	Income:	Misc. & Grant Income	20,978	6,700	14,278	6,700
35,000		Transfers from Reserves	160,000	181,000	(21,000)	282,000
<u>45,407</u>						
		Sub Total	180,978	187,700	(6,722)	288,700
413,164	Expenses:	Econ. devlpmt projects	570,988	596,104	25,116	794,791
211,907		Destination Wairarapa	212,186	210,000	(2,186)	280,000
117,088		Events grants	120,056	121,500	1,444	136,500
52,876		CBD Amenities costs	64,026	43,828	(20,198)	92,294
<u>795,033</u>			967,255	971,432	4,177	1,303,585
759		plus Loan Repaymt	789	789	0	1,595
<u>795,792</u>						
		Sub Total	968,044	972,221	4,177	1,305,180
<u>\$750,385</u>	Net Cost - Rates Required		<u>\$787,066</u>	<u>\$784,521</u>	<u>(2,544)</u>	<u>\$1,016,480</u>
ENVIRONMENTAL INITIATIVES						
10,000	Income:	Internal Recoveries	10,000	15,000	(5,000)	20,000
-		Misc.	943	0	943	0
-		Transfers from Reserves	0	0	-	50,000
<u>10,000</u>						
		Sub Total	10,943	15,000	(4,057)	70,000
111,438		Environmental grants & project costs less Transfer to Reserves	190,461	198,081	7,620	317,723
<u>\$101,438</u>	Net Cost - Rates Required		<u>\$179,518</u>	<u>\$183,081</u>	<u>3,563</u>	<u>\$247,723</u>

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan	
Regulatory Services							
RESOURCE MANAGEMENT & PLANNING							
91,495	Income:	Consent Fees & Other Income	136,959	76,650	60,309	78.7%	102,204
1,085,930		Financial Contributions	784,130	656,259	127,871	19.5%	875,000
700		Transfers from Reserves	87,726	111,125	(23,399)		401,500
1,178,125		Sub Total	1,008,815	844,034	164,781		1,378,704
498,767	Expenses:	Operating costs	598,232	630,868	32,636	5.2%	1,116,266
153,276		River scheme contrib. (GWRC)	156,045	152,712	(3,333)		152,712
1,175,930		less Transfer to Reserves	874,130	746,250	(127,880)		995,000
1,827,973		Sub Total	1,628,407	1,529,830	(98,577)		2,263,978
\$649,848		Net Costs - Regulatory Services	\$619,593	\$685,796	66,203	9.7%	\$885,274
ENVIRONMENTAL HEALTH							
106,917	Income:	Fees & Licences	100,117	100,858	(741)		129,124
192,712		Internal Recoveries	195,448	195,453	(5)		260,600
-		Transfers from Reserves	0	0	-		10,000
299,629		Sub Total	295,566	296,311	(745)		399,724
605,948	Expenses:	Operating costs	600,185	665,985	65,800	9.9%	916,216
605,948		Sub Total	600,185	665,985	65,800		916,216
\$306,319		Net Cost - Rates Required	\$304,620	\$369,674	65,054	17.6%	\$516,492

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
BUILDING SERVICES						
946,077	Income:	Consent fees & charges	1,065,847	757,999	307,848 40.6%	1,059,340
32,900		Transfers from Reserves	101,517	117,500	(15,983)	117,500
<u>978,977</u>						
		Sub Total	1,167,365	875,499	291,866	1,176,840
1,253,259	Expenses:	Operating costs	1,275,795	1,241,566	(34,229) -2.8%	1,697,884
-		Legal fees	114,945	120,000	5,055	120,000
-		less Transfer to Reserves	0	0	-	0
<u>1,253,259</u>						
		Sub Total	1,390,740	1,361,566	(29,174)	1,817,884
<u>\$274,283</u>		Net Cost - Rates Required	<u>\$223,375</u>	<u>\$486,067</u>	<u>262,692</u>	<u>\$641,044</u>
PARKING CONTROL						
201,237	Income:	Meters & Fines	124,182	156,637	(32,455) -20.7%	215,511
162,236	Expenses:	Operating Costs	168,209	165,960	(2,249) -1.4%	221,282
-		Tsf to reserves	0	0	-	0
<u>162,236</u>						
		Sub Total	168,209	165,960	(2,249)	221,282
(39,002)		Operating (Surplus)/Deficit	44,027	9,323	34,704	5,771
-		Loan Repaymt (net)	0	0	-	0
<u>(\$39,002)</u>		Net Cost - Rates Required () = surplus	<u>\$44,027</u>	<u>\$9,323</u>	<u>(34,704)</u>	<u>\$5,771</u>
ANIMAL CONTROL						
393,557	Income:	Dog registrations & Pound fees	401,349	389,200	12,149 3.1%	395,530
118		Grant Income	0	0	-	0
703		Transfers from Reserves	526	0	526	30,000
<u>394,379</u>						
		Sub Total	401,876	389,200	12,676	425,530
354,129	Expenses:	Operating costs	375,740	385,890	10,150 2.6%	512,395
-		less Depn not rated	-	-	-	-
88,557		less Transfer to Reserves	26,257	8,739	(17,518)	0
<u>354,129</u>						
<u>\$48,308</u>		Net Cost - Rates Required	<u>\$121</u>	<u>\$5,429</u>	<u>\$5,308</u>	<u>\$86,865</u>

2019/20 9 months	MASTERTON DISTRICT COUNCIL Operating/Funding Statements 2020/21 9 months YTD		2020/21 9 months	Plan 9 months	Variance	2020/21 Full Year Plan
EMERGENCY MANAGEMENT						
27,155	Income:	Recoveries	23,787	13,947	9,840	25,595
-		Transfers from Reserves	0	0	-	20,000
27,155		Sub Total	23,787	13,947	9,840	45,595
157,399	Expenses:	Operating costs	202,214	193,140	(9,074)	289,526
2,500		less Transfer to Reserves	3,000	2,250	(750)	3,000
159,899		Sub Total	205,214	195,390	(9,824)	292,526
\$132,744		Net Cost - Rates Required	\$181,428	\$181,443	\$15 0.0%	\$246,931
Governance						
REPRESENTATION						
390,671	Income:	Internal Allocation	396,799	396,801	(2)	529,066
98,227		Recoveries - election & governance	0	0	-	0
18,288		Transfers from Reserves	0	0	-	28,000
507,186		Sub Total	396,799	396,801	(2)	557,066
372,277	Expenses:	Councillors remuneration costs	373,788	383,072	9,284	391,092
135,203		Election costs	847	0	(847)	25,000
20,504		Consultation & publications	20,000	25,625	5,625	47,000
516,697		Other support costs	579,332	560,460	(18,872)	887,573
-		less Transfer to Reserves	0	0	-	0
1,044,681		Sub Total	973,967	969,157	(4,810)	1,350,665
\$537,495		Net Cost - Representation	\$577,167	\$572,356	(4,811) -0.8%	\$793,599
Internal Functions						
ROAD ENGINEERING CONSULTANCY						
542,065	Income:	Internal recoveries	624,758	624,762	(5)	833,010
7,435		External recoveries	0	7,659	(7,659)	10,210
549,500		Sub Total	624,758	632,421	(7,664)	843,220
562,475	Expenses:	Operating costs	625,548	630,678	5,130	843,220
-		less Transfer to Reserves	0	0	-	0
\$12,975		Net Cost - Rates Required	\$790	(\$1,743)	(2,533)	\$0

MASTERTON DISTRICT COUNCIL		2020/21	Plan		2020/21
Operating/Funding Statements		9 months	9 months	Variance	Full Year Plan
2019/20	2020/21				
9 months					
ASSET & PROJECT MANAGEMENT					
1,059,856	Income: Internal recoveries	1,320,668	1,321,812	(1,144)	1,762,419
66,857	Corporate Services Apportionment	0	0		0
7,442	External recoveries	3,982	15,363	(11,381)	20,480
1,134,155	Sub Total	1,324,650	1,337,175	(12,525)	1,782,899
1,128,572	Expenses: Operating costs	1,322,153	1,337,814	15,661	1,782,899
(\$5,583)	Net Cost - Rates Required	(\$2,497)	\$639	3,136	\$0
CORPORATE SERVICES					
291,554	Income: Misc Income	443,818	476,447	(32,629)	636,339
730,800	Interest Income	356,419	650,700	(294,281) (45.2%)	867,599
-	Transfers from Reserves	22,200	18,750	3,450	35,000
1,022,355		822,437	1,145,897	(323,460)	1,538,938
674,921	Expenses: Administration	723,507	703,726	(19,781) (2.8%)	967,119
1,072,064	Finance	1,227,583	1,217,500	(10,083) (0.8%)	1,627,469
569,217	Information Services	640,313	676,289	35,976 5.3%	859,841
483,451	Strategic Planning	774,795	787,567	12,772 1.6%	1,046,535
393,572	CE's Office	356,383	385,849	29,466 7.6%	534,250
446,744	Communications & Promotion	451,493	499,755	48,262 9.7%	669,413
343,095	Human Resources	476,513	470,306	(6,207) (1.3%)	641,216
158,253	Vehicle fleet costs	159,195	163,479	4,284	217,973
348,504	Transfers to Reserves (interest)	163,944	288,750	124,806	385,000
(3,727,927)	Corporate Services Apportionment	(4,057,408)	(4,057,416)	(8)	(5,409,878)
761,894		916,318	1,135,805	219,487	1,538,938
(\$260,461)	Net Cost - Rates Required	\$93,881	(\$10,092)	(\$103,973)	\$0

CAPITAL EXPENDITURE SUMMARY

CAPITAL EXPENDITURE STATEMENTS

CAPITAL EXPENDITURE	YTD	YTD Plan	YTD Variance	Full Year Plan	Forecast YE	
9 Months Year to Date	\$	\$		\$	\$	
Department / Project	31 March 2021	31 March 2021		2020/21	2020/21	Comments
Roading						
<u>Subsidised Roothing</u>						
Roothing renewals - rural	1,640,905	1,727,703	86,798	2,579,160	2,779,160	Predicted overspend on renewals, offset by underspend on maintenance
Roothing renewals - urban	526,396	512,821	(13,575)	1,747,429	1,747,429	
Bridge renewals	3,874	-	(3,874)	115,000	115,000	
Footpath upgrading (incl reseals)	453,829	454,072	243	672,000	672,000	
Bridge - Waipoua river eastern bridge design	-	-	-	285,000	0	Funding was not approved
Rural/Urban minor improvements	544,453	522,010	(22,443)	1,264,400	1,264,400	NZTA funds now approved - working on spending it all
Cycleways	-	-	-	70,000	70,000	
<u>Non- Subsidised Roothing</u>						
Car park seal renewals	21,339	10,000	(11,339)	407,206	619,000	Essex St carpark let to PCL start in March finish this year
Under verandah lighting	-	-	-	180,000	309,000	Over spend as additional work identified
Gordon Street upgrade	-	-	-	400,000	0	To be carried fwd
Millard Ave - design	11,210	37,500	26,290	50,000	35,000	To go to detail design
CBD Recycling Bins	-	-	-	10,000	0	Masterton revamp
Masterton revamp	158,743	150,000	(8,743)	1,400,000	200,000	Masterton revamp - subject to LTP consultation
Neighbourhood Projects - provision	-	-	-	120,000	0	No current initiatives, funding to be carried forward
Carpark Lighting - safety initiative	42,208	45,000	2,792	60,000	42,208	Project complete
Total Roothing	3,402,957	3,459,106	56,149	9,360,195	7,853,197	

CAPITAL EXPENDITURE	YTD	Budget YTD	YTD Variance	Full Year	Forecast YE	
9 Months Year to Date	\$			\$	\$	
Department / Project	31 March 2021	31 March 2021		2020/21	2020/21	Comments
Water Services						
Water reticulation renewals	933,630	950,000	16,370	1,800,000	1,500,000	Projected to be spent
Water connection replacements	69,036	37,500	(31,536)	50,000	85,000	Additional spend related to water meter project
Reservoir upgrades	-	15,360	15,360	20,480	20,480	
WTP equipment renewals	80,988	30,000	(50,988)	40,000	81,000	
WTP building renewals	-	15,000	15,000	20,000	0	
						Install of majority of meters forecast to be completed.
Water meters - installation project	243,881	300,000	56,119	1,800,000	500,000	Additional laterals work will carry forward
Wainuioru water supply	10,629	17,500	6,871	50,000	20,000	
WTP - sludge handling upgrades	57,752	50,000	(7,752)	200,000	70,000	Design work, larger job in next year
Castlepoint water supply upgrades	3,433	-	(3,433)	-	5,000	
Opaki race consent renewal	-	-	-	50,000	20,000	Consent application will be done this year
Emergency package plant	33,819	50,000	16,181	100,000	100,000	
Millard Ave - design	1,050	-	(1,050)	20,000	3,000	
WTP - SCADA & electrical upgrades	21,307	-	(21,307)	-	60,000	stimulus project
Waipoua pump station upgrade	6,584	-	(6,584)	-	7,000	stimulus project
Nikau Heights Water storage upgrade	3,324	-	(3,324)	-	3,500	stimulus project
Bulk Tanker Water supply Terminal Con:	3,022	-	(3,022)	-	3,000	stimulus project
Total Water Services	1,468,455	1,465,360	3,250	4,150,480	2,477,980	
Wastewater Services						
Network Investigations	-	37,500	37,500	50,000	50,000	Work scheduled
Wastewater renewals	1,587,889	1,175,000	(412,889)	1,300,000	1,800,000	Some contract work carried over from last year
WWTP equipment	159,696	232,500	72,804	310,000	200,000	
Homebush farm - irrigation	-	-	-	300,000	0	May start this year, but to be finished in 2021/22
Riversdale Beach - scheme renewals	39,392	52,500	13,108	70,000	50,000	
Castlepoint - scheme renewals	22,912	3,750	(19,162)	5,000	23,000	
Millard Ave - design	2,400	-	(2,400)	20,000	5,000	
Chapel St telemetry	5,168	-	(5,168)	-	5,168	Stimulus project
Total Wastewater Services	1,817,457	1,501,250	(316,207)	2,055,000	2,133,168	
Stormwater Services						
Stormwater renewals	120,656	147,500	26,844	330,000	330,000	On track to be completed
Stormwater consent	-	-	-	52,000	52,000	To be complete by July
Urbanisation of Millard Ave	1,750	-	(1,750)	20,000	3,000	
Total Stormwater Services	122,406	147,500	25,094	402,000	385,000	
Solid Waste Services						
Landfill capping	-	30,315	30,315	40,420	0	
Transfer station renewals	-	7,500	7,500	50,000	50,000	Repairs going to be done prior to year end
Total Solid Waste Services	-	37,815	37,815	90,420	50,000	

CAPITAL EXPENDITURE	YTD	Budget YTD	YTD Variance	Full Year	Forecast YE	
9 Months Year to Date	\$	\$		\$	\$	comment
Department / Project	31 March 2021	31 March 2021		2020/21	2020/21	
Community Facilities/Activities						
<u>Parks, Reserves & Sports fields</u>						
Q E Park - renewal project	27,189	27,689	500	90,250	40,000	Only partly spent. Offset by Pioneer turf renovation over
Kidz Own Junior playground area	3,358	-	(3,358)	-	5,000	
Upgrade structures incl playgrounds	57,690	106,250	48,560	275,000	225,000	
Henley Lake - Buildings upgrades	57,510	65,000	7,490	140,000	140,000	Pump station upgrade - underway now, on track to complete
Henley Lake - consent & upgrading	29,591	30,000	409	80,000	80,000	
Flow Meter Telemetry	179	-	(179)	-	0	
Recreation Trails	-	3,150	3,150	124,200	0	Allocated to Waipoua bridge project
Parks & Open spaces - signage	-	3,033	3,033	4,042	4,042	
Street trees additions & replacements	-	564	564	16,750	0	To check
Recreational trails - extensions	28,032	3,348	(24,684)	124,462	30,000	McJorror trail extension completed. Balance allocated to Waipoua bridge project
Percys Reserve up-grade	42,556	37,500	(5,056)	50,000	50,000	On track
Henley lake overflow carpark - regrass	7,115	7,500	385	30,000	20,000	On track
Castlepoint seawall handrails	25,450	22,500	(2,950)	30,000	30,000	On track
Memorial Park upgrades	59,445	75,000	15,555	500,000	70,000	Detail design and consent application this year.
Sports facilities building	148,003	187,500	39,497	250,000	250,000	Cladding work for April completion, expect fully spent
Colin Pugh Sports Bowl	114,609	82,500	(32,109)	110,000	115,000	No further work planned this year
Mauriceville Domain	5,523	-	(5,523)	-	5,523	
Other Reserves	3,075	-	(3,075)	-	3,075	
Skatepark upgrade	72,015	112,500	40,485	1,350,000	300,000	Projected spend by 30 June. Balance of project in 2021/22
Waipoua Cycle & pedestrian bridge	4,762	-	(4,762)	-	9,200	Using budget from Rec Trails, build in 2021/22
Rural Halls water treatment project	3,682	-	(3,682)	-	9,200	Stimulus funds
	689,783	764,034	74,251	3,174,704	1,386,040	
<u>Conveniences</u>						
Public conveniences	11,053	15,000	3,947	20,000	20,000	On track to spend budget
Castlepoint Toilet Upgrade	252,965	250,000	(2,965)	250,000	255,000	Project comple
	264,018	265,000	982	270,000	275,000	
<u>Recreation Centre</u>						
Outdoor pools upgrade	-	-	-	80,000	80,000	On track to spend all capital cost codes for THRC
Rec Centre - Plant renewals	42,085	45,000	2,915	60,000	60,000	
Stadium renewals	-	22,500	22,500	30,000	30,000	
Rec Centre - Interior renewals	105,321	52,500	(52,821)	70,000	70,000	
Rec Centre - Exterior renewals	-	30,000	30,000	40,000	40,000	
	147,405	150,000	2,595	280,000	280,000	
<u>Cemeteries</u>						
Cemetery Renewal & extension	3,025	21,675	18,650	268,900	60,000	Project for development added to LTP
	3,025	21,675	18,650	268,900	60,000	

CAPITAL EXPENDITURE	YTD	Budget YTD	YTD Variance	Full Year	Forecast YE	
9 Months Year to Date	\$	\$		\$	\$	comment
Department / Project	31 March 2021	31 March 2021		2020/21	2020/21	
<u>District Building</u>						
Office equipment & systems	8,996	15,000	6,004	20,000	20,000	
Building upgrades	16,626	41,250	24,624	55,000	55,000	Vehicle compound - awaiting confirmed start date
Civic Centre - stage one design	77,536	87,500	9,964	250,000	90,000	Project now part of LTP 2021-31
Queen street - leasehold improv.	-	-	-	15,000	0	on hold
Queen street - furn & fittings	2,109	5,250	3,141	7,000	0	on hold
	105,267	149,000	43,733	347,000	165,000	
<u>Housing for the Elderly</u>						
Interior equipment renewals	13,558	22,500	8,942	70,000	70,000	using for heatpumps
Window upgrades	-	-	-	50,000	50,000	using for heatpumps
Replace/renew roofs Panama	6,678	8,289	1,611	51,050	51,050	using for heatpumps
Upgrades and renewals	28,871	71,250	42,379	95,000	65,000	Not all will be spent
	49,108	102,039	52,931	266,050	236,050	
<u>Other Properties</u>						
Rental property upgrades	34,787	26,250	(8,537)	35,000	45,000	
Earthquake Strengthening	2,205	7,500	5,295	50,000	50,000	Library building and assessments for Bowls & Pioneer
Rural halls upgrades	9,335	15,000	5,665	60,000	10,000	Rolled budgets into LTP
Asbestos removal - provision	84,091	90,000	5,909	320,000	140,000	Some work will be completed
Mawley Park - upgrades	10,366	28,750	18,384	65,000	65,000	Replacing electrical system for powered sites
	140,785	167,500	26,715	530,000	310,000	
<u>Library & Archive</u>						
Library - book stock renewals	113,480	135,000	21,520	180,000	180,000	
Library - computer & equipment replacement	4,289	34,314	30,025	45,750	35,000	
Library - renewal furniture/fittings	2,320	8,250	5,930	15,500	5,500	
Library - Building upgrade - design	9,252	13,375	4,123	200,000	10,000	Scoping Archives relocation is only spend
Library - Learning Centre	14,501	-	(14,501)	-	14,501	Late costs not allowed for in budget
Archive - extension (incl. shelving)	-	-	-	125,000	0	Part of the new Civic Facility review
	143,842	190,939	47,097	566,250	245,001	
<u>Airport</u>						
Airport - runway light replacement	-	-	-	150,000	0	Deferred - pending runway project
Airport - runway development	14,827	20,000	5,173	1,160,000	25,000	Deferred - pending runway project
Airport regulatory (fencing misc.)	8,466	10,000	1,534	80,000	80,000	On-track to spend
Hanger area expansion incl services	247,109	315,000	67,891	420,000	350,000	Work underway
	270,402	345,000	74,598	1,810,000	455,000	
TOTAL Community Facilities/Activities	1,813,635	2,155,187	341,552	7,512,904	3,412,091	

CAPITAL EXPENDITURE	YTD	Budget YTD	YTD Variance	Full Year	Forecast YE	
9 Months Year to Date	\$	\$		\$	\$	Comments
Department / Project	31 March 2021	31 March 2021		2020/21	2020/21	
Wellbeings						
Economic Development & Promotion						
Christmas decorations	11,455	15,000	3,545	20,000	11,455	
Flag Trax	14,975	15,000	25	40,000	49,000	Offset by underspend on decorations
Security camera renewals	26,605	27,500	895	50,000	27,000	CCTV server upgraded
Street History Signage	-	-	-	10,000	0	C/fwd into LTP
	53,035	57,500	4,465	120,000	87,455	
Regulatory Services						
Animal Control - equipment	2,160	5,000	2,840	20,000	20,000	
Animal Control - animal shelter (stage 1)	58,058	100,000	41,942	400,000	120,000	Project underway, majority to be spent in 2021/22
Animal & Bylaws Signage	-	-	-	10,000	0	
Building Control - equipment	-	10,500	10,500	14,000	0	Spend is in IT equipment renewals
EM/CD Radios upgrade	2,106	3,500	1,394	58,000	58,000	Potential this won't proceed - WREMO project
Env. Health - equipment	10,536	6,000	(4,536)	8,000	10,500	
Parking meter replacement	2,838	-	(2,838)	-	3,000	
	75,698	125,000	49,302	510,000	208,500	
Corporate Services						
IT equipment replacement	130,393	87,500	(42,893)	90,000	145,000	Server upgrade brought forward, depn funded
GIS - aerial photography	24,280	24,143	(137)	25,525	24,280	
Pool Vehicle replacement	72,582	75,000	2,418	100,000	100,000	
	227,255	186,643	(40,612)	215,525	269,280	
Total	\$8,980,899	\$9,135,361	\$160,808	\$24,416,524	\$16,876,671	

To:	Audit and Risk Committee
From:	Julie Wallace, Senior Health and Safety Advisor
Endorsed by:	Kate Conroy, Acting People and Capability Manager
Date:	12 May 2021
Subject:	Health and Safety Quarterly Report
FOR INFORMATION	
Recommendation:	
The Audit and Risk Committee notes the content and receives the Health and Safety Report for the third quarter (1 February 2021 to 31 March 2021).	

PURPOSE

Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety.

These quarterly reports provide information to assist elected members to carry out that role.

EXECUTIVE SUMMARY

Training and development of staff continues to be a key focus. Due to the unavailability of our trainer, we are currently looking at alternative providers.

KEY UPDATES FOR THE QUARTER**Covid Vaccinations**

With the rollout of Covid Vaccinations in New Zealand, there is a need to look at roles within Council which may be at a higher risk of contracting Covid and have the potential of infecting others. This assessment will highlight council roles where a Covid vaccination may be required alongside other Covid control measures.

The Health and Safety Advisors at Masterton District Council, Carterton District Council and South Wairarapa District Council have worked together to develop guidelines and a risk matrix to assist with understanding the risk to all staff across Covid alert levels 2, 3 and 4. This will ensure there is a consistent approach across the three Wairarapa councils.

Once the assessment has been finalised and endorsed by the Strategic Leadership Team, the People and Capability team will identify and support vaccination access for people currently employed in roles that are deemed to be higher risk. Consideration will also be given to any potential employment relations issues, specifically the requirement for vaccination of future recruits to the higher risk roles.

MDC Health and Safety Incident Investigation Handbook

An Incident Reporting and Investigation handbook has been developed to assist with the incident investigation process. The handbook and associated incident investigation report are designed to align with the Incident reporting and investigation training Managers and staff have attended to date.

The handbook provides information about:

- resourcing an investigation team;
- conducting an investigation;
- interviewing techniques and questions;
- analysing information gathered; and
- making recommendations and conclusions.

Contractor and Volunteer health and safety procedure review

A process and supporting documentation and forms for working with Contractors and Volunteers was put in place in 2015 when the new Health and Safety at Work Act came into force. Following further guidelines from WorkSafe, and a clearer understanding of PCBU obligations, it was timely to revisit our Contractor and Volunteer Health and Safety Procedures and ask ourselves:

- How do they meet the requirements under the Act?
- How effectively have they been implemented, and adhered to?
- How easy are they for Council and our Contractor, Supplier and Volunteer community?

Staff who work with Contractors and Volunteers were consulted with and provided input into the revised health and safety procedures and forms.

We have opted for a risk-based approach to Contractor Health and Safety. A risk assessment of the work Contractors do for Council will determine if the work is low, medium, or high risk and will inform how the health and safety aspects of the work will be managed.

Health and Safety training

Behaviour / culture workshops

Continuing to promote a good workplace culture, all leaders and staff at the Council attended Behaviour and Culture Workshops facilitated by Martin Laurs and Rena Day of Business Central in February 2021.

Key objectives of the sessions were to:

- develop a consistent and shared understanding of the policy intent;
- develop understanding of the continuum between inappropriate and appropriate behaviours;
- identify opportunities to upskill people leaders, in order to champion a good working culture, and to enable them to manage issues in a fair and open manner, both formally and informally.

Feedback indicates that the sessions were well received. The People and Capability team is working with People Leaders to identify training needs and additional support required by teams and individuals.

Other PCBUs – Dealing with Sub-Contractors



We continue to upskill staff on working with Contractors, and Managers and staff who work with Contractors.

Key objectives of the sessions are to equip attendees to:

- explain H&S obligations that PCBUs have to contractors;
- outline the considerations in procuring, selecting, engaging and managing contractors;
- prepare a contract with H&S considerations;
- conduct H&S performance assessments on contractors;
- assess a contractor's H&S record;
- prepare/audit contractor H&S documentation; and
- assess a contractor's H&S management plan.

DUE DILIGENCE SUMMARY

There has been no change to the traffic light reporting below this quarter, focus remains on improving the current Health and Safety System.

MDC OFFICERS H&S DUE DILIGENCE PLAN MONITORING			
	Objectives	Status	Rating
Know	Keep up to date with health and safety matters	Health, Safety and Wellbeing is a standing item at each SLT meeting. Requests and issues from the H&S committee are escalated via the People and Capability Manager. Each SLT member is also able to escalate requests and issues via this forum.	
Understand	Understand the nature of the Council's business and its hazards and risks	<p>Top organisational risks continue to be reviewed and assessed with each work group to identify specific work group risks (ongoing). The hazard & risk register is being updated as we work on these with each work group.</p> <p>Our Health and Safety Committee have continued to undertake worksite safety inspections of current sites, and are assessing new and temporary sites for risks, with actions for Managers to address any issues.</p>	

Resource	Ensure the person running the Council has appropriate resources and processes to manage risks to health and safety	<p>Our H&S Consultant has been engaged as a twelve-month fixed term employee, three days a week.</p> <p>Action items are addressed on a priority basis.</p> <p>The current Health and Safety reporting system is being reviewed for update and/ or replacement to meet the requirements of the organisation. We are working with our current provider Working Wise on upgrades to our GOSH reporting system, scheduled to go live in July.</p>	●
Monitor	Ensure there are appropriate reporting and investigation processes in place	<p>The H&S system ensures work group managers are in copy of and take action in conjunction with the People and Capability team.</p> <p>We are upskilling our people leaders and the Health and Safety Committee to ensure that Investigations are completed for all reported incidents, accidents and near misses.</p> <p>We have developed a H&S Incident Investigation handbook, and report to compliment the training and assist in undertaking incident investigations.</p>	●
Comply	Ensure the Council has and implements processes for complying with duties under the HSWA Act 2015	<p>Processes are being reviewed across all work groups in consultation with H&S Committee and subject matter experts.</p> <p>The ongoing message to staff and managers is that H&S is everyone's responsibility (not just the committee and P&C) and that all workers and managers are expected to give H&S high priority across all activities carried out by Council.</p>	●

TOP HEALTH AND SAFETY RISKS ORGANISATION-WIDE

Description of risk	Controls and reduction measures	Update
<p>COVID-19</p> <p>Global pandemic</p> <p>Public health risk</p>	<ul style="list-style-type: none"> • Workplace H&S plans • Hygiene protocols • Contact tracing 	<p>MDC continues to support and encourage contact tracing. H&S Discussions at SLT are focused on the need to remain vigilant and the need to be prepared for potential community transmission in future.</p> <p>MDC Covid plans and Workplace plans have been reviewed and updated.</p>

		A risk matrix has been developed to assist in identifying roles where Covid vaccination would be required.
<p>Vehicles, Roads, Driving</p> <p>(1) Driver risk factors (2) Journey risk factors (3) Vehicle risk factors (4) Working with/near vehicles risk factors.</p>	<ul style="list-style-type: none"> • Driver training • Fleet maintenance • Hazard identification 	<p>The updated RT base unit has been installed in Waiata House (vehicles have RT units) but support is required to work through some technical issues. Training has yet to be delivered, and we are working with Teletronics on training design and delivery.</p> <p>Driver training options are currently being explored.</p>
<p>Interacting with customers</p> <p>Violence, mental health issues, conflict</p>	<ul style="list-style-type: none"> • De-escalation training • Personal safety training • Leadership support for staff 	<p>Aggressive and/ or abusive customer events continue to be reported.</p> <p>Each specific incident continues to be investigated by the department manager and procedures updated, and training provided where appropriate.</p> <p>Extensive training for personal safety and conflict de-escalation took place in September 2020.</p>
<p>Stressors</p> <p>Fatigue (physical & mental), time pressure, bullying, harassment, mental health</p>	<ul style="list-style-type: none"> • Employee Assistance Programme (EAP) • Leadership support • Staff engagement 	<p>MDC Employee assistance programme (EAP) provider Vitae' proactive services continues.</p> <p>People leaders communicate and offer staff the opportunity to contact Vitae to speak to counsellors.</p> <p>MDC SLT have developed flexible working principles to support staff and their work/ life balance.</p> <p>As part of the CE and SLT's focus on improving the culture at MDC, workshops were held with all staff Council wide in January 2021 to refresh the current Bullying and Harassment Policy.</p> <p>Wellbeing programme under development. The Wellbeing programme focus group has convened and are progressing a branding and launch exercise.</p>

<p>Personal safety</p> <p>Knowing where people are, that they are accounted for, tracking when out of the office for safety purposes, after hours, working alone</p>	<ul style="list-style-type: none"> • Sign in/ out kiosks • Lone worker tracking system review • MiCollab / Outlook • Regular communication in teams • Personal safety training 	<p>Each work group has their own system, given that their circumstances vary (e.g. call outs for animal control). Options for lone worker tracking systems are still being explored and functionality may become available through an upgrade or new H&S system.</p>
<p>Contractor Management</p> <p>Consultation, cooperation, coordination and monitoring</p>	<ul style="list-style-type: none"> • Regular communication between contractors and MDC relationship managers • Quarterly/ annual reporting 	<p>Contractors need to satisfy us they have robust H&S systems in place.</p> <p>Work has commenced to audit contractor compliance and provide support as required.</p> <p>Our Contractor process and forms have been redesigned for rollout to staff and Contractors.</p>

INDICATORS

Lag indicators

These indicators measure our performance in the form of past statistics.

All incidents that have been notified via the H&S system are reviewed by the appropriate manager as well as the H&S Committee, who must be satisfied that appropriate action has been taken to reduce the likelihood of future incidents.

Incident type	Q4 Jun 20	Q1 Sept 20	Q2 Jan 21	Q3 March 21
Serious Harm / Lost time injury	0	0	0	0
Medical Treatment Injury (beyond First Aid)	1	0	3	0

Lead indicators

Lead indicators are proactive in nature and look at regular activity carried out to prevent accidents, injuries and/or incidents and control risk.

Lead Indicators	
H&S committee meetings	<p>Meetings are held monthly.</p> <p>We continue to shift the focus of the agenda to bring balance to traditional items such as the review of incidents, accidents, hazards, risks, updates on action items, with a more pro-active focus.</p> <p>Health and Safety Committee members completed a questionnaire telling us what we can do to improve health and safety, what works with the current meeting format, what we could do to get more from of our meetings, including being more solution focussed and action oriented.</p> <p>The Hood Safety Group continue to meet with actions feeding to MDC as appropriate.</p>
H&S training	<p>Accident incident investigation training</p> <p>Other PCBUs – Dealing with Sub-Contractors</p> <p>Behaviour / Culture Workshops</p>
Staff awareness/communication	<p>Training sessions have built awareness across the organisation of the importance of everyone’s role in H&S.</p> <p>Q2 Behaviour / Culture Workshops have built an awareness of appropriate and inappropriate behaviours and the bullying policy and procedures. People Leaders are being upskilled in championing a good working culture and managing issues.</p>
Staff inductions	<p>All new staff have been inducted following our established H&S induction process.</p>
Wellbeing initiatives	<p>Employee Assistance Program (EAP) contracted onsite visits continue to occur, with the representative ensuring coverage of MDC workplaces.</p> <p>Work is underway on a structured, branded Wellbeing Program.</p>
Good catch A good catch is action oriented; staff recognise a situation or condition with potential to cause an incident but didn’t because of corrective action and/or timely intervention by the employee.	<p>All incidents notified via the H&S system are reviewed by the appropriate manager who must be satisfied that appropriate action has been taken to reduce the likelihood of future incidents.</p>

Near miss Event not causing harm, but potential to.			
Good catch summary			
Q4 June 20	Q1 Sept 20	Q2 Jan 21	Q3 March 21
0	0	2	0

WELLBEING

Proposed Wellbeing Program

It is planned to reconvene the wellbeing focus group who will work to develop Terms of Reference and a proposed ongoing work programme. Initiatives for the work programme include Health checks, Financially fit and health seminar, and the Good Yarn programme.

Workplace Culture: All In

Leadership Development

As part of our ongoing commitment to developing our current and future leaders, people leaders have commenced the Leadership Success Profile (LSP) 360-degree feedback process. We are working with Continuum Consulting to deliver a wrap-around programme with one-to-one coaching. LSP describes leadership attributes, capabilities and behaviours that will enable participants to both lead and work with others to have an impact across the organisation.

Our Values

People leaders have initiated a refresh implementation of our organisational values in consultation with the rest of the organisation.

SUPPORTING INFORMATION

Strategic, Policy and Legislative Implications

In accordance with Health and Safety at Work Act 2015 Masterton District Council as a Person Conducting a Business or Undertaking (PCBU) must ensure, so far as is reasonably practicable, the health and safety of Council's employees, volunteers or contractors (including their subcontractors), and that other people are not put at risk by our work. This includes visitors to our workplaces and members of the public who could be affected by the work we do.

Significance, Engagement and Consultation

The recommendation to receive this report does not trigger criteria under the significance and engagement policy.

Financial Considerations

There are no specific financial considerations associated with this update.

Treaty Considerations/Implications for Māori

There are no Treaty considerations or implications for Māori arising out of this report.

Communications/Engagement Plan

Not applicable.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impact or considerations arising from this report.

To:	Audit and Risk Committee
From:	Sofia Craig, Project Delivery & Asset Manager
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	Exception to Procurement Policy
Recommendation:	
That the Audit and Risk Committee notes an exception to the Procurement Policy in relation to the development of artistic impressions of the proposed Civic facility, prepared for the 2021-2031 Long-Term Plan consultation document.	

Purpose

The purpose of this report is to advise the Audit and Risk Committee of an exception to the current Procurement Policy which states that work between \$5,000 and \$200,000 must obtain quotes from three preferred suppliers before work is to commence.

Background

The development and construction of a new Civic facility for Masterton is one of the key Long-Term Plan (LTP) consultation topics for the 2021-31 LTP. In order to support the consultation material, it was agreed by Council in January that artistic impressions should be produced, to convey images to the public of what a potential new facility could look like. The decision to produce supporting images was made relatively late in the Long-Term Plan development process, and meant that there was little time to investigate, appoint, and have the work completed to the necessary standard, prior to Council approval of consultation material on 17 February 2021.

A number of architectural firms were researched, and verbal discussions had with those that listed their capabilities publicly (via their website) as being able to produce visualisations. This research highlighted limited availability in the market, which meant obtaining quotes from three firms who were able to do the work in the timeframe required was not possible. Only one firm who we contacted, Warren & Mahoney, confirmed that they would have the resources and skills available to do the work for us by the deadline. They provided a lump sum fee of \$28,000 excl. GST to produce the work.

Refer to Attachment 1 for the procurement exemption report.

Strategic, Policy and Legislative Implications

This report is in accordance with Masterton District Council's Procurement Policy which requires procurement exceptions of this nature be reported to the Audit and Risk Committee. The reason for

procurement not being undertaken was due to the specialised nature of the work and the limited availability of the market to respond to the requirements in a condensed time period.

Significance, Engagement and Consultation

The report has been assessed against Council's Significance and Engagement Policy and is of no significance as there is no decision that impacts on any of the matters identified in the assessment of significance.

Financial Considerations

The fee proposal from Warren & Mahoney allows for two phases. The first phase is the design development which includes scoping and attending one workshop with Councillors on 20th January. The second phase is the development of the two images, which includes feedback and design reviews by MDC the client. The total value of the work is a lump sum fee of \$28,000 excl. GST and is provided for under the current budget for the new Civic facility.

Treaty Considerations/Implications for Māori

There are no Treaty considerations/implications for Māori arising out of the update.

Communications/Engagement Plan

There is no requirement for communication or engagement on the update.

Environmental/Climate Change Impact and Considerations

There are no environmental/climate change impact considerations arising out of the update.



PROCUREMENT RECOMMENDATION

Civic Facility – Artistic Impressions for Long-Term Plan

Background

The development and construction of a new Civic facility for Masterton is one of the key Long-Term Plan (LTP) consultation topics for the 2021-31 LTP. In order to support the consultation material, it was agreed by Council that artistic impressions should be produced, to convey images to the public of what a potential new facility could look like.

The decision to have an external consultant produce artistic impressions came relatively late in the LTP process (January 2021), and meant that there was little time to investigate, appoint, and have the work completed to the necessary standard, prior to Council approval on 17 February 2021.

The Project Manager responsible for the Civic Centre project researched a number of architectural firms and discussed verbally with those that listed their capabilities publicly as being able to produce visualisations. It was apparent that there are few firms who would be able to complete this work in such a short amount of time and options were limited.

Scope of works

The scope of this work is to produce two artistic impressions to support the consultation material. The images are to include both an exterior and interior perspective. Because no design work has been done to date for the facility, and no design direction has been agreed, early investigative and scoping work with Council staff and Councillors is necessary to ensure that the work produced represents the expected outcome.

Procurement Policy

Under Masterton District Council's current Procurement Policy, work between \$5,000 - \$200,000 must obtain quotes from three preferred suppliers.

Following our research, the limited availability in the market meant that we were not able to obtain quotes from three firms who were able to do the work in the timeframe required. Only one firm who we contacted, Warren & Mahoney, confirmed that they would have the resources and skills available to do the work for us by the deadline.

Budget

The fee proposal from Warren & Mahoney allows for two phases. The first phase is the design development which includes scoping and attending one workshop with Councillors on 20th January.

The second phase is the development of the two images, which includes feedback and design reviews by MDC the client.

The total value of the work is a lump sum fee of \$28,000 excl. GST.

Recommendation

The Project Manager recommends that we do not follow the Procurement Policy in this instance, and instead that the Chief Executive agrees to the fee proposal provided by Warren & Mahoney. The reasons for this being that the time pressures presented by the need to have the LTP agreed by 17 February means that there are very few suitable consultants who could produce the imagery.

Warren & Mahoney are an experienced architectural design firm, with a dedicated visualisation team who are ready to be deployed onto this project. They are experienced being involved early in projects where there is little to no design brief, and poses the ability to be able to extract this information from key stakeholders to inform the design process.

For decision

That the Chief Executive approves the engagement of Warren & Mahoney to prepare artistic impressions of the proposed Civic facility for the 2021-31 LTP consultation material. Their fee proposal is attached to this document.

Approved:	Kathryn Ross
Not Approved:	
Name:	Kathryn Ross, Chief Executive
Date:	19-03-21

To:	Audit and Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject	Local Government Funding Agency Quarterly Report to Shareholders – March 2021
FOR INFORMATION	
Recommendation:	
That the Audit and Risk Committee receives the Local Government Funding Agency's Quarterly Report to Shareholders – March Quarter 2021.	

Purpose

To provide the Committee with the Local Government Funding Agency's (LGFA) Quarterly Report to Shareholders – March Quarter 2021.

Background

The LGFA provides debt funding to local authorities. Masterton District Council has an equity stake of 0.4% in the LGFA; is a borrower with long-term loans from the LGFA of \$48.1 million (as at 18 May 2021) and is a guarantor of any losses incurred by the LGFA from borrower defaults.

The March 2021 Quarterly Report is attached for members' information (see Attachment 1). There are no issues of concern to note, and we are confident that our membership, borrowings and investor status are on track.

Provisional financial information has been provided and the LGFA are meeting seven out of their ten performance targets and are optimistic on meeting one further target (council lending) by June 2021. Their market share is lower than expected due to Auckland Council, Christchurch City Holdings and Dunedin City Treasury issuing bonds over the past nine-month period. COVID disruptions and council focus on finalising annual reports for the June 2020 year and working on the draft LTPs has meant that the LGFA have not been able to meet with as many council members as expected.

LGFA Quarterly Report to Shareholders

March Quarter 2021

Contents	Page
A. March quarter highlights	2
B. LGFA bond issuance during the quarter	3
C. Summary financial information (provisional and unaudited)	6
D. Key performance indicators	6
E. Performance against SOI objectives	8
Primary Objectives	8
Additional Objectives	13
F. Investor relations	16

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

A. March quarter highlights

Quarter	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	April 2029	April 2033	April 2037
Bonds issued \$m	400	N/A	-	-	100	-	50	60	100	-	90
Term Loans to councils \$m	352.5	228.5	-	-	5.0	10.0	5.0	102.0	2.0	-	-
Term Loans to councils #.	19	9	-	-	1	2	1	5	1	-	-

Financial Year to Date	Total	Bespoke Maturity	April 2022	April 2023	April 2024	April 2025	April 2026	April 2027	April 2029	April 2033	April 2037
Bonds issued \$m	2,300	N/A	450	110	200	60	200	160	360	100	660
Term Loans to councils \$m	2,090	817.1	6.0	49.0	50.8	112.2	329.0	186.5	485.0	4.4	50.0
Term Loans to councils #.	120	62	2	5	11	18	23	19	14	1	1

Key points and highlights for the March quarter:

- The LGFA bond yield curve rose and steepened for the second consecutive quarter. Front end yields rose less than back-end yields e.g. 2023 LGFA bond yields closed the quarter 0.12% higher at 0.54% and 2037 yields were up 0.96% to 2.93%. Global bond markets also experienced similar curve steepening on reflation fears and a more resilient global economic outlook.
- LGFA issued \$400 million of bonds during the quarter across two tenders of \$200 million each. The average term of issuance during the quarter was 8.03 years.
- LGFA borrowing margins were mixed with spreads to swap narrower by 11 bps (2037s) and wider by 4 bps (2027s) during the quarter. LGFA spreads to NZGB widened during the quarter on the improved fiscal outlook implying future reductions in NZGB supply.
- Long dated lending to councils during the quarter of \$352.5 million was less than the December 2020 quarter loans of \$632.3 million, while the average term of lending during the quarter at 5.97 years was also less than the prior quarter's 6.77 years. It was still longer however than the 2019-20 financial year average of 5.42 years.
- LGFA has estimated market share of 81.8% of total council borrowing for the rolling twelve-month period to March 2021 (compared to a historical average since 2012 of 74%).
- Short-term lending to councils has reduced with loans outstanding of \$297.1 million on 31 March 2021. This was a decline of \$50 million over the quarter as councils are more comfortable with holding lower levels of liquidity. The number of councils using this product was unchanged at twenty-six.
- S&P Global Ratings upgraded our long-term domestic currency rating to AAA and the foreign currency rating to AA+.
- LGFA Net Operating Gain (unaudited) for the nine-month period to 31 March 2021 was \$10.583 million which was \$1.815 million above budget, comprising total operating income at \$1.562 million above budget and expenses at \$253k below budget.
- We are meeting seven out of our ten performance objectives with our council loans, market share and number of council visits currently below our target.
- Napier City Council joined LGFA during the quarter bringing total membership to seventy-two while Central Hawkes Bay District Council moved from being a non-guarantor to a guarantor (bringing the number of guarantors to sixty-three). We are expecting a further two councils to join over the next twelve months.

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

B. LGFA bond issuance during quarter

LGFA held two bond tenders during the quarter amounting to \$400 million of issuance.

Tender 78: 03 February 2021

\$200 million

Tender 78 - 03 February 2021	15-Apr-24	15-Apr-27	20-Apr-29	15-Apr-37
Total Amount Offered (\$million)	60	60	40	40
Total Amount Allocated (\$million)	60	60	40	40
Total Number of Bids Received	8	10	11	15
Total Amount of Bids Received (\$million)	120	125	73	114
Total Number of Successful Bids	5	5	7	5
Highest Yield Accepted (%)	0.645	1.170	1.505	2.375
Lowest Yield Accepted (%)	0.610	1.115	1.470	2.355
Highest Yield Rejected (%)	0.670	1.205	1.550	2.510
Lowest Yield Rejected (%)	0.645	1.170	1.505	2.375
Weighted Average Accepted Yield (%)	0.631	1.579	1.490	2.374
Weighted Average Rejected Yield (%)	0.654	1.182	1.518	2.402
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	50	80	72	81.8
Coverage Ratio	2.00	2.08	1.83	2.85
NZGB Spread at Issue (bps)	17.00	31.00	35.00	48.00
Swap Spread at Issue (bps)	9.25	18.75	27.25	58.25
Swap Spread: AA council (bps)	31.25	45.25	48.75	78.5
Swap Spread: AA- council (bps)	36.25	50.25	53.75	83.5
Swap Spread: A+ council (bps)	41.25	55.25	58.75	88.5
Swap Spread: Unrated council (bps)	51.25	65.25	68.75	98.5
Coverage Ratio	2.00	2.08	1.83	2.85

The tender outcome was a great result with good volume of bids and good price tension. Price support was strong across the curve with the weighted successful average yield of each bond at mid-market yields.

However, the range of successful bids was unusually wide at between 2 bps and 6 bps and this reflected the intraday volatility and the NZDM issuing \$3.5 billion of a new May 2026 NZGB via syndication at the same time as our bond tender. Bidding volume was good with the overall bid coverage ratio of 2.16x acceptable but slightly below the 2.3x average for the past two years. The bid coverage ratios were consistent and ranged between 1.83x (2029s) and 2.85x (2037s).

Spreads to NZGB were tighter by 4 bps on the 2029s and 7 bps tighter on the 2037s compared to the December tender and issuance spreads to swap were 1.7 bps tighter on the 2029s and 3.7 bps tighter on the 2037s.

The tender size of \$200 million has become the new norm with the past ten bond tenders being of this size and reflects both our larger forecast borrowing requirement (\$3.0 billion in the 2020-21 financial year) and the support provided to the market by the RBNZ LSAP programme.

The average maturity of the \$200 million of LGFA bonds issued in the tender was 7.70 years while we on-lent \$149 million to six councils in the with an average term of lending of 6.8 years.

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

Tender 79: 10 March 2021

\$200 million

Tender 79 - 10 March 2021	15-Apr-24	15-Apr-26	20-Apr-29	15-Apr-37
Total Amount Offered (\$million)	40	50	60	50
Total Amount Allocated (\$million)	40	50	60	50
Total Number of Bids Received	8	11	8	22
Total Amount of Bids Received (\$million)	85	114	77	133
Total Number of Successful Bids	1	2	4	1
Highest Yield Accepted (%)	0.915	1.495	2.170	2.990
Lowest Yield Accepted (%)	0.915	1.495	2.120	2.990
Highest Yield Rejected (%)	1.010	1.600	2.275	3.200
Lowest Yield Rejected (%)	0.935	1.495	2.190	3.030
Weighted Average Accepted Yield (%)	0.915	1.495	2.133	2.990
Weighted Average Rejected Yield (%)	0.964	1.543	2.227	3.079
Amount Allotted at Highest Accepted Yield as Percentage of Amount Bid at that Yield*	100	90.9	100	100
Coverage Ratio	2.13	2.28	1.28	2.66
NZGB Spread at Issue (bps)	32.00	38.00	55.00	69.00
Swap Spread at Issue (bps)	12.25	24.50	37.00	58.50
Swap Spread: AA council (bps)	34.5	45.75	56.25	73.75
Swap Spread: AA- council (bps)	39.5	50.75	61.25	78.75
Swap Spread: A+ council (bps)	44.5	55.75	66.25	83.75
Swap Spread: Unrated council (bps)	54.5	65.75	76.25	93.75
Coverage Ratio	2.13	2.28	1.28	2.66

The tender result was good with a reasonable number of bids, good price tension and support for all the bonds on offer. Price support was better for the two end points of the curve with the weighted successful average yield of each bond at mid-market yields for the 2024s and 2037s. Demand was softer for the two mid curve bonds with the tender going 3 bps to 4 bps above mid-market.

Bidding volume was moderate with a coverage ratio of 2.05x (below the 2.16x last month and the 2.3x average for the past two years). The bid coverage ratios were mixed and ranged between 1.28x (2029s) and 2.66x (2037s). The number of successful bids were one each for the 2024s and 2037s and two for the 2026s and four for the 2029s.

Issuance conditions were more difficult than usual with the selloff in yields, steepening in the curve and a large amount of global bond market volatility. The RBNZ had stopped buying LGFA bonds in the LSAP the prior fortnight and most high-grade spreads (including LGFA) had widened.

The average maturity of the LGFA bonds issued was 8.36 years which was in line with the average for financial year to date of 8.41 years (that includes the 2037 syndication) but much longer than the 6.74 years in the prior 2019/20 financial year.

While we issued \$200 million of LGFA bonds we on-lent \$98.5 million to seven councils with an average term of lending of 6.0 years (72 months). Our issuance term was again longer than the term of our lending.

Quarterly Report

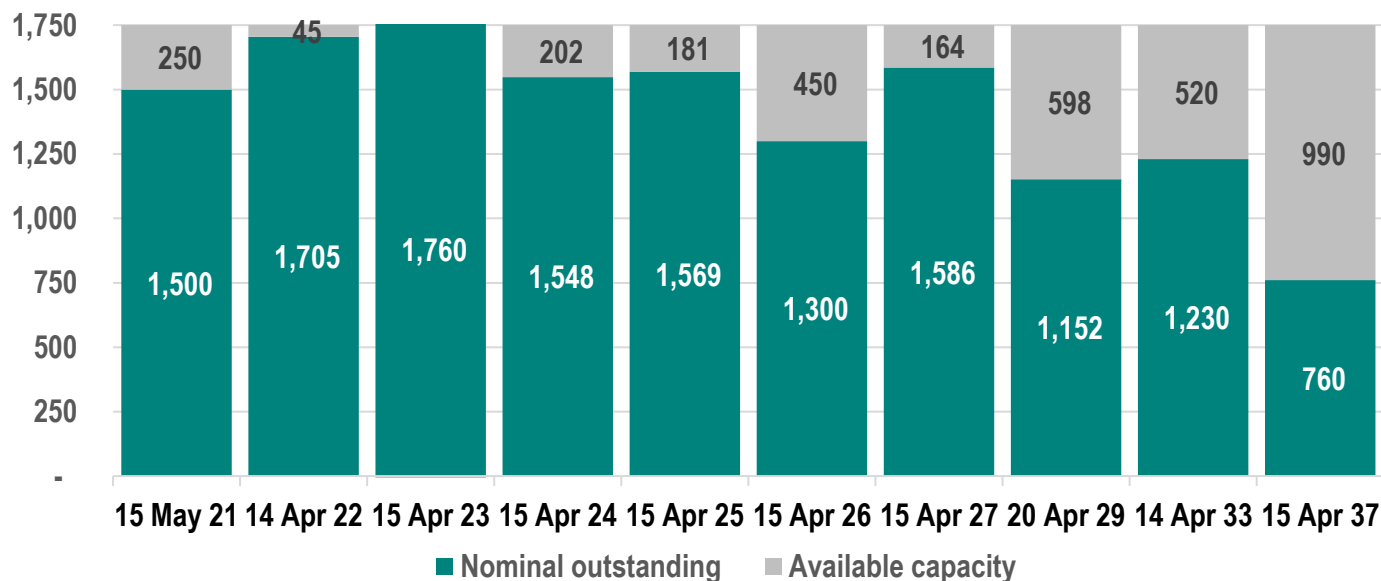
Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



Bonds on issue as of 31 March 2021 were \$14.11 billion (including \$950 million of Treasury Stock) across ten tranches. We currently have a soft cap per maturity of \$1.75 billion.

LGFA retail bonds on issue (NZ\$ million)

As 31 March 2021: NZ\$ 14,110 million
 Includes NZ\$950 million treasury stock



In addition to the retail bonds listed on the NZDX, LGFA has NZ\$130 million of Wholesale Floating Rate Notes on issue. Our issuance volume on a rolling 12-month basis of \$3.6 billion remains near historic high levels.

Rolling 12 month Issuance (\$ millions)



Quarterly Report

Quarter 2: 2020 - 2021
Period ended: 31 March 2021

C. Summary financial information (provisional and unaudited)

Financial Year (\$m)	YTD as at Q1	YTD as at Q2	YTD as at Q3	YTD as at Q4
Comprehensive income	30-Sep-20	31-Dec-20	31-Mar-21	30-June-21
Interest income	93.38	190.41	287.12	
Interest expense	82.22	180.52	271.24	
Net interest revenue	4.16	9.89	15.88	
Other operating Income			0.07	
Total operating income	4.16	9.89	15.96	
Issuance and On-lending costs	0.73	1.40	1.95	
Approved issuer levy	Nil	0.59	0.59	
Operating expenses	0.93	1.95	2.84	
Issuance and operating expenses	1.66	3.94	5.38	
Net Profit	2.51	5.95	10.58	

Financial position (\$m)	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Retained earnings + comprehensive income	60.25	63.69	68.32	
Total assets (nominal)	13,317.68	13,852.05	14,285.22	
Total LG loans (nominal)	11,906.65	12,289.67	12,349.38	
Total LGFA bills (nominal)	594.50	612.50	620.00	
Total LGFA bonds (nominal)	12,290.00	12,890.00	13,290.00	
Total borrower notes (nominal)	195.92	207.10	210.91	
Total equity	85.24	88.69	93.32	

D. Key performance indicators (Section 5 of SOI)

Section 5 of the SOI sets out the ten key performance targets for LGFA.

We are meeting seven out of our ten performance targets and are optimistic on meeting one further target (council lending) by June 2021. Our market share is lower than expected due to Auckland Council, Christchurch City Holdings and Dunedin City Treasury issuing bonds over the past nine-month period. COVID disruptions and council focus on finalising annual reports for the June 2020 year and working on the draft LTPs has meant that we have not been able to meet with as many council members as expected.

Measure	Prior full year to June 2020	Q1 30 Sept 2020	Q2 31 Dec 2020	Q3 31 Mar 2021	Q4 30 June 2021
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million	Target (\$)	\$4.6 m (YTD as at Q1)	\$9.2 m (YTD as at Q2)	\$14.4 m (YTD as at Q3)	\$18.8 m (FULL YEAR)
	Actual (\$)	\$18.28 m ✗	\$9.9 m ✓	\$15.89 m ✓	
Annual issuance and operating expenses	Target (\$)	\$1.63 m (YTD as at Q1)	\$3.4 m (YTD as at Q2)	\$5.0 m (YTD as at Q3)	\$6.8 m (FULL YEAR)

Quarterly Report

Quarter 2: 2020 - 2021
Period ended: 31 March 2021

(excluding AIL) will be less than \$6.30 million	Actual (\$)	\$6.28 m	\$1.65 m On track	\$3.35 m ✓	\$4.79 m ✓	
Total nominal lending (short and long term) to participating councils to be at least \$11.66 billion	Target (\$)		\$11.45 b (YTD as at Q1)	\$12.19 b (YTD as at Q2)	\$12.62 b (YTD as at Q3)	\$11.66 b (FULL YEAR)
	Actual (\$)	\$10.899 b	\$11.91 b ✓	\$12.33 b ✓	\$12.35 b On track	
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	Target (\$)		Annual Survey in August each year			
	Actual (%)	100%	August 2020 survey outcome of 98.8% ✓			
Meet all lending requests from PLAs	Target (%)		100%	100%	100%	100%
	Actual (%)	100%	100% ✓	100% ✓	100% ✓	
Achieve 85% market share of all council borrowing in New Zealand	Target (%) Rolling annual average		>85%	>85%	>85%	>85%
	Actual (%)	85.7%	76.5% ✗	81.8% ✗	81.8% ✗	
Review each PLA financial position, its headroom under LGFA policies and arrange to meet each PLA at least annually	Target (number)		Council visits to total 67 over one year Financial Position + Headroom Review Undertaken in December Quarter			
	Actual	31	no council visits due to COVID travel difficulties ✗	22 council visits but behind plan due to COVID travel difficulties ✗	35 council visits but behind plan due to COVID travel difficulties ✗	
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	Target (zero breaches)		nil	nil	nil	nil
	Actual	Two	Nil ✓	Nil ✓	Nil ✓	
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	Target (%)		100%	100%	100%	100%
	Actual (%)	100%	100% ✓	100% ✓	100% ✓	
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	Target (equivalence)		AA+/AA+			
	Actual	AA+/AA+	AA+/AA+ ✓	AA+/AA+ ✓	AAA/AA+ ✓	

Quarterly Report

Quarter 2: 2020 - 2021
Period ended: 31 March 2021

E. Performance against SOI objectives

Primary objectives (Section 3 of SOI)

Primary Objective:

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

- Providing interest cost savings relative to alternative sources of financing;
- Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services;
- Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA lending base margins are 20 bps for all borrowing terms. The base margin covers our operating costs and provides for capital to grow in line with the growth in our balance sheet. There is an additional credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or non-guarantor of LGFA.

LGFA continues to borrow at very competitive spreads compared to the AAA rated SSA issuers (who borrow in the New Zealand debt capital markets), the domestic banks and our closest peer issuer Kainga Ora.

As at 31 March 2021	Comparison to other high grade issuers - secondary market spread to swap (bps)													
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2035	2037
LGFA (AA+)	3	6	11	16	21	23	27	31	33	36	38	40	47	53
Kainga Ora (AA+)		7		19	26		28		37				53	
Asian Development Bank (AAA)		4	11	15	20									
IADB (AAA)		6	11	17			36							
International Finance Corp (AAA)		6	11	17		23								
KBN (AAA)		8	13	20					39					
Rentenbank (AAA)	5	5	11	19										
World Bank (AAA)	5	4	10	16	21	25			36					
Nordic Investment Bank (AAA)		6		18										
ANZ (AA-)		26	30											
BNZ (AA-)		23		39										
Westpac Bank (AA-)	17	26	40	46	57									
SSA Average	5	6	11	17	21	24	36		38					
Bank Average	17	25	35	43										

During the quarter LGFA continued to issue long dated bonds (April 2033s and 2037s) providing councils with the opportunity to extend their borrowing if desired. Both bond tenders were successful.

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



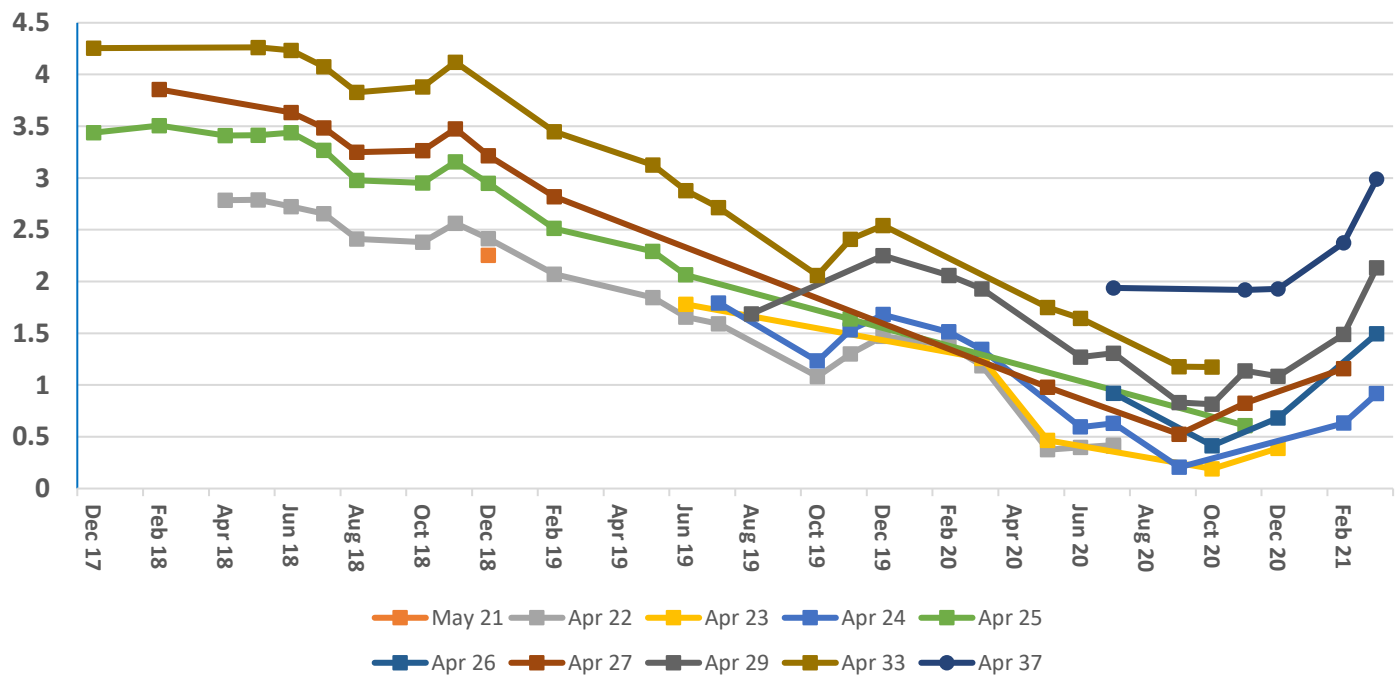
LGFA entered into standby facility agreements of \$100 million during the quarter, bringing total standby facilities outstanding to \$200 million.

The LGFA bond yield curve rose and steepened for the second consecutive quarter. Front end yields rose less than back-end yields e.g., 2023 LGFA bond yields closed the quarter 0.12% higher at 0.54% and 2037 yields were up 0.96% to 2.93%. Global bond markets also experienced similar curve steepening on reflation fears and a more resilient global economic outlook.

LGFA borrowing margins to swap narrowed between 11 bps (2037s) and widened by 4 bps (2027s) during the quarter due to ongoing demand for the very long dated bonds. LGFA spreads to NZGB widened during the quarter on the improved fiscal outlook implying further reductions in NZGB supply. The RBNZ reduced its weekly purchases of LGFA bonds through the Large-Scale Asset Purchase (LSAP) programme over the January-February period to zero by the end of February.

We closely monitor the Kauri market for ongoing supply and price action as this other high-grade issuance by “AAA” rated Supranational issuers such as the International Finance Corporation (IFC), Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) influences LGFA demand and pricing. These borrowers are our peer issuers in the NZD market and have the most influence on our pricing. The March quarter was another very quiet period for Kauri bond issuance except for Asian Development Bank issuing \$700 million of a seven year and KBN (our Norwegian peer agency) issuing \$125 million of a nine- and half-year bond. Issuance activity by global issuers in New Zealand is subdued as they can achieve more favourable borrowing terms in currency markets other than the NZD. Kauri bond maturities in the quarter were \$2.65 billion with a further \$2.2 billion in the June quarter.

LGFA Bond Issuance Yields (%)
 last 30 tenders

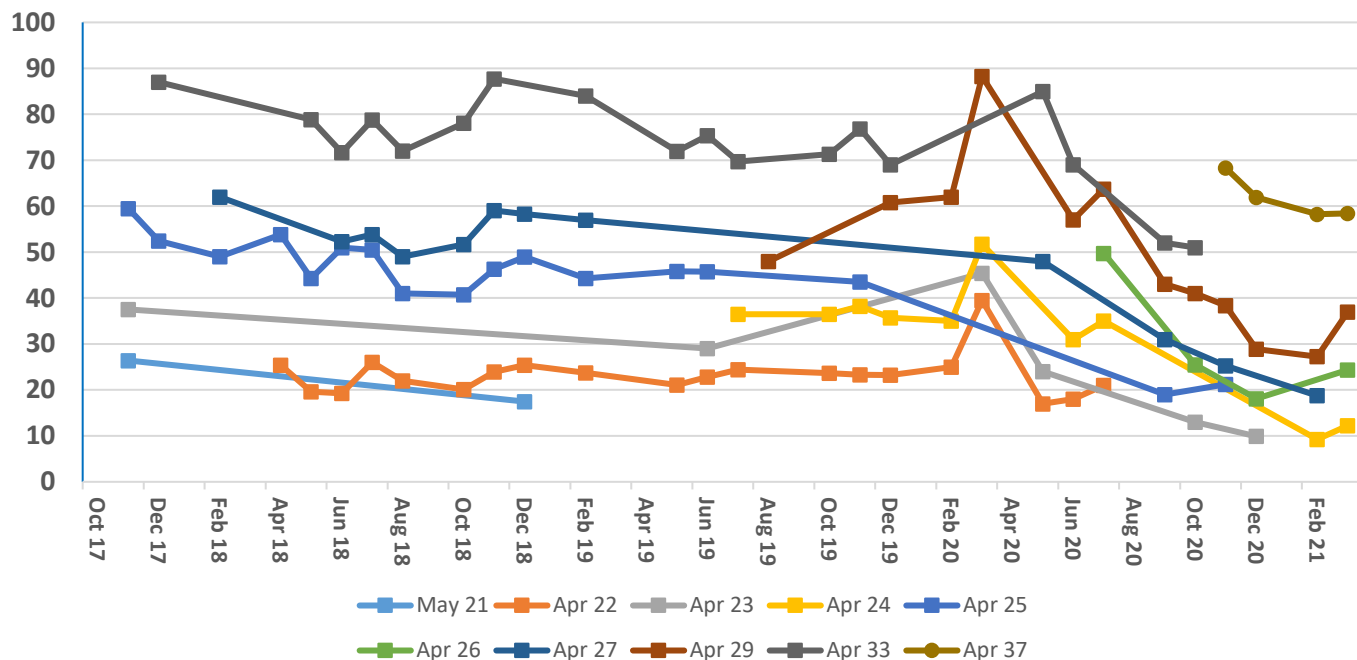


Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

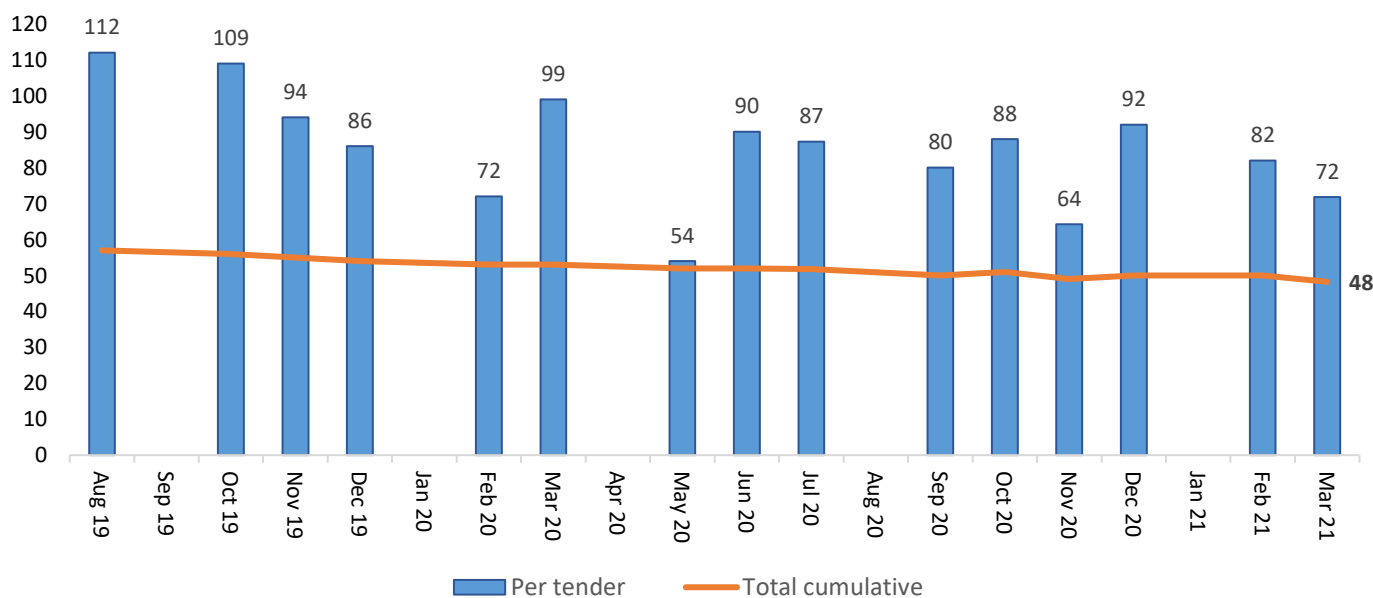


Spread to Swap at Tenders (bps)
 last 30 tenders



The average borrowing term (excluding short-dated borrowing) for the March quarter by council members was 5.97 years which was longer than the average term of 5.42 years for the year to June 2020 but shorter than the prior two quarters. Councils for several reasons remain reluctant to borrow beyond ten years despite tight credit spreads.

Average total months to maturity - On-lending to councils
 Last 15 tenders



Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

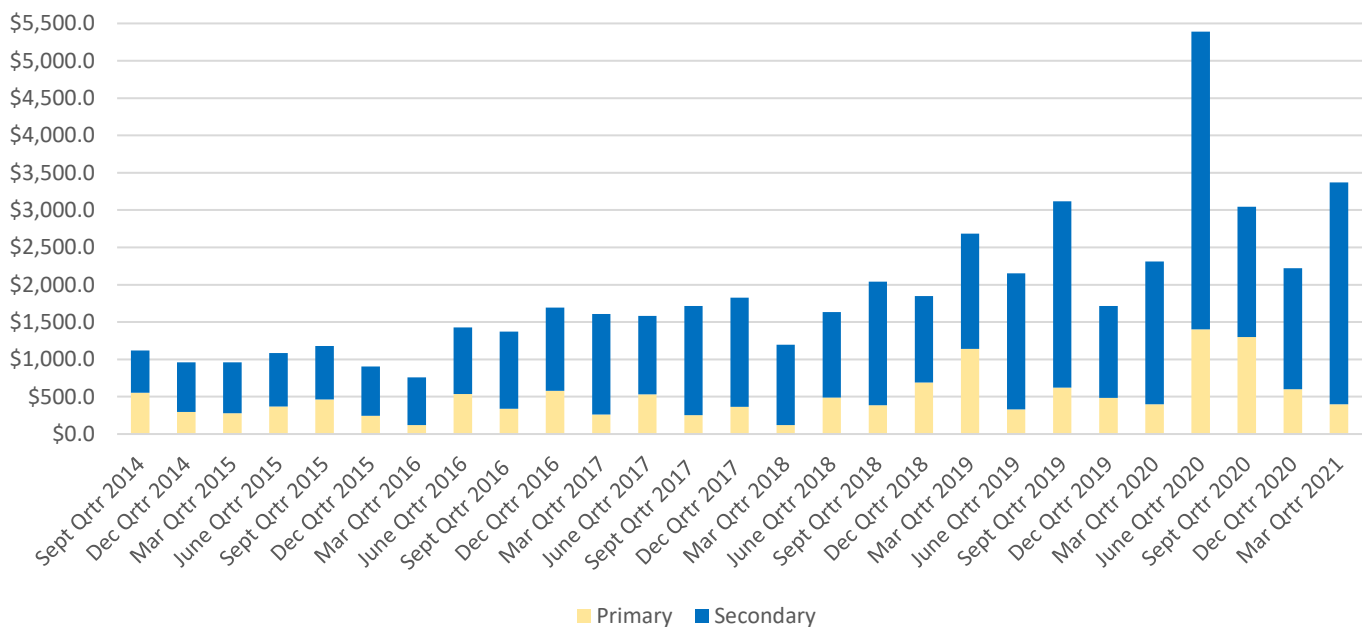


Short-term borrowing by councils with loan terms of between one month and 12 months remains well supported with \$297 million outstanding as at 31 March 2021 to twenty-six councils. The number of councils using this product was unchanged over the quarter while the total amount outstanding decreased by \$50 million.

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market and we measure strength with participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a high turnover implies a healthy market.

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the quarter was the second highest on record. There was \$400 million of primary issuance and \$1.97 billion of secondary market activity in LGFA bonds during the quarter.

LGFA Primary and Secondary Market Activity - Quarterly (NZ\$ million)



LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 31 March 2021 there were \$620 million of LGFA Bills on issue. We use proceeds from LGFA bills to fund short term lending to councils and invest the balance in our liquid asset portfolio.

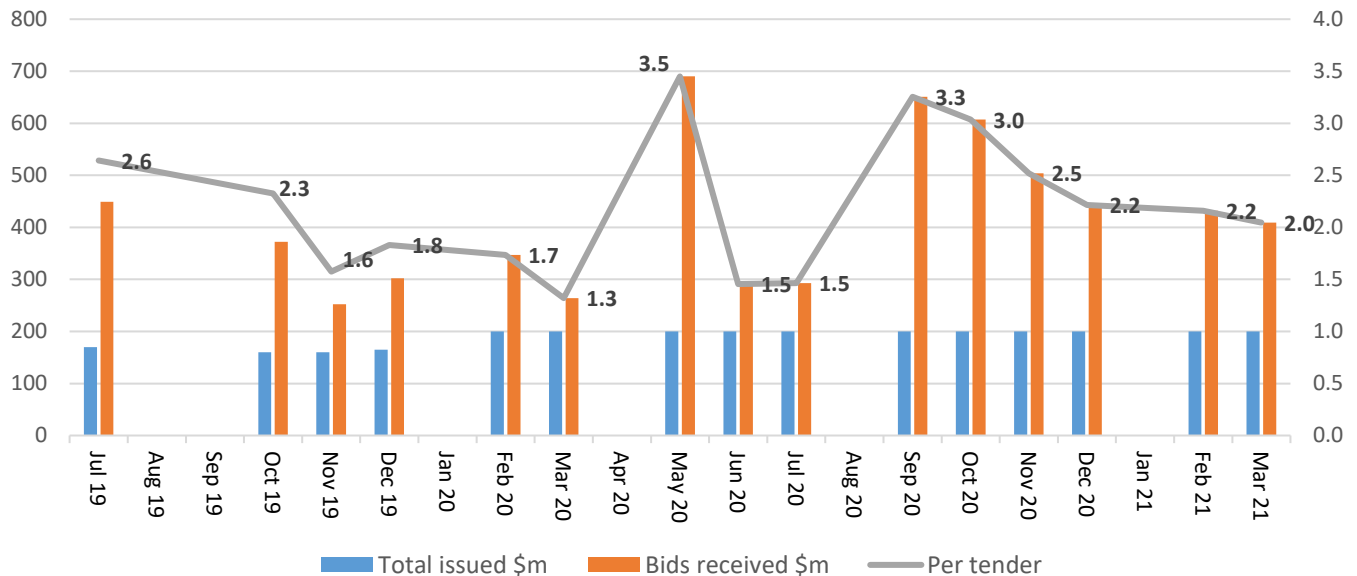
LGFA documented an Australian Medium-Term Notes Programme in November 2017. We have no immediate intention to use this programme, but it provides flexibility if there is a market disrupting event in the future.

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

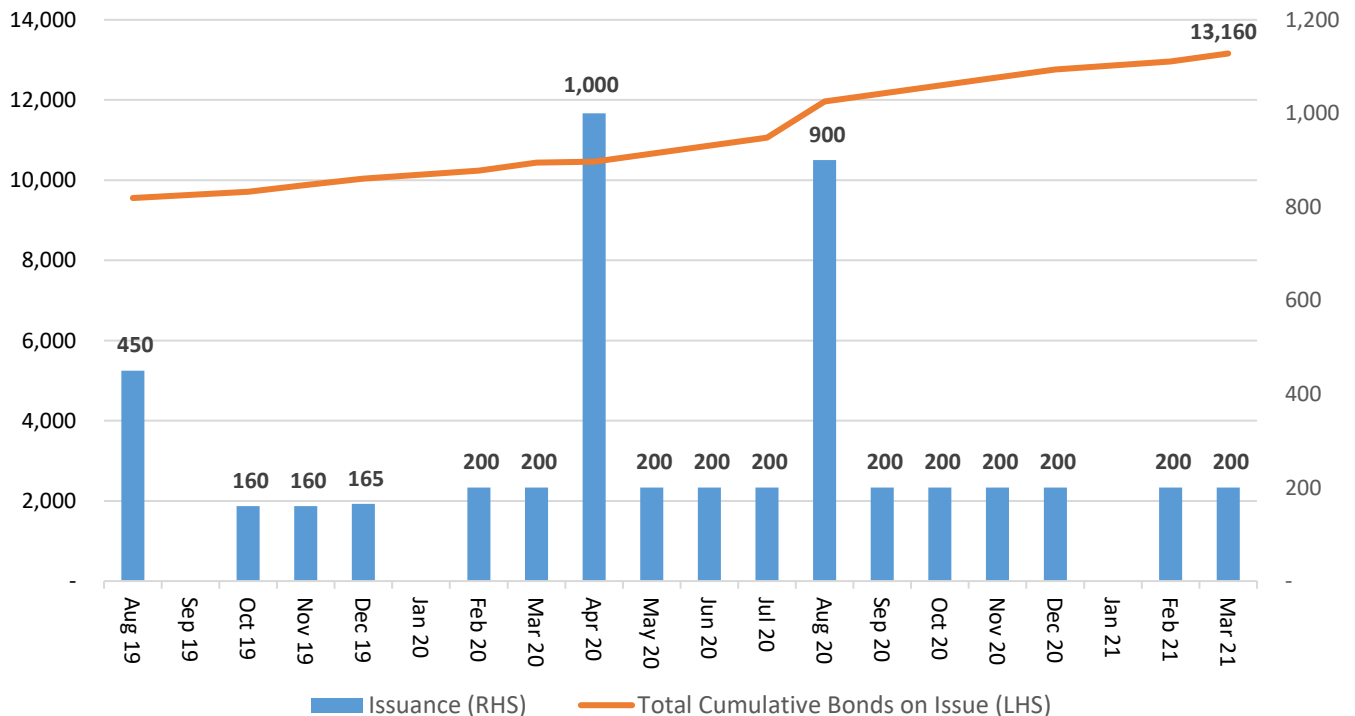


Tender bid coverage ratio
 Last 15 tenders



LGFA bond issuance (\$ million)

Last 15 tenders and syndications. Excludes issuance of treasury stock (\$950m)



We survey our council members each year on their satisfaction with LGFA and the latest stakeholder survey result in August 2020 was a 99% result to the question “How would you rate LGFA in adding value to your borrowing requirements?”. We also received a 97% result to the question “How satisfied are you with the pricing that LGFA has provided to your Council?”

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021

Primary Objective:

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- **Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;**
- **Analyse finances at the Council group level where appropriate and report to shareholders;**
- **Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and**
- **Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.**

Following the lifting of COVID-19 travel restrictions that were in place during the previous two quarters, we commenced council visits again in the later months of 2020. We met with thirty-five councils over the past nine months and that number will increase in the June quarter. LGFA continues to review council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list. We have been engaging with councils as they release their Draft Long-Term Plans if we have had concerns with them.

No council has yet to request to LGFA that they be measured on a group basis.

During the quarter, we continued to focus on exploring opportunities in the Green, Social and Sustainable lending to councils. The Board and management met with representatives from Central Government on the proposed water reforms. We held investor conference calls for investors and banks relating to bond issuance and provided updates on the impact on the local government sector from COVID-19.

We continue to assist the sector and their advisers in finding ways for LGFA to play a supporting role in providing solutions to off balance sheet financing for councils. LGFA has been contributing expertise to the proposed Ratepayer Financing Scheme (RFS).

Additional objectives (Section 3 of SOI)

1. **Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.**

LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually. Formal review meetings were last held in November 2019 with S&P and in October 2020 with Fitch.

On 22 February 2021, S&P upgraded our long-term local currency credit rating to AAA and our long-term foreign currency credit rating to AA+. Both ratings are the same as the New Zealand Government.

On 4 November 2020, Fitch reaffirmed our long-term local currency credit rating as AA+ and classified LGFA as a corporate mission, government related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with

Quarterly Report

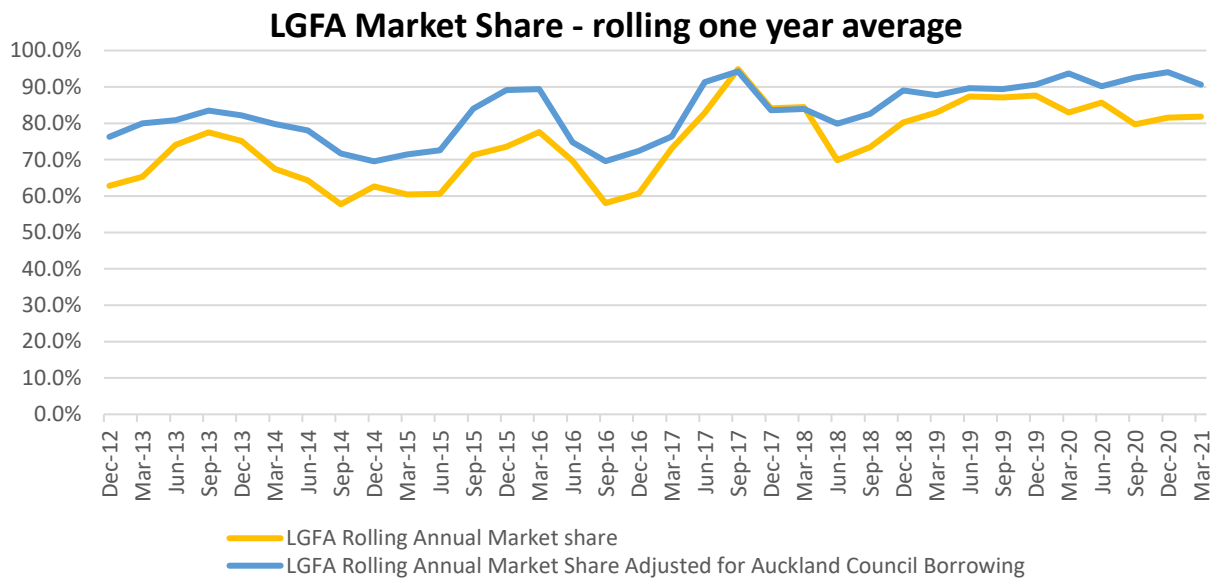
Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



those of the New Zealand Government. On 28 January 2020 Fitch placed our foreign currency credit rating of AA on positive outlook but left the local currency credit rating unchanged at AA+ with a stable outlook.

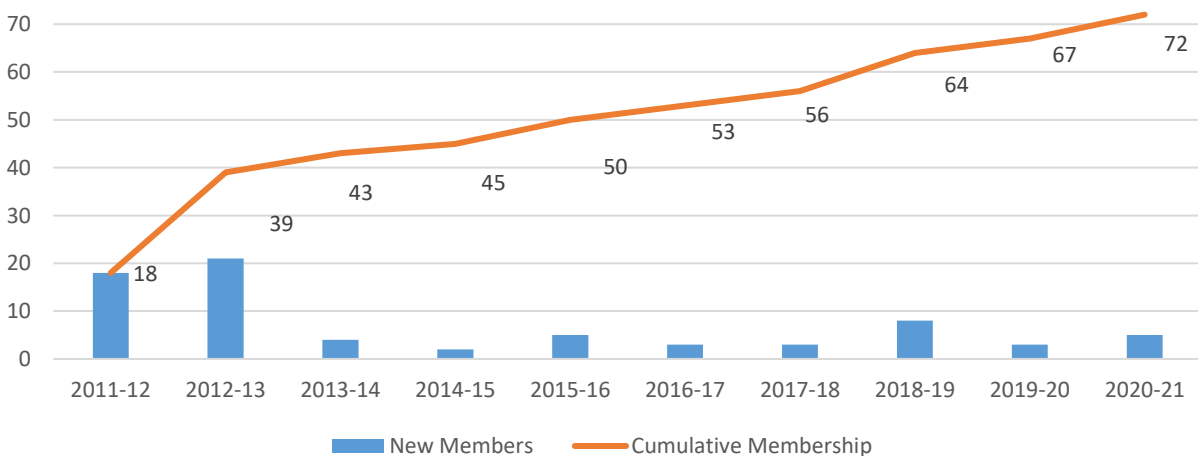
2. Provide at least 85% of aggregate long-term debt funding to the Local Government sector.

We use the PwC Local Government Debt Report as our source of market share. Our estimated market share for the rolling twelve-month period to 31 March 2021 was 81.8%. If we adjust for Auckland Council borrowing, then it increases to 90.6%. This compares to a historical average of 73.7% and our market share is strong compared to our global peers.



As at 31 March 2021, there are seventy-two participating local authority members of LGFA. This was an increase of one over the quarter with Napier City Council joining as a guarantor. We estimate a further two councils could become members in the next twelve months. Hawkes Bay District Council during the quarter moved from being a non-guarantor to a guarantor, bringing the number of guarantors to sixty-three.

Council Membership (as at 31 March 2021)



Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



3. Achieve the financial forecasts outlined in section 4 for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.

For the nine-month period to 31 March 2021, Net Interest Income (“NII”) was estimated on an unaudited basis to be \$1.49 million above budget while expenses are \$253k below budget. Net Operating Gain of \$10.58 million was \$1.82 above budget.

Included in the NII is the unrealised mark to market movement in fixed rate swaps that are not designated effective for hedge accounting purposes. We have used these swaps to reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between borrowing and on-lending terms in our balance sheet. The unrealised loss increases as interest rates fall but turns to a profit if interest rates rise. Due to a rise in interest rates since June 2020, the year-to-date revaluation is a profit of \$1.08 million.

Expenses for the nine-month period on an unaudited basis were \$5.377 million which is \$253k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$1.95 million were \$70k below budget. A larger amount of bond issuance and short-term lending increased these costs relative to budget, primarily in relation to higher NZX costs and legal costs. These were offset from lower fees than budgeted relating to the NZDM facility.
- Operating costs at \$2.84 million were \$173k below budget due to lower travel and IT consulting costs offset by higher legal costs relative to budget.
- Approved Issuer Levy (AIL) payments of \$593k were \$11k below budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment and offshore investor holdings are in line with our SOI forecasts.

4. Meet or exceed the Performance Targets outlined in section 5.

See Section D on page 6 of this report.

As at 31 March 2021 we were meeting seven out of the ten performance targets but are confident that we will meet another target by 30 June 2021.

5. Comply with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

6. Comply with Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.

There were no compliance breaches during the nine-month period ending 31 March 2021.

7. Assist the local government sector with their COVID-19 response.

Shareholders on 30 June 2020 approved a change to the Foundation Policy covenants. For the financial year ending 30 June 2021 the net debt/total revenue covenant for council borrowers with an external credit rating of at least ‘A+’

Quarterly Report

Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



has been increased from 250% to 300%. This is to provide short term relief from a temporary reduction in revenue and allows councils to coinvest alongside central Government in infrastructure projects in response to COVID-19

As mentioned previously, LGFA has been contributing expertise to the Ratepayer Financing Scheme project that if successful could offer temporary financial relief to ratepayers via rates postponement.

LGFA has introduced a new lending Standby Facility product that will provide greater certainty of access to emergency funding for councils at a lower cost than going to the traditional bank provider.

LGFA has extended the longest dated lending maturity for councils from 2033 to 2037 to enable councils to be better match assets with liabilities and to benefit from record lows in interest rates and borrowings spreads.

F. Investor relations

Managing relations with our investor base is very important as the amount of LGFA bonds on issue has yet to peak and we require investors and banks to support our ongoing tender issuance.

Over the three-month period to 31 March 2021 we issued \$400 million of LGFA bonds and there were no bond maturities. The change in holdings amongst our investor groups during the quarter was

- Offshore investor holdings increased by \$289 million (but reduced by \$169 million from 31 March 2020) and holdings are estimated to be \$3.05 billion on 31 March 2021.
- Domestic bank holdings decreased by \$532 million (but down \$255 million from 31 March 2020), and holdings are estimated to be \$3.90 billion on 31 March 2021.
- Domestic investor (retail and institutional) holdings increased by \$551 million (and up \$1.27 billion from 31 March 2020), and holdings are estimated to be \$4.36 billion as of 31 March 2021.
- The Reserve Bank of New Zealand (RBNZ) increased their holdings by \$113 million over the quarter and held \$1.91 billion as at 31 March 2021.

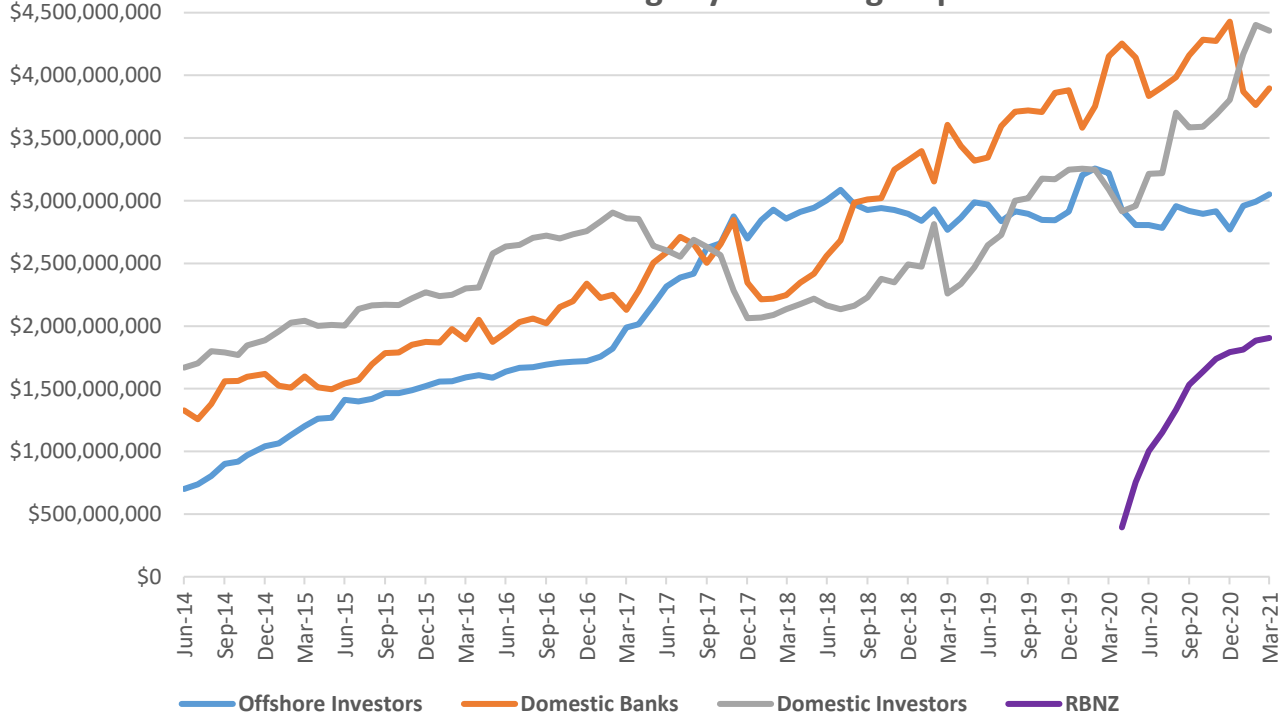
Domestic bank trading books reduced their positions as both offshore and domestic investors purchased high grade NZD bonds following the rise in yields and steeper yield curve. The absence of Kauri issuance over the quarter increased demand for LGFA bonds. The small increase in offshore investor holdings was pleasing given the relative unattractiveness of NZ to other markets.

Quarterly Report

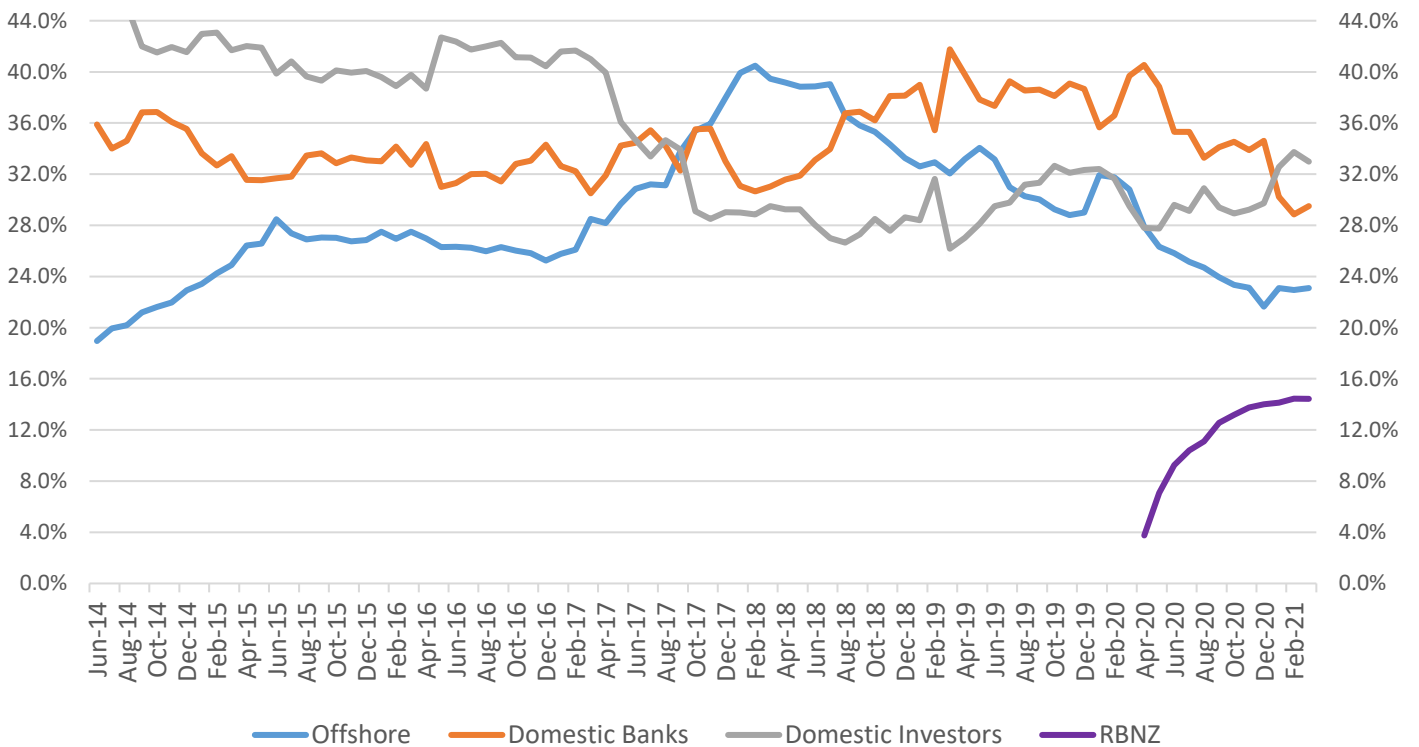
Quarter 2: 2020 - 2021
 Period ended: 31 March 2021



LGFA bond holdings by investor group



LGFA Bond Holders by Investor Group



To:	Audit & Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	External Project Funding
FOR INFORMATION	
Recommendation:	
That the Audit & Risk Committee receives the report and notes the information regarding the Council's externally funded projects.	

Purpose

The purpose of this report is to provide the Audit and Risk Committee with an update on three externally funded projects, including expenditure to date, funding confirmed, funding received to date and project timelines.

Executive Summary

The Council has had external funding confirmed for three major projects and this report will provide detail of each project's progress to date, including the funding received and the expected timing of expenditure. The projects are:

- 3 waters stimulus funding projects
- Hood Aerodrome upgrade and
- Skatepark upgrade

3 Waters Stimulus Funding (ex DIA)

The Council has been allocated \$4.4 million to be spent on a list of approved projects over the 18 month period ending 30 June 2022. The period includes six months of the current financial year, but none of the projects or income were allowed for in the current 2020/21 Annual Plan.

The Council has received the first half (\$2,200,000) of the 3 Waters stimulus funding. Our projection of expenditure to 30 June 2021 is \$162,800. There is currently \$1.26m of contracted work signed up and the balance of \$3m is in various stages of procurement processes.

The estimated \$2,037,200 of stimulus funding unspent at 30 June 2021 will be carried forward in the balance sheet (as a cash asset and a matching liability - income in advance).

In preparing the Draft LTP for 2021-31 staff have made assumptions about the extent of spending that could be achieved by 30 June 2021 with the balance allowed for in Year 1 of the LTP. We are now in a position to be re-forecasting the split between the two financial year's budgets.

The table below shows the list of projects and the changes to the LTP Year 1 project line items that will be included for the revision of the LTP.

3 Waters Stimulus Funding - Projects	Indicative					
	YTD	Spend	Forecast YE	Draft LTP	Carry fwd	Revised LTP
Activity / Project	\$ 31 March 2021	\$ 2020/21	\$ 2020/21	Year 1 2021-22		Year 1 2021-22
External funding of \$4.4 million, with approved project list below						
Urban Water Supply						
Wairarapa eng lifelines investigation		60,000			60,000	60,000
Professional Services	19,774	30,000	20,000	-	10,000	10,000
Water intake - syphon bridge painting	63,112	80,000	65,000	60,000	15,000	75,000
Water reticulation - Nikau Heights storage	3,324	-	3,500	800,000	3,500	796,500
Water reticulation renewals	-	-		600,000	-	600,000
WTP SCADA & electrical upgrades	21,307	-	60,000	120,000	60,000	60,000
Water Intake improvements	-	-		70,000	-	70,000
Bulk Tanker water terminal construction	3,022	-	3,100	85,000	3,100	81,900
Urban Wastewater						
Sewer lateral renewals	3,947	-	4,000	500,000	4,000	496,000
Homebush generator upgrade	-	45,000	-	-	45,000	45,000
Homebush aerators upgrade	-	-		450,000	-	450,000
Stormwater						
Stormwater	-	100,000	-	100,000	100,000	200,000
Rural Water Supplies						
Wainuioru water supply - treatment upgrade	-	100,000	-	680,000	100,000	780,000
Rural Halls - water treatment	1,182	-	1,200	120,000	1,200	118,800
Mauriceville Village water supply	4,543	100,000	6,000	300,000	94,000	394,000
\$	120,210	\$ 515,000	\$ 162,800	\$ 3,885,000	\$ 352,200	\$ 4,237,200
		a	b	c		d
			a + c	\$ 4,400,000		
			b + d	\$ 4,400,000		

Hood Aerodrome (PGF funding)

The Council was successful in securing a Provincial Growth Fund subsidy for a project to upgrade Hood Aerodrome. Broadly the subsidy is \$10m over five years, and dependent on Council's own investment of \$7m over that same timeframe. There are several stages identified and funding is not released for the next stage if the previous stage has not been completed.

An initial project commencement payment of \$500,000 (excl GST) has been received.

The table below shows a projected spend of \$711,000 in the current year. Nominally, we will use \$400,000 of the PGF funding, so \$100,000 will be carried forward and recognised as income in 2021/22.

Some \$615,000 of PGF funding will not be required in 2020/21, so has been allowed for in the 2021/22 revised LTP figures.

By the time of the committee meeting a public workshop on the masterplan will have occurred and public engagement, building on targeted stakeholder engagement, will be underway. Property owners have been advised of the proposals ahead of the workshop. Initial reactions from specifically affected landowners have been relatively positive, though this may change as the process unfolds. Web content will be live by the meeting date.

The delivery of the masterplan is a critical milestone for the project, as the majority of future work will be underpinned by it.

Hood Aerodrome redevelopment	YTD	Annual Plan	Forecast YE	Draft LTP	Changes	Revised LTP
	\$	\$	\$	Year 1	to LTP Yr1	Year 1
	31 March 2021	2020/21	2020/21	2021-22	2021-22	2021-22
External funding approved = \$10m over five years						
Council funding = \$7m over five years						
Project Spend						
Professional services	34,827	160,000	175,000			
Infrastructure services	151,909	420,000	319,000	1,430,000	544,600	1,974,600
Security fencing	62,241	80,000	162,000	44,000	14,000	30,000
Runway lighting		150,000	-	-		-
Runway development - stage 1	21,425	1,000,000	55,000	3,897,750	128,950	4,026,700
Runway development - stage 2				287,180	287,180	-
	\$ 270,402	\$ 1,810,000	\$ 711,000	\$ 5,658,930		\$ 6,031,300
Funding						
PGF grant		1,115,000	400,000	2,185,000		2,900,000
Loan		420,000	200,000	3,300,000		3,000,000
Reserves		275,000	111,000	173,930		131,300
		1,810,000	711,000	5,658,930		6,031,300

Masterton Skatepark

The skatepark project was granted \$1.3m (plus GST) from MBIE's Provincial Development Unit (PDU) in October 2020. The Council had a provision in its 2020/21 Annual Plan to spend \$1.35m on the project, with \$0.675m of that assumed to be sourced externally. The project costs have been revised as it has been developed in conjunction with community consultation.

A contract for the construction of the upgraded skatepark has been let and the project budget for the original scope remains at \$1.35m. Construction is scheduled to start in May 2021, with completion targeted before Christmas. A project commencement payment of \$577,028 has been received and PDU funding will be paid in instalments in Sept, Dec and Feb subject to meeting accountability requirements.

As at 31 March 2021, \$72,015 had been spent on the project. The projection to 30 June 2021 is for \$395,000 to have been spent as the construction contract will have started. The estimated \$182,028 of PDU funds the Council will be holding at 30 June will be carried forward in the balance sheet (cash asset and matching liability - income in advance).

Skate Park	YTD	Annual Plan	Forecast YE	Draft LTP	Changes	Revised LTP
	\$	\$	\$	Year 1	to LTP Yr1	Year 1
	31 March 2021	2020/21	2020/21	2021-22	2021-22	2021-22
External funding approved = \$1.3m						
Prof Services	64,223	130,000	80,000	130,000	80,000	50,000
Lighting & street furniture	7,792	120,000	28,000	120,000	28,000	92,000
Construction	-	1,100,000	287,000	1,050,000	287,000	763,000
Additional features		-	-	300,000	-	300,000
	\$ 72,015	\$ 1,350,000	\$ 395,000	\$ 1,600,000	\$ 395,000	\$ 1,205,000
Funds received to date			\$ 577,028			
Projected balance of funds held at 30 June 2021			\$ 182,028			
Projected external funding in 2021/22 financial year						\$ 905,000
Projected funding ex Council reserves in 2021/22 financial year						\$ 300,000

To:	Audit & Risk Committee
From:	David Paris, Manager Finance
Endorsed by:	Kathryn Ross, Chief Executive
Date:	12 May 2021
Subject:	Insurance Report
FOR INFORMATION	
Recommendation:	
That the Audit & Risk Committee receives the report and notes the information regarding the Council's insurance programme for 2021/22.	

PURPOSE

The purpose of this report is to provide the Audit and Risk Committee with an update on the insurance cover the Council has in place and the cover which will be sought for the 2021/22 year.

BACKGROUND**Executive Summary**

The Council carries insurance cover to mitigate a number of risks to the assets and activities of the Council. This report has been prepared in order to provide a summary of that cover. The report will also provide an update on the cover the Council has in the event of a disaster damaging underground assets.

Insurance Overview

The Council's insurance strategy is summarised below. We use brokers Marsh (formerly Jardine Lloyd Thompson) to manage and market our insurance needs, placing the insurance with insurers and managing claims on our behalf. We pay a fixed brokerage fee. There is no brokerage commission on the value of the premiums. The majority of the insurance policies are managed as a group programme with the other two Wairarapa councils, with costs allocated based on the values insured.

Insurance is one of many tools an organisation has available to manage risks – in particular, the financial risks associated with the occurrence of an adverse event through the transfer of that risk to a third party. Insurance alone cannot be relied upon to manage risks. A number of other methods are required to be used:

Avoidance Mitigation Design Processes Built in resilience Recovery processes

It is the Council's responsibility to identify risks in our business and decide which ones to insure against and at what value. Being uninsured or underinsured is risky, as it exposes us to potential losses if something goes wrong in our business. Equally, having the wrong kind of insurance can be a waste of money. We regularly review and update our insurance, especially when our business or circumstances change.

Background

Council's insurance cover will include:

- property damage (including forestry)
- equipment breakdown & motor vehicles
- liability claims
- professional indemnity
- theft & fraud
- natural disasters (underground infrastructure, 40%)
- operational (Airport Owners policy)

Insurance Principles

Recommended principles are:

- Council will transfer financial risk where appropriate.
- Council will have a conservative approach to insurance.
- Council will self-insure (in part) where appropriate contingency funding is in place (e.g. flood damage for road and bridge assets).
- Council will ensure sufficient financial reserves (capacity funds) are in place to cover periods before insurance payments are received.

The broad intention is to deliver an informed balance of insured risk vs non-financial risk across Council's operations, activities and services.

Council is a major provider of community assets, activities and services and it must ensure that these are managed in a financially prudent and competent manner in accordance with the Local Government Act and as a sustainable business.

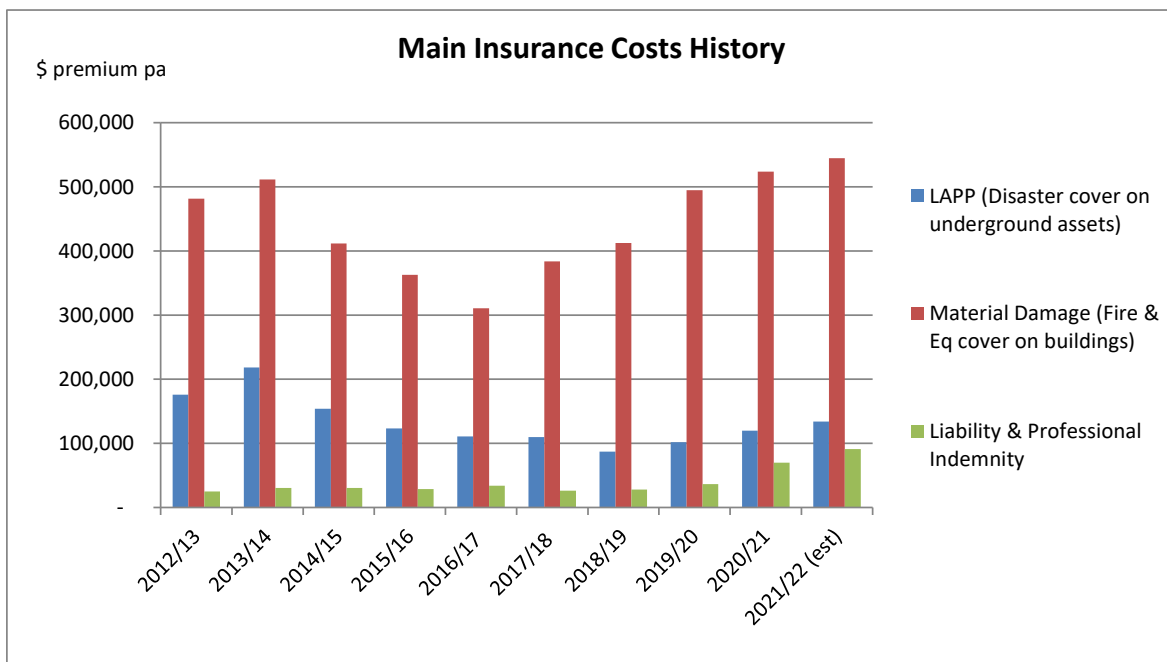
Current Situation

Council operates a business with a \$50m turnover. It has fixed assets worth more than \$850m. The operations include activities that carry many risks and potential financial liabilities.

The insurance world’s view of New Zealand’s risk profile has changed. The graph below illustrates the changing cost of securing asset insurance cover for Masterton District Council. The cyclical nature of the premium costs is clear. A turn-around has occurred with the Kaikoura earthquake in November 2016 having an impact on the earthquake portion of the material damage premiums.

The current view of the coming renewal is a return to some stability in material damage premiums, but insurers are not prepared to sustain underwriting losses. They can no longer rely on investment returns to cover losses. Meanwhile significant claims across the globe due to natural catastrophes and weather events have continued for a number of years in succession. COVID-19 has sharpened the focus further of the underwriters to return to profitable underwriting. On the positive side, locally, insurers are demonstrating a commitment to retaining their key clients.

Listed on the graph below are the premium costs of Liability & Professional Indemnity insurance. The Council is facing its third successive 30% increase in premiums due to the increasing risk profile insurers see with councils and the number of claims being brought in this area. Many of the claims may have little validity, but insurers still have to incur legal costs to contest them and so are passing on their costs via higher premiums.



The material damage premiums are expected to increase by 5% over last year, disaster cover by 12% and liability premiums by 30%. In preparing the LTP for 2021/22 these increases have been allowed for and are amongst the drivers for the rates increase being above the rate of inflation.

Material Damage and Other Policies

This cover is obtained for normal business activities that are affected by adverse events. General Insurance is used to cover events and risks such as; material damage to buildings and contents, machinery breakdown, fire, business interruption, motor vehicles and other business liabilities.

Council's Material Damage and Business Interruption cover has, since 2011/12 been placed with a panel of insurers. This approach had to be taken due to the reduced capacity available in the New Zealand market, post the Christchurch earthquakes.

The panel changed in 2017/18 to the following:

- QBE Insurance (Australia) limited 47.5% lead insurer
- AIG NZ Ltd 15.0%
- Berkshire Hathaway Specialty Insurance Co Ltd 15.0%
- NZI a division of IAG New Zealand Limited 17.5%
- XL Insurance Company SE 5.0%

The cover is for physical loss or damage to property belonging to the insured or for which the insured is legally responsible or has assumed responsibility prior to the occurrence of any damage. The main deductible (excess) is \$5,000, except for earthquake damage where it is 5% of the site sum insured (10% for pre 1935 risks).

Business Interruption - this allows for revenue losses at the transfer station, the library, Mawley Park and rental housing

Machinery Breakdown (QBE) covers identified pumps over 5kw (that are excluded under the material damage policy) with a \$2,500 deductible.

Motor Vehicle (NZI) – cover is based on the market value at the time of loss. Deductible is 1% of vehicle value with a minimum of \$500

Personal Accident (Chubb Insurance NZ Ltd) The Mayor, Councillors and all staff are covered for death by accident, worldwide, 24 hours, sum insured \$50,000, subject to exclusions

Crime (QBE) – indemnifies for losses as a result of fraudulent or dishonest acts committed by employees. Deductible \$25,000

Airport Owners & Operators Liability (AIG APAC Holdings Pte Ltd (AIG Singapore)

Forestry/Standing Timber (Sage Partners) – covers the small blocks of forestry the Council owns.

Employers Liability and Statutory Liability (QBE insurance Australia) – for damages and defence costs.

Hall Hirers (General) Liability (QBE insurance Australia) – for coverage to groups who hire Council facilities, excess \$1,000

Public Liability/Professional Indemnity QBE Insurance (Europe) Ltd – based out of London

The Council changed its liability insurer from 1 July 2017 to a Local Government Liability Programme backed by QBE Insurance (Europe) Limited sourced out of the London market. Local Government has some unique risks associated with the regulatory functions and insurers are seeing more significant losses and therefore increases in premiums and potentially amendments to insurance terms are likely in the up-coming renewal round.

The premium in 2021/22 is expected to be up to 30% higher than 2020/21. The limit of liability is expected to remain at \$300m, with a \$10,000 deductible for professional indemnity claims.

Natural Disaster Insurance

Central government is currently committed to provide 60% of the costs of recovering from a disaster (subject to a threshold limit based on the district's capital value) provided the local authority has made provision for the remaining 40%.

In order to provide that 40%, Masterton District Council has been a member of the Local Authority Protection Programme (LAPP) since its inception in the mid 1990s. LAPP is a mutual fund where members contribute to a pool of funds that is available to meet the initial costs of a disaster. The pool currently stands at \$16m and there are 22 member councils.

The group scheme is now administered by Aon New Zealand on a similar basis to a number of other grouped policies – spreading the risk across a number of geographically diverse Council areas is favoured for this type of risk. The insurance period runs from 1 November each year and provides cover for three major events of up to \$140 million, \$100 million and \$60 million. The Council has nominated some \$267m replacement value of underground and other infrastructural assets under this scheme.

