



**I, Steven May, Tumu Whakarae Chief Executive Officer, hereby give notice that
Finance, Audit & Risk Committee Meeting will be held on:**

Date: Tuesday, 7 July 2020
Time: 1.30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Finance, Audit & Risk Committee Meeting

7 July 2020

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

Order Of Business

1	Karakia	5
2	Apologies for Absence	5
3	Declarations of Conflict of Interest	5
4	Chairperson's Announcements.....	5
5	Late Items of Urgent Business	5
6	Public Participation	5
7	Minutes of the Previous Meeting	5
8	General Items.....	12
8.1	Update on Preparation of the Annual Report for the year ending 30 June 2020.	12
8.2	Financial Performance to 31 May 2020	20
8.3	Project update 2019/20 - Community Assets and Services	38
8.4	Health & Safety.....	45
8.5	FAR Work Plan	50

- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson. Requests should also outline the matters that will be addressed by the speaker(s).

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 26 May 2020

**MINUTES OF WAIROA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE MEETING
HELD AT THE WAR MEMORIAL HALL, QUEEN STREET, WAIROA
ON TUESDAY, 26 MAY 2020 AT 1.30PM**

PRESENT: His Worship the Mayor Craig Little, Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones (via Video-conferencing)

IN ATTENDANCE: Stuart Mutch (Auditor-via Video-conferencing), Steven May (Tumu Whakarae Chief Executive Officer), Kitea Tipuna (Pouwhakarae – Hapori/Whakatūtaki Group Manager Community and Engagement), Kimberley Tuapawa (Pouwhakarae – Pārongo/Wheako Kiritaki Group Manager Information and Customer Experience), Gary Borg (Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), Stephen Heath (Pouwhakarae – Hua Pūmau Hapori/Ratonga Group Manager Community Assets and Services), Simon Mutohori (Kaiwhakahaere Ratonga Kiritaki/Customer Service Manager-Regulatory), Kevin Stevenson (Kaiurungi Kore Whakawhara/Zero Harm Officer), Gay Waikawa (Kaiurungi Mana Arahi/Governance Officer), Tyler Trafford-Misson (Kaiurungi Mana Arahi/Governance Officer),

1 KARAKIA

Karaka was given Cr Chaans Tumataroa-Clarke.

2 APOLOGIES FOR ABSENCE

APOLOGY

COMMITTEE RESOLUTION 2020/88

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That the apology received from Cr Danika Goldsack be accepted and leave of absence granted.

CARRIED

3 DECLARATION OF CONFLICT OF INTEREST

Cr Jeremy Harker – **Item 8.1** – QRS Statement of Intent for the period 1 July 2020 to 30 June 2023 and Six Monthly Report to 31 December 2019 and **Item 8.2** – Debenture Trust Deed document amendments and restatements.

4 CHAIRPERSON'S ANNOUNCEMENTS

Follow Zoom etiquette one person at a time.

5 LATE ITEMS OF URGENT BUSINESS

None.

6 PUBLIC PARTICIPATION

None.

7 MINUTES OF THE PREVIOUS MEETING**COMMITTEE RESOLUTION 2020/89**

Moved: Cr Jeremy Harker

Seconded: His Worship the Mayor Craig Little

That the minutes of the Ordinary Meeting held on 14 April 2020 be confirmed.

CARRIED

At 1.36pm, Cr Jeremy Harker left the meeting. Cr Denise Eaglesome-Karekare chaired the meeting.

8 GENERAL ITEMS**8.1 QRS STATEMENT OF INTENT FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2023 AND SIX MONTHLY REPORT TO 31 DECEMBER 2019.****COMMITTEE RESOLUTION 2020/90**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Denise Eaglesome-Karekare

That the Committee receives the report and discusses the company's financial forecasts and risks with its Board.

CARRIED

The Committee discussed:

- Financial results for remainder of year.

8.2 DEBENTURE TRUST DEED DOCUMENT AMENDMENTS AND RESTATEMENTS**COMMITTEE RESOLUTION 2020/91**

Moved: Cr Denise Eaglesome-Karekare

Seconded: His Worship the Mayor Craig Little

That the Committee assesses the risks and opportunities of this proposal for the Group with the Board of Quality Roding and Services (Wairoa) Ltd.

CARRIED

The Committee discussed:

- Borrowing from Local Government Funding Agency (LGFA)
- Priority of debt – unsecured creditors.

- Processes for monitoring as guarantor.
- Utilising sub-contractors.

At 1.53pm, Cr Jeremy Harker returned to the meeting and resumed as Chairperson.

8.3 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2020

COMMITTEE RESOLUTION 2020/92

Moved: Cr Jeremy Harker

Seconded: His Worship the Mayor Craig Little

That the Committee receives the External Audit Plan 2020.

CARRIED

The Committee discussed:

- Change date of 2019 to External Audit Plan 2020 in recommendation.
- Covid-19 lockdown.
- Impact to organisation from both a system and processes perspective and reporting to 30 June 2020.
- Challenges around the annual report in recent years,
- Critical deadlines being hit and in a timely manner.
- Asset revaluations.
- Update of Provincial Growth Fund.

8.4 ANNUAL REPORT 2019-20 TIMETABLE AND AUDIT PLAN

COMMITTEE RESOLUTION 2020/93

Moved: Cr Denise Eaglesome-Karekare

Seconded: His Worship the Mayor Craig Little

That the Committee receives the timetable for the Annual Report 2019-20.

CARRIED

The Committee discussed:

- Statutory deadline.

Cr Channs Tumataroa-Clarke left the meeting at 2.08pm.

Cr Channs Tumataroa-Clarke returned to the meeting at 2.09pm.

8.5 BUDGET FOR THE DRAFT ANNUAL PLAN 2020-21**COMMITTEE RESOLUTION 2020/94**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That the Committee:

1. Endorses the draft budgets to Council for inclusion in the Annual Plan for the year ending 30 June 2021, subject to adjustments for asset revaluations.
2. Encourages Council to place emphasis on the financial sustainability of service levels during preparation and community engagement for the Long-term Plan 2021-31.

CARRIED

The Committee discussed:

- Capital value rates.

8.6 DRINKING WATER SAFETY**COMMITTEE RESOLUTION 2020/95**

Moved: Cr Jeremy Harker

Seconded: Mr Philip Jones

That the Committee receives the report and that the Water Safety Plan review is included into Council projects/planning such as Annual Plan, Long Term Plan (LTP) and Asset Management Plans; Thus endorsing the six principles of drinking water safety.

CARRIED

8.7 HEALTH & SAFETY**COMMITTEE RESOLUTION 2020/96**

Moved: Cr Jeremy Harker

Seconded: Cr Denise Eaglesome-Karekare

That the Committee receive the report.

CARRIED

8.8 FAR WORK PLAN**COMMITTEE RESOLUTION 2020/97**

Moved: Cr Jeremy Harker

Seconded: His Worship the Mayor Craig Little

That the Committee receive the report.

CARRIED

The Committee discussed:

- Reconciliation of reserves.
- Update of Provincial Growth Fund
- Update on Crown Infrastructure Funding.

9 PUBLIC EXCLUDED ITEMS

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2020/98

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That the public be excluded from the following parts of the proceedings of this meeting at 2.48pm

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
9.1 - Draft roading asset valuation as at 31 March 2020	s7(2)(b)(ii) - the withholding of the information is necessary to 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 s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7
9.2 - Procurement Strategy Endorsement	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of 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 under section 6 or section 7
CARRIED		

COMMITTEE RESOLUTION 2020/99

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That Council moves out of Closed Council into Open Council at 3.13pm.

CARRIED

The Meeting closed at 3.14pm with a karakia by Kitea Tipuna..

The minutes of this meeting were confirmed at the Finance, Audit & Risk Committee Meeting held on 7 July 2020.

.....
CHAIRPERSON

8 GENERAL ITEMS

8.1 UPDATE ON PREPARATION OF THE ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2020.

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. Annual Report Status Update [↓](#)

1. PURPOSE

- 1.1 This report provides information for Committee on progress against the annual report timetable 2019-20. No decisions are required by Committee at this stage.
- 1.2 The Committee's Terms of Reference includes overseeing the compilation of the Annual Report.



RECOMMENDATION

The Group Manager: Finance and Corporate Support RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 The full timetable and audit plan for the Annual Report 2019-20 was presented to the Committee at its meeting on 26 May 2020, resolution 2020/93 refers.
- 2.2 To support the Committee in fulfilling its responsibilities per 1.2 above, an update on progress against this timetable will be provided at every Committee meeting until the completed report has been audited and is available for recommendation.
- 2.3 At the time of writing it is before year end, so most of the work that can be completed is preparatory. Nevertheless, much has been done in this vein to ensure activities commence as early as possible and that information is complete and on time.
- 2.4 Immediate risks that are being managed are the short cut-off for the final NZTA claim and timely completion of infrastructure revaluations.
- 2.5 An update to the timetable is attached as **Appendix 1**.

Signatories

	
Author Gary Borg	Approved by Steven May

Annual Report Timetable 2019/20

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Prepare Templates for Statements of Service Performance and Financial Statements (including comparatives)	12 June	<p>Delayed sending of the workbooks. Unanticipated</p> <p>Incorrect Target information included Very rare</p>	<p>Delays the managers completing and allowing SLT a chance to review</p> <p>Adds work to Auditors and managers to correct, delays signoff of the Audit process</p>	<p>SSP template prepared and in use (half year and third quarter) therefore turnaround quicker, and managers more familiar with the layout and expectations.</p> <p>Greater distribution of tasks.</p>	<p>25/6 90% - restatement of some comparatives</p>
Interim Audit	15 June			<p>Leverage opportunity to discuss areas of judgement and interpretation.</p>	<p>25/6 Complete, no issues</p> <ul style="list-style-type: none"> - Model statements received - New disclosures discussed

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Regular Year-End Adjustments <ul style="list-style-type: none"> - Investment Adjustments - Debtors – Aging of Rating Debtors and Provision for Doubtful Debts - Stocks on Hand - Payroll - Grants - Landfill provision - Rates reconciliation 	17 July	Delayed completion of this work Rare Systemic challenges to production of base data Rare	Work would need to be done in August Delayed close of ledgers and completion of notes to accounts	Stock on hand to be requested in advance for 30 June. Testing to be undertaken in May including rates reconciliation which caused delays last year Draft landfill provision calculations to be reviewed at interim audit.	25/6 On track, all procedures under way and ready for year end.
Third party confirmations	24 July	Responses delayed or incomplete. Rare	Compromise signoff	Diarise, single checklist	25/6 Letters prepared

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Creditors - Non-Contractual Creditors <ul style="list-style-type: none"> o Processed Invoices ex GL o Invoices not received or processed - Contract claims/Prepayments and accruals	31 July	Creditor and costs are not accurately recorded in the accounts Moderate Cost information incomplete Likely PO's are not receipted, have wrong value, or not raised Likely	Understated expenditure and capital costs in the accounts.	Control list to be created for completeness and reconciled to contracts. Liaison with activity managers, review of purchase orders. Mail-out to suppliers	25/6 Contracts master list prepared, contractors notified re: cut off.
Revenue not recognised including NZTA Claim 12 – Check for Wash-up	31 July	Income not included in accounts. Very rare Incomplete claims Rare	Understated Revenue and Receivables	1. Reconciliation of income to Claims. 2. Review of expenditure to claims. 3. Emergency spending FAR claims	25/6 Actions have been co-ordinated, residual risk acknowledged due to early NZTA cut-off

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Ledgers closed	31 July	Timing and completeness Moderate	Delay completion of financial statements	Focus on project management	25/6 On track
Compilation of Statements of Service Performance <ul style="list-style-type: none"> Received Reviewed (SLT) 	15 July 20 July	Late or incomplete returns Likely Supporting information not reliable/inconsistent Moderate	Additional audit work, reporting delays	Supporting documentation to be supplied by managers. Half year and third quarter reports have resulted in timely provision of information.	25/6 On track

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Capital Adjustments (Additions/Deletions/Depreciation & Valuation allocations) and Accruals	31 July	<p>Completion delayed Likely</p> <p>Additions/disposals not recognised Likely</p> <p>Operating expenditure incorrectly capitalised Likely</p>	<p>Delays finalisation of Depreciation, Reserve Movements, and reporting</p> <p>Asset values and depreciation misstated</p> <p>Asset values and depreciation misstated, operating expenditure and overall profit misstated</p>	<p>Year to 30 April for infrastructure to be sent out early June</p> <p>Review of project book and sign off on completion</p> <p>Coding and posting sequence to be agreed and confirmed.</p> <p>Finance and asset manager working together to clarify capitalisation considerations and ensure operating expenditure is identified and classified correctly. Funding Impact Statement templates to be prepared in advance of final capitalisations.</p>	<p>25/6 On track 2 of 5</p> <p>Key dependency: draft valuation reports received and reviewed.</p> <p>Reviews of expenditure classifications 90%</p> <p>Capitalisation of in-year purchases 70%.</p>

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Overhead Allocations, Reserve Interest and Special Reserve funds	7 August	Complete information not available in timely fashion. Moderate	Delayed reporting, additional audit work	Dependent on above milestones, however much of the required information is now routinely prepared.	
Notes, Funding Impact Statements, Financial Prudence Benchmarks	14 August				
Performance stories <ul style="list-style-type: none"> Received Reviewed 	01 August 14 August				
Joint statement	19 August				
Draft financial statements - SLT review	24 August				
Draft Financial Statements - Council	8 September				
Audit	21 September – 9 October				
Presentation of Council only draft to Finance Audit & Risk Committee	29 September				

Action	Target Completion Date	Risk (Likelihood)	Impact	Mitigation	Status
Consolidation of CCO financial statements	02 October	QRS unable to pass info until audit is finalised Moderate	Delays completion of the accounts	Consolidation workbook and entry into the accounts template workbook to be setup in June, ready for data entry which will self-populate to ensure a fast turnaround once data received.	26/6 Year end discussion included in representatives meeting with QRS.
Audit report on Control Findings, Draft Opinion and Representation Letter	12 October	Moderate			
Report finalisation and Audit Opinion	16 October	Moderate			
Presentation of audited reports to Council for adoption	27 October	Moderate	Breach of statutory deadline for adoption of the report.		

8.2 FINANCIAL PERFORMANCE TO 31 MAY 2020

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

Authoriser: Stephen Heath, Pouwhakarae – Hua Pūmau Hapori / Ratonga Group Manager Community Assets and Services

Appendices: 1. May Financial Report [↓](#)

1. PURPOSE

- 1.1 This summary report provides information on Council's performance for the 11 months ended 31 May 2020. No decisions are required by Committee at this stage.
- 1.2 This is an information report-only report because it provides an update on Council's progress against objectives established and decisions previously made in the Annual Plan 2019-20 and Long-term Plan 2018-28.

RECOMMENDATION

The Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Council's minimum statutory obligations regarding reporting, public accountability and financial management are contained in Part 6 of the Local Government Act 2002. Monitoring financial performance on Council's behalf is included in the Committee's Terms of Reference.
- 2.2 Beyond this, regular performance reporting is good practice, keeping Council and the community informed of its financial performance and position.
- 2.3 In addition, reporting during the year provides an indication of full year outcomes and informs the decision-making process for each subsequent Annual Plan and Long-term Plan.
- 2.4 The financial performance report, attached as **Appendix 1**, sets out the financial results against estimated phased budgets for each Group of Activities and the whole of council.

References (to or from other Committees)



Council - 11 January 2020 – Half Year Performance 2019-20

Finance Audit and Risk Committee – 3 March 2020 – Financial Performance to 31 January 2020

Finance Audit and Risk Committee – 14 April 2020 – Financial Performance to 29 February 2020

Council – 5 May 2020 – Council Performance for the 9 months to 31 March 2020

Signatories

	
Author Gary Borg	Approved by Stephen Heath

MONTHLY REPORT

TO 31 MAY 2020



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WAIROA DISTRICT

FINANCIAL COMMENTARY

At the end of May 2020, Wairoa District Council had a Net Surplus on Operations of \$6,065K against a year to date (YTD) budget of \$6,231K.

The Council continued to operate during the COVID-19 lockdown period, with staff supporting the Civil Defence response, and continuing business as usual from home. An application for the wage subsidy is being prepared for staff not participating in the Civil Defence recovery.

The Council is actively supporting COVID-19 recovery in the Community by offering assistance and promoting a "Shop Local" campaign.

During lockdown there was a reduction in non-rates revenue generation, mostly as a result of reduced NZTA subsidies due to minimal roading work being carried out. During May there has been significant catchup work performed, with forecast billings for June to allow some offset of the downturn during April. The lower than budgeted surplus YTD is also a result of wastewater costs on desludging of the oxidation ponds. Some unbudgeted increases in activity spend have been unavoidable, for example solid waste costs relating to government levies are higher due to an increase in the levies charged. Others relate to unpredictable phasing of activities throughout the period, such as maintenance on 3 waters assets.

FUNDING IMPACT STATEMENT - WATER SUPPLY

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	
Targeted rates (other than a targeted rate for water supply)	1,328	1,328	
Subsidies and grants for operating purposes	-	-	
Fees and charges	283	259	
Internal charges and overheads recovered	491	356	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	2,102	1,942	
Applications of operating funding			
Payments to staff and suppliers	978	885	A
Finance costs	-	-	
Internal charges and overheads applied	815	693	
Internal interest charged	171	(55)	B
Other operating funding applications	-	-	
Total Applications of operating funding (B)	1,963	1,524	
Surplus (deficit) of operating funding (A - B)	139	418	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	(121)	(415)	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	(121)	(415)	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	56	66	
- to replace existing assets	211	281	C
Increase (decrease) in reserves	(249)	(344)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	18	3	
Surplus (deficit) of capital funding (C-D)	(139)	(418)	
Funding balance ((A-B) + (C-D))	-	-	-

A Payments to staff and suppliers are \$93k higher than budgeted. This relates to lower than forecast recharges to the Community Centre and is offset by a favourable variance in Community Facilities.

B Internal interest relates to the use of reserves in previous years for capital renewals. Historically this recharge has only taken place at year end and is offset by a favourable variance in Corporate Functions. A similar variance will be present in other Groups of Activities.

C Capital budget not spent relates to pipeline renewals, with design work in progress.

FUNDING IMPACT STATEMENT - STORMWATER

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	
Targeted rates (other than a targeted rate for water supply)	427	427	
Subsidies and grants for operating purposes	-	-	
Fees and charges	2	-	
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	429	427	
Applications of operating funding			
Payments to staff and suppliers	106	100	
Finance costs	-	-	
Internal charges and overheads applied	128	132	
Internal interest charged	121	13	A
Other operating funding applications	-	-	
Total Applications of operating funding (B)	355	245	
Surplus (deficit) of operating funding (A - B)	74	182	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	(8)	11	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	(8)	11	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	66	193	B
- to replace existing assets	58	218	B
Increase (decrease) in reserves	(58)	(218)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	66	193	
Surplus (deficit) of capital funding (C-D)	(74)	(182)	
Funding balance ((A-B) + (C-D))	-	-	-

A Internal interest relates to the use of reserves in previous years for capital renewals. Historically this recharge has only taken place at year end and is offset by a favourable variance in Corporate Functions. A similar variance will be present in other Groups of Activities.

B Capital expenditure on piping open drains was included in the approved NZTA funded programme and has thus been accounted for in the Transport Group. Mahia Beach pipeline renewals is likely to be deferred while investigations are carried out.

FUNDING IMPACT STATEMENT - WASTEWATER

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	
Targeted rates (other than a targeted rate for water supply)	1,198	1,198	
Subsidies and grants for operating purposes	-	-	
Fees and charges	11	108	A
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	1,209	1,306	
Applications of operating funding			
Payments to staff and suppliers	1,504	688	B
Finance costs	-	-	
Internal charges and overheads applied	243	255	
Internal interest charged	123	(8)	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	1,869	936	
Surplus (deficit) of operating funding (A - B)	(660)	370	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	947	(319)	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	947	(319)	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	282	51	C
- to replace existing assets	588	614	
Increase (decrease) in reserves	(583)	(614)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	287	51	
Surplus (deficit) of capital funding (C-D)	660	(370)	
Funding balance ((A-B) + (C-D))	-	-	-

A Fees and charges are \$97k less than budgeted. The budget contained an estimate of the amount of settlements that would be received from Mahia and Opoutama residents for their share of the local wastewater scheme. The residents that do not elect to pay the financial contribution continue to pay a separate targeted rate.

B Payments to suppliers are \$816k higher than budgeted, due to the cost of desludging the oxidation ponds and associated waste levy charges, along with increased monitoring costs to meet consent conditions.

C Capital expenditure to improve the level of service is \$230k higher than budgeted. This is due to compliance changes in the 3 waters space which has resulted in projects being brought forward and undertaken earlier than contemplated in the LTP. The two key projects impacting this are the Wairoa wastewater discharge resource consent application and the Inflow and Infiltration project (to separate storm water and wastewater networks). The above statement shows how these variances have been funded by both an increase in debt of \$947k and a decrease in reserves of \$583k.

FUNDING IMPACT STATEMENT – WASTE MANAGEMENT

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	
Targeted rates (other than a targeted rate for water supply)	1,014	1,014	
Subsidies and grants for operating purposes	150	-	A
Fees and charges	573	541	
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	1,737	1,555	
Applications of operating funding			
Payments to staff and suppliers	1,559	1,077	B
Finance costs	-	19	
Internal charges and overheads applied	178	186	
Internal interest charged	48	30	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	1,785	1,312	
Surplus (deficit) of operating funding (A - B)	(48)	243	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	357	327	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	357	327	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	309	570	C
- to replace existing assets	-	-	
Increase (decrease) in reserves	-	-	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	309	570	
Surplus (deficit) of capital funding (C-D)	48	(243)	
Funding balance ((A-B) + (C-D))	-	-	-

A The favourable revenue variance is a grant received from the Tourism Infrastructure Fund.

B Payments to suppliers are \$482k higher than budgeted. This is due to government levies being higher than those budgeted. Furthermore, landfill operations and monitoring costs are also higher than budgeted, as signing of the new waste management agreement coincided with the 19/20 annual plan preparation.

C The acquisition of a second-hand landfill compactor and the continuing investigations into a suitable location for the Mahia recycling centre explain the favourable variances in capital expenditure (\$261k).

FUNDING IMPACT STATEMENT – TRANSPORT

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	64	64	
Targeted rates (other than a targeted rate for water supply)	3,551	3,551	
Subsidies and grants for operating purposes	5,671	5,620	A
Fees and charges	48	44	
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	9,334	9,279	
Applications of operating funding			
Payments to staff and suppliers	7,222	7,291	A
Finance costs	-	2	
Internal charges and overheads applied	1,276	1,359	
Internal interest charged	82	-	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	8,580	8,652	
Surplus (deficit) of operating funding (A - B)	754	627	
Sources of capital funding			
Subsidies and grants for capital expenditure	9,678	8,358	A
Development and financial contributions	-	-	
Increase (decrease) in debt	(723)	(246)	B
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	8,955	8,112	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	3,967	890	B
- to replace existing assets	7,570	9,831	B
Increase (decrease) in reserves	(1,828)	(1,981)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	9,709	8,739	
Surplus (deficit) of capital funding (C-D)	(754)	(627)	
Funding balance ((A-B) + (C-D))	-	-	-

A As described in the main commentary on page 1, the pandemic lockdown contributed to lower volumes of work being completed than forecast in the budget during April, which has impacted NZTA subsidy revenue and contractor costs. However, net funding for the roading activity reports favourable variances because the mix includes a higher proportion of PGF supported projects, so the ratio of subsidy revenue to expenditure is much higher.

B Total capital expenditure is \$816k higher than budgeted. It includes \$674k for runway resurfacing and other items at the airport. This was included in the budget as a brought forward aggregation from previous years and was loan funded.

FUNDING IMPACT STATEMENT – COMMUNITY FACILITIES

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	789	789	
Targeted rates (other than a targeted rate for water supply)	1,495	1,495	
Subsidies and grants for operating purposes	100	55	A
Fees and charges	55	36	
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	2,439	2,375	
Applications of operating funding			
Payments to staff and suppliers	1,604	1,459	B
Finance costs	-	19	
Internal charges and overheads applied	242	248	
Internal interest charged	130	-	C
Other operating funding applications	-	-	
Total Applications of operating funding (B)	1,976	1,726	
Surplus (deficit) of operating funding (A - B)	463	649	
Sources of capital funding			
Subsidies and grants for capital expenditure	18	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	(337)	(522)	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	(319)	(522)	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	185	106	
- to replace existing assets	64	139	
Increase (decrease) in reserves	(105)	(118)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	144	127	
Surplus (deficit) of capital funding (C-D)	(463)	(649)	
Funding balance ((A-B) + (C-D))	-	-	-

A Subsidy revenue is \$45k higher than budgeted, this is mostly due to the release to revenue of subsidies received in previous years relating to programmes that had been completed.

B Payments to suppliers is 145k over budget. Most of this relates to expenditure on reserves maintenance being higher than forecast, along with additional maintenance of public toilets.

C Internal interest relates to the use of reserves in previous years for capital renewals. Historically this recharge has only taken place at year end and is offset by a favourable variance in Corporate Functions. A similar variance will be present in other Groups of Activities.

FUNDING IMPACT STATEMENT – LEADERSHIP & GOVERNANCE

(VISITOR INFORMATION, MĀORI WHANAUNGATANGA, COUNCIL, ECONOMIC DEVELOPMENT, GAIETY THEATRE)

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,785	2,785	
Targeted rates (other than a targeted rate for water supply)	675	675	
Subsidies and grants for operating purposes	376	-	A
Fees and charges	214	260	
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	4,050	3,720	
Applications of operating funding			
Payments to staff and suppliers	1,708	1,542	A
Finance costs	-	1	
Internal charges and overheads applied	1,400	1,353	
Internal interest charged	11	2	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	3,119	2,898	
Surplus (deficit) of operating funding (A - B)	931	822	
Sources of capital funding			
Subsidies and grants for capital expenditure	51	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	(409)	(816)	B
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	(358)	(816)	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	582	11	B
- to replace existing assets	36	11	
Increase (decrease) in reserves	(46)	(16)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	573	6	
Surplus (deficit) of capital funding (C-D)	(931)	(822)	
Funding balance ((A-B) + (C-D))	-	-	-

A The favourable variance in operational revenue reflects a grant from the Provincial Growth Fund, supporting Te Wairoa e Whanake and the Regional Digital Hub.

B Council's first phase contribution to the former was the acquisition of premises, which cost \$522k and funded by debt.

FUNDING IMPACT STATEMENT – PLANNING AND REGULATORY

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	115	115	
Targeted rates (other than a targeted rate for water supply)	1,116	1,116	
Subsidies and grants for operating purposes	28	-	A
Fees and charges	520	410	A
Internal charges and overheads recovered	-	-	
Internal interest income	-	-	
Interest and dividends from Investments	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
Total operating funding (A)	1,779	1,641	
Applications of operating funding			
Payments to staff and suppliers	1,333	1,300	
Finance costs	17	15	
Internal charges and overheads applied	328	279	
Internal interest charged	9	4	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	1,688	1,599	
Surplus (deficit) of operating funding (A - B)	91	42	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	(86)	(28)	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	(86)	(28)	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	77	52	
- to replace existing assets	38	-	B
Increase (decrease) in reserves	(111)	(38)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	5	14	
Surplus (deficit) of capital funding (C-D)	(91)	(42)	
Funding balance ((A-B) + (C-D))	-	-	-

A Subsidy revenue relates to a grant received for additional freedom camping signage in the district. This grant has not been fully spent as at 31 May 2020. Fee revenue is higher than forecast in all activities. Some of this is volumetric, but also recognises improvements in controls and processes and the deployment of additional subsidised resources. The most encouraging variance is an increase in subdivision consents.

B Three vehicles reached their optimal replacement windows, the budgets for these are in the LTP on a different cycle.

FUNDING IMPACT STATEMENT – CORPORATE FUNCTIONS

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(58)	(58)	
Targeted rates (other than a targeted rate for water supply)	(1,512)	(1,512)	
Subsidies and grants for operating purposes	-	-	
Fees and charges	136	98	
Internal charges and overheads recovered	4,226	4,252	
Internal interest income	730	(5)	A
Interest and dividends from Investments	718	710	
Local authorities fuel tax, fines, infringement fees, and other receipts	55	65	
Total operating funding (A)	4,295	3,551	
Applications of operating funding			
Payments to staff and suppliers	4,506	4,220	B
Finance costs	211	215	
Internal charges and overheads applied	110	102	
Internal interest charged	36	8	
Other operating funding applications	-	-	
Total Applications of operating funding (B)	4,863	4,545	
Surplus (deficit) of operating funding (A - B)	(568)	(994)	
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	
Development and financial contributions	-	-	
Increase (decrease) in debt	635	1,359	
Gross proceeds from sale of assets	-	-	
Lump sum contributions	-	-	
Other dedicated capital funding	-	-	
Total sources of capital funding (C)	635	1,359	
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	144	236	C
- to replace existing assets	178	615	C
Increase (decrease) in reserves	(255)	(485)	
Increase (decrease) of investments	-	-	
Total applications of capital funding (D)	67	365	
Surplus (deficit) of capital funding (C-D)	568	994	
Funding balance ((A-B) + (C-D))	-	-	-

A The favourable variance in internal interest income (\$735k) offsets the unfavourable variances highlighted in other activities.

B Payments to staff and suppliers are \$286k higher than budgeted. This includes property management costs associated with disposals. The corresponding revenue is anticipated in June. The variance also includes increased liability insurance premiums and the cost of implementing Council's procurement and contract management manuals.

C There is \$529k of unspent capital budget, relating to the upgrade of the archives building and the resurfacing of the entrance to Council offices. The former has been deferred to the 2020-21 Annual Plan; the latter will be completed in June.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the 11 months ended 31 May 2020

	Actual 11 months to 31 May 2020 \$000	Annual Plan 11 months to 31 May 2020 \$000	Variance			Audited 12 months to 30 June 2019 \$000
			\$000	%		
Revenue						
Rates	12,985	12,987	(2)	0%		12,517
Subsidies and grants	16,072	14,033	2,039	15%	A	14,070
Petrol tax	55	65	(10)	-15%		88
Fees and charges	2,215	1,988	227	11%		2,811
Investment income	456	851	(395)	-46%	B	609
Miscellaneous income	-	-	-	-		194
Total revenue	31,783	29,924				30,289
Expense						
Water supply	2,411	2,078	333	16%	C	2,535
Stormwater	507	447	60	13%		600
Wastewater	2,101	1,174	927	79%	D	1,903
Solid waste	1,865	1,417	448	32%	E	1,838
Transport	11,400	11,172	228	2%	A	13,560
Community facilities	2,178	1,965	213	11%		2,462
Planning and regulatory	1,732	1,697	35	2%		1,558
Leadership and governance	3,033	2,821	212	8%		3,372
Corporate expense	491	922	(431)	-47%	F	614
Total expense	25,718	23,693				28,442
Net surplus (deficit) on operations	6,065	6,231				1,847
Taxation	-	-	-	-		-
Net surplus (deficit) after taxation	6,065	6,231				1,847
Other comprehensive income						
Increase (decrease) in revaluation reserve	-	-	-	-		-
Increase (decrease) in AFS reserve	-	-	-	-		-
Total comprehensive revenue and expense	6,065	6,231				1,847

Variance explanations (31 May 2020 actual compared to annual plan YTD)

- A** Subsidy and grant revenue is 15% (\$2m) higher than budgeted. This is due to the release of PGF funds received for the Alternative Nuhaka-Ōpoutama Road investigation (\$92k) and the Mahia East Coast Road traction sealing (\$3.874m). The cost of undertaking these projects are recorded in transport expense and W.I.P. respectively. NZTA subsidy revenue is \$2m lower than budgeted, due to the impact of COVID-19. Less work was able to be performed on the roading network during the 4 week lockdown, and consequently there was lower subsidy revenue received from NZTA YTD, the corresponding expected decrease in transport expense is masked by the cost of undertaking the aforementioned PGF-funded alternative route investigation.
- B** Investment income is 46% (\$395k) less than budgeted. This is due to lower than budgeted interest on reserve funds and property sales not completed due to the COVID-19 lockdown, which was only partially offset by the cash dividends received being higher than budgeted.
- C** Water supply expense is 16% (\$333k) higher than budgeted. This is due to a number of factors including higher than budgeted consumable chemicals for water treatment (\$68k), higher than budgeted interest expense (\$91k) and higher than budgeted staff costs (\$50k), which is offset in Community Facilities
- D** Wastewater costs are 79% (\$927k) higher than budget. This is due to the \$458k spent YTD on desludging of the oxidation ponds. The cost of this project is budgeted as a capital expenditure in the Long-term Plan, however, has been reported as an operating expense in line with financial reporting standards. There are also higher than budgeted costs associated with Wairoa Wastewater treatment operations and maintenance - along with greater costs at Mahia and Ōpoutama operations, all in order to meet consent conditions.
- E** Solid waste costs are 32% (\$448k) higher than budgeted. Waste levy payments, including ETS levies, are a total of \$309 higher than budgeted. This is mainly related to the increased cost of disposing of the sludge when desludging the oxidation ponds. Furthermore, there have been higher than budgeted operating costs relating to landfill operations are (\$73k higher than budgeted) and recycling (\$32k higher than budgeted). Operating cost variances are in part due to the fact that the new waste management contract was not fully finalised at the time of the 19/20 Annual Plan preparation. The costs of responding to fly dumping, which continued during lockdown, are \$17k over budget.
- F** Corporate expense is 47% (\$431k) under budget. This is primarily due to processing interest recoveries on internal loans, although these savings have been partially offset by higher than budgeted expenditure on consultancy, including LiDAR.

STATEMENT OF FINANCIAL POSITION

As at 31 May 2020

	Actual As at 31 May 2020 \$000	Annual Plan As at 31 May 2020 \$000	Audited As at 30 June 2019 \$000	Variance		
				\$000	%	
Current Assets						
Cash and cash equivalents	5,508	720	2,473	3,035	123%	A
Inventories	-	58	55	(55)	-100%	
Trade and other receivables	4,185	6,678	5,908	(1,723)	-29%	B
Financial assets at fair value	-	-	509	(509)	-100%	
Total current assets	9,693	7,456	8,945			
Current liabilities						
Trade and other payables	6,102	10,059	5,973	129	2%	
Advance funding - PGF	663	-	-	663	100%	C
Borrowings	-	-	1,500	(1,500)	-100%	D
Total current liabilities	6,765	10,059	7,473			
Working Capital	2,928	(2,603)	1,472			
Non-current assets						
Property, plant and equipment	253,136	265,015	258,054	9,492	4%	
Work in progress	22,579	13,888	8,169			
Investment in subsidiary	1,250	1,250	1,250	-	0%	
Investment property	405	-	405	-	0%	
Biological asset - forestry	260	260	260	-	0%	
Available for sale financial assets	37	23	37	-	0%	
Intangible assets	28	240	69	(41)	-59%	
Financial assets held to maturity	144	-	56	88	157%	
Financial assets at fair value	5,947	7,755	5,408	539	10%	
Total non-current assets	283,786	288,431	273,708			
Non-current liabilities						
Employee entitlements	75	114	121	(46)	-38%	
Landfill aftercare	1,054	730	1,055	(1)	0%	
Borrowings	9,000	8,183	3,500	5,500	157%	D
Total non-current liabilities	10,129	9,027	4,676			
Net assets	276,585	276,801	270,504			
Represented by						
Equity	276,585	276,801	270,504			

Variance explanations (31 May 2020 compared to 30 June 2019)

- A** Cash reserves (including short term deposits) are 123% (\$3m) higher than at year end. This is due to an increase in WDC's short term deposits as a result of PGF funds received to allow cash for projects to commence, combined with a lower receivables balance indicating timely cash collection.
- B** Trade and other receivables are 29% (\$1.7m) lower than at year end. This is mostly due to the timing of payments at the end of the period.
- C** The \$663k in advance funding received relates to funds from the PGF for Alternative Route Nuhaka-Ōpoutama Road Investigation and Mahia East Coast Road Traction Sealing, Youth into Employment and Te Wairoa E Whanake). These funds are held as a prepayment, as the they are available for clawback unless spent in accordance with the grant. These funds are therefore released to match expenditure.
- D** Total borrowings have increased by \$4m due to additional drawdowns to fund capital works. The current portion at year end was refinanced and so all borrowings are now long term liabilities. The financial assets held to maturity represent notes issued in conjunction with the LGFA borrowing. The additional borrowing particularly supports the Wairoa Wastewater Reconsenting programme. The variance to budget relates mostly to the acquisition of properties to support Te Wairoa E Whanake.

STATEMENT OF CHANGES IN EQUITY

As at 31 May 2020

	Actual As at 31 May 2020 \$000	Annual Plan As at 31 May 2020 \$000	Audited As at 30 June 2019 \$000
Total equity - opening balance	270,520	270,570	268,657
Net surplus (deficit) for period	6,065	6,231	1,847
Other comprehensive income	-	-	-
Total comprehensive income	6,065	6,231	1,847
Total equity - closing balance	276,585	276,801	270,504
Components of equity			
Ratepayers equity - opening balance	135,156	141,483	132,248
Net surplus/(deficit) for period	6,065	6,231	1,847
Transfers from restricted reserves	782	3,336	6,030
Transfers to restricted reserves	(8)	(3,199)	(5,231)
Transfer from revaluation reserve on disposal	2,610	-	262
Ratepayers equity - closing balance	144,605	147,851	135,156
Special funds - opening balance	22,076	17,173	22,875
Transfer from ratepayers equity	8	3,199	5,231
Transfer to ratepayers equity	(782)	(3,336)	(6,030)
Special funds - closing balance	21,302	17,036	22,076
Revaluation reserves - opening balance	113,288	111,914	113,534
Net transfer from revaluation reserve on disposal	(2,610)	-	(262)
Transfer to revaluation	-	-	-
Revaluation reserves - closing balance	110,678	111,914	113,272
Total equity - closing balance	276,585	276,801	270,504

STATEMENT OF CASHFLOWS
For the 11 months ended 31 May 2020

		Actual 11 months to 31 May 2020 \$000	Audited 12 months to 30 June 2019 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>	Rates received	12,092	12,552
	Other revenue	21,637	14,630
	Dividends received	369	110
	Finance income	87	500
		34,185	27,792
<i>Cash was applied to:</i>	Payments to staff and suppliers and employees	20,439	21,883
	Taxation	-	-
	Interest paid	183	189
		20,622	22,072
Net cash flows from operating activities		13,563	5,720
Cash flows from investing activities			
<i>Cash was provided from:</i>	Sale of property, plant and equipment	-	285
	Repayment of advances	-	-
	Sale of financial assets	509	4,438
		509	4,723
<i>Cash was applied to:</i>	Purchase of intangibles	-	-
	Purchase of financial assets	627	-
	Purchase of property, plant and equipment	14,410	11,390
		15,037	11,390
Net cash flows from investing activities		(14,528)	(6,667)
Cash flows from financing activities			
<i>Cash was provided from:</i>	Loans raised	5,500	6,500
		5,500	6,500
<i>Cash was applied to:</i>	Borrowings repaid	1,500	6,512
		1,500	6,512
Net cash flows from financing activities		4,000	(12)
Net increase/(decrease) in cash and cash equivalents			
		3,035	(959)
Cash and cash equivalents at beginning of year			
		2,473	3,432
Cash and cash equivalents at end of year		5,508	2,473
Made up of:			
	Cash	(2)	22
	Short Term Deposits	5,510	2,451
	Bank Overdraft	-	-
Cash and cash equivalents at end of year		5,508	2,473

FUNDING IMPACT STATEMENT - WHOLE OF COUNCIL

For the period ended 31 May 2020

	Actual 31 May 2020 \$000	Annual Plan 31 May 2020 \$000	Annual Plan 30 June 2020 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,696	3,696	12,458
Targeted rates (other than a targeted rate for water supply)	9,290	9,290	2,323
Subsidies and grants for operating purposes	5,608	5,675	5,980
Fees and charges	1,741	1,756	-
Interest and dividends from Investments	678	710	807
Local authorities fuel tax, fines, infringement fees, and other receipts	59	65	87
Total operating funding (A)	21,072	21,192	21,655
Applications of operating funding			
Payments to staff and suppliers	18,641	18,561	22,725
Finance costs	221	271	705
Other operating funding applications	-	-	(215)
Total Applications of operating funding (B)	18,862	18,832	23,215
Surplus (deficit) of operating funding (A - B)	2,210	2,360	(1,560)
Sources of capital funding			
Subsidies and grants for capital expenditure	7,774	8,358	10,853
Development and financial contributions	-	-	-
Increase (decrease) in debt	(851)	(649)	1,648
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	379
Other dedicated capital funding	-	-	155
Total sources of capital funding (C)	6,923	7,709	11,909
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	3,795	2,174	7,518
- to replace existing assets	8,384	11,709	8,888
Increase (decrease) in reserves	(3,046)	(3,814)	(4,931)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	9,133	10,069	11,475
Surplus (deficit) of capital funding (C-D)	(2,212)	(2,360)	1,560
Funding balance ((A-B) + (C-D))	-	-	-

8.3 PROJECT UPDATE 2019/20 - COMMUNITY ASSETS AND SERVICES

Author: Luke Knight, Kaiwhakahaere Rawa Property Manager

Authoriser: Stephen Heath, Pouwhakarae – Hua Pūmau Hapori / Ratonga Group Manager Community Assets and Services

Appendices: Nil

1. PURPOSE

- 1.1 This report provides information for Committee on current capital projects being managed by the Community Assets and Services department. No decisions are required by Committee at this stage.
- 1.2 This report has been developed at the request of the committee chair, to provide an update on certain projects.

RECOMMENDATION

The Kaiwhakahaere Rawa Property Manager RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 This report has been developed at the request of the committee chair.
- 2.2 This report contains an update of progress of the following projects:
 - 2.2.1. Mahia East Coast Road
 - 2.2.2. Patangata Bridge
 - 2.2.3. Mahia East Coast Road, Rangatahi Dropout (Bailey Bridge Site)
 - 2.2.4. Nuhaka River Road realignment
 - 2.2.5. Kitchener Street open drain
 - 2.2.6. Wastewater consent process
 - 2.2.7. Proposed projects to be carried over to 2020/21.

3. MAHIA EAST COAST ROAD

- 3.1 84% complete for earthworks (10.5kms done. 2kms, and 2 weeks remaining).
- 3.2 29% complete for sealing (Sections 1-4, 3.615kms out of 12.5kms sealed). A further 1800m of basecourse should be ready for seal next week.
- 3.3 Cost to end of May: approx. \$4m (this will include the COVID Variation).
- 3.4 Cost of Covid 19 Variation (Still to be approved) = \$596k. This includes L4 Lockdown costs, site maintenance over this period, L3 costs and metal replenishment due to fines lost over lockdown.
- 3.5 The project has been pushed out further into the winter months due to the Covid-19 lockdown, with the project originally due to be completed prior to the end of June. This may effect progress quite substantially if we experience a very wet period.

- 3.6 Projected Final Cost (Roughly) = \$8M. A variation discussion needs to be had with Provincial Development Unit around variations.

4. PATANGATA BRIDGE

- 4.1 PGF funding of \$750k has been secured to replace Patangata Bridge, to Class 1 (44 tonne).
- 4.2 There are two key criteria attached to this funding – shovels need to be in ground by 2 months following end of Level 3 lockdown (13th May 2020), and that social procurement requirements are followed i.e. Job creation, redeployed workers.
- 4.3 QRS have been engaged as the principal contractor, working closely with Ministry of Social Development to ensure social procurement is met.
- 4.4 QRS will work with WSP and Lattey Civil and Precast who have already done a lot of the groundwork to get this project to shovel ready status.
- 4.5 Key updates:
- 4.5.1. Land Ownership/Easements: The Property Group are working with the Whakaki Lakes Trust to gain access via an easement to ensure long term access of the new bridge. The Trust is meeting June 13th to progress this. This will involve cultural elements of the project also.
 - 4.5.2. HBRC are intending to build a weir at the same location, so the intention is to have these projects completed simultaneously, sharing costs for certain aspects where applicable. Lattey Civil and Precast have been directly engaged for this work.
 - 4.5.3. Building consents/resource consents – this process was started during lockdown, so do not foresee this holding up progress.
 - 4.5.4. Archaeology check – Stage 1 and 2 checks have been done, and an Archaeologist has visited the site. Report to follow, but it appears nothing major has presented itself.
 - 4.5.5. Contract Documents and schedule of prices has been developed. QRS will price this work using a sub-contractor and will need to follow the contract documents.
 - 4.5.6. Design - Lattey Civil and Precast have been engaged to complete the design of the structure, this was completed on the 26/05/2020. WSP are to complete a PS2 review prioritising the superstructure work to allow bodies on the ground to commence site operations. Looking to be a 'Design and Build' contract model.
 - 4.5.7. Site Survey and Geotech – this work has been undertaken and completed.

5. MAHIA EAST COAST ROAD RANGATAHI DROPOUT

- 5.1 PGF funding of \$1m has been secured to repair Rangatahi dropout on Mahia East Coast Road, the current site where the bailey bridge is installed.
- 5.2 Two key criteria – shovels need to be in ground by 2 months following end of Level 3 lockdown (13th May 2020), and that social procurement requirements are followed i.e. Job creation, redeployed workers.

- 5.3 QRS have been engaged as the principal contractor, working closely with Ministry of Social Development to ensure social procurement is met.
- 5.4 Designs, contract documents, schedule of quantities have been completed, and have been forwarded to QRS for pricing.
- 5.5 Cultural consultation has been undertaken.
- 5.6 The final stages of the preparation of the Resource Consent are being completed. The HBRC will then need to review and issue the Resource Consent.
- 5.7 QRS will likely engage specialist sub-contractors to carry out this work.

6. NUHAKA RIVER ROAD REALIGNMENT

- 6.1 Report to Council was intended for April meeting (before PGF announcement) but was withheld due to Covid-19, there is some key information in there that still needs to be considered, so an updated paper will go to Council at the June Council meeting.
- 6.2 The discussion of Council will focus around expected design life, long term maintenance needs, and if this road will continue to be under council jurisdiction.
- 6.3 HBRC have designed the realignment of river, WDC have added to the design of new road.
- 6.4 There is no long-term guarantee of this design, due to the road realignment being on a riverbed.
- 6.5 PGF funding of \$750k has been secured to realign Nuhaka River Road.
- 6.6 Two key criteria – shovels need to be in ground by 2 months following end of Level 3 lockdown (13th May 2020), and that social procurement requirements are followed i.e. Job creation, redeployed workers.
- 6.7 QRS have been engaged as the principal contractor, working closely with Ministry of Social Development to ensure social procurement is met. QRS are likely to use local sub-contractors who have worked with WDC/HBRC to get this project shovel ready.
- 6.8 An environmental assessment will be undertaken by HBRC.
- 6.9 HBRC will work with their compliance team on required consents. If they are working on this project, there is the ability to speed this project up – which is needed to meet deadlines and funding requirements.
- 6.10 A cultural impact assessment will be completed by Te Iwi o Rakaipaaka Incorporated (TIORI).

7. KITCHENER STREET OPEN DRAIN

- 7.1 Stage 1 has now been completed with 70m of 900mm diameter culverts and 60m of 1200mm diameter culverts installed between Achilles Street and Rutherford Street. 112m of 1600mm diameter culverts have been install between Rutherford Street and Ribbies Diary. The Rutherford Street road crossing is included in this.
- 7.2 Stage 2 from Robbie's Diary to Clyde Road has been designed and is ready for construction to commence once funding comes available. Some of the culverts required for this section have been procured using the balance of the remaining funds in this year's budget.

- 7.3 We are currently looking at getting the next section of the drain between Clyde Road and Scott Street surveyed and designed. This is 450m in length.
- 7.4 An application has been submitted for funding in May 2020 to the Crown Infrastructure Partners. This is a regional approach from the five Hawke's Bay councils, this is still being considered for funding at the date of writing (8th June 2020). This would complete the piping of the drain. If this funding application is unsuccessful, the required budgets will be loaded into the next long term plan.

8. WASTEWATER CONSENT

- 8.1 The resource consent for the Wairoa wastewater discharge is progressing, albeit slowly. There has been a slight delay due to Covid 19, but things are back on track. Below is a summary of key actions.
- 8.2 Engagement: Prior to lockdown there was a pre-hearing meeting with submitters. At the conclusion of this meeting it was agreed that draft conditions of consent would be circulated by WDC. This occurred and we received feedback from about 6 submitters. We also received feedback from the Regional Council.
- 8.3 Tuesday (2 June) WDC advisors meet (Zoom) with a group of submitters and the DHB representative to discuss conditions. It was a productive discussion and agreement was reached on several key themes in the conditions, including the need for cultural monitoring and the importance of land application investigations.
- 8.4 Outfall design: A key aspect of the consent process has been the need for a river outfall, and it is the view of WDC staff that modifications are needed. Design plans have been prepared and they are ready for tendering. However, consent needs to be granted as the hearing process might subtly change design requirements.
- 8.5 Hearing: It is clear from some submitter responses to the draft conditions circulated that agreement will not be reached without a hearing. A hearing will require Regional Council staff to produce reports and then WDC staff and advisors to prepare evidence in advance of a hearing. With the exchange of reports and evidence required, a hearing is not likely to occur before mid-August and potentially in September 2020.

9. PROPOSED PROJECTS TO BE CARRIED OVER TO 2020/21

9.1 Low Cost Low Risk Projects (NZTA subsidised)

- | | | | |
|----------|--|--------|-----------|
| 9.1.1. | Mahia Connectivity | \$125k | |
| 9.1.2. | Blacks Beach | \$275k | |
| 9.1.3. | LED conversion | \$125k | verifying |
| 9.1.3.1. | Two tender processes were undertaken in this financial year, both unsuccessful. Alternative method of delivery was developed locally, but works will be postponed due to Covid-19. | | |
| 9.1.4. | Footpath Renewals | \$140k | |
| 9.1.4.1. | Inspection and programming work has been undertaken, renewal programme being developed, but delayed by Covid-19. | | |
| 9.1.5. | Emergency works 18/19 | \$3m | verifying |

9.2 Property

9.2.1. Playground relocation & Public space enhancement \$70k

- 9.2.1.1. This was planned spend to relocate the old Marine Parade playground to Tuai. This has changed to a community led project, with different outcomes planned. As such, the process is taking longer than originally expected. This budget should be held to facilitate council's contribution to the overall project.

9.2.2. Recreation capital funds \$100k

- 9.2.2.1. This was originally budgeted and planned to develop a basketball court, council since indicated a desire to develop a wet play area. This funding should be retained as council's contribution in any future funding for this project.

9.2.3. Recycling Centre upgrade \$210k

- 9.2.3.1. Works planned during Covid-19 lockdown, now delayed.

9.2.4. Mahia recycling centre \$50k

- 9.2.4.1. This has progressed, with plans being developed in cooperation with contractors. Covid-19 has delayed some of this work, but intention is to deliver in time for Christmas holidays 2020.

9.2.5. Asbestos assessments \$50k

- 9.2.5.1. This work is a legal requirement for council's property portfolio and has been delayed by 12 weeks due to Covid-19. Appointed contractor is developing an accelerated programme of works.

9.2.6. Tuai Hall

- 9.2.6.1. Work was delayed due to Covid-19, but will be underway in June 2020, some work will be completed July-August 2020.

9.2.7. Building works \$50k

- 9.2.7.1. These are works to the campground and council server room.
- 9.2.7.2. Delayed due to lockdown and subsequent contractor availability. Works are designed and planned to commence in early part of new financial year.

9.3 PGF Projects**9.3.1. Mahia East Coast Road Traction Sealing \$2.5m****9.3.2. HPMV Bridge Strengthening \$1.6m****9.4 3 Waters****9.4.1. Dedicated Generator Sets \$100k**

- 9.4.1.1. This project is to keep the wastewater pump stations operational during power outages.

- 9.4.1.2. The project has been delayed due to delivery from Australia being impacted because of COVID 19 lockdown restrictions.

- 9.4.1.3. The generators have been ordered and this work will be completed early in the new financial year

9.4.2. Piping Open Drains Mahia Beach \$135k

- 9.4.2.1. These works were to improve Stormwater functions in Mahia Beach
- 9.4.2.2. Proposed works have been put forward however due to Covid restrictions, contractor availability and workloads this work has been deferred.
- 9.4.3. Telemetry Base sets Wairoa \$6k
 - 9.4.3.1. This project is to improve the system that interfaces between the Wairoa Wastewater Treatment Plant and Council.
 - 9.4.3.2. The remainder of this budget will be used to carry out any upgrades as per the new Wastewater Discharge Consent.

References (to or from other Committees)

Council, 5th December 2017, Nuhaka River Road Access

Council, 20th March 2018, Patangata Bridge Closure

Council, 1st May 2018, Update of status of Patangata bridge

Council, 11th February 2020, Patangata bridge – options moving forward

Council, 4th September 2018, Length of road maintenance – Mahia East Coast Road

Council, 27th November 2018, Adjustment of road maintenance route positions – Mahia East Coast Road

Council, 14th February 2017, Wairoa Wastewater Consent Update

Council, 30th January 2018, Wairoa wastewater discharge consent – next steps

Infrastructure committee, 13th November 2018, Wairoa Waste Water Consent



Maori Standing Committee, 9th March 2017, Wairoa Wastewater Consent Update

Te Rohe o Te Wairoa Reserves Board – Matangirau, 20th October 2019, Wairoa wastewater discharge consent application update

Council, 20th March 2018, Marin Parade Playground Relocation

Infrastructure committee, 17th March 2020, Wairoa high productivity vehicle motor vehicle (HPMV) Bridge upgrades PGF – update on progress

Signatories

	
Author Luke Knight	Approved by Stephen Heath

8.4 HEALTH & SAFETY

Author: Kevin Stevenson, Kaiurungi Kore Whakawhara Zero Harm Officer

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. Risk Report [↓](#)

1. PURPOSE

- 1.1 This report provides information for Committee on Council's health and safety (H&S) matters. No decisions are required by Committee at this stage.

RECOMMENDATION

The Kaiurungi Kore Whakawhara Zero Harm Officer RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Regular reporting of health and safety compliance ensures that Wairoa District Council recognises its moral and legal responsibility to provide a safe and healthy work environment for its workers (employees, contractors and volunteers). This commitment extends to ensuring its operations do not place the local community at risk of injury, illness or property damage.
- 2.2 Consideration of this matter contributes to Council's vision of 'Connected Communities; Desirable Lifestyles; Treasured Environments', it also contributes to the following community outcomes:
- A safe and secure community.
 - A lifetime of good health and well-being.
 - A safe and integrated transport system.
 - Strong district leadership and a sense of belonging.
 - Safe and accessible recreational facilities.

3. CURRENT SITUATION

- 3.1 **Hazard Identification/Register/Accident or Near Miss Reports:** Seven incidents have been reported for the period since the Committee's last update in May. Six involving Threatening Behaviour, one minor sprain to right knee that did not require any medical treatment. This was caused by slipping on the wet ground in the car park. The other reported Threatening Behaviour incidents were from the Animal Control Team and have been investigated by Police with only a warning given.

3.2 Staff Training

Six of the Engineering staff will undergo 4x4 Training in Gisborne on the 10th July on the new quad bike that was purchased to assist the Water and Sewage Team to carry out remote work that is inaccessible with their current vehicles.

A joint training initiative with the Police and the Council's Regulatory department is being undertaken to better prepare and understand the requirements and obligation the Council has when attending some situations that have been causing Threatening Behaviour complaints by our staff over the last year. This will also involve the Noise Control Contractor that the Council uses.

3.3 Health and Safety Committee.

The Committee met on Wednesday 17th June and discussed the events of the last month including Council's training initiative with the Police for the Regulatory Department. Yearly health checks for staff that are required due to their occupational position will begin in August.

The local chemist carried out 25 Flu vaccinations on our staff during this reporting period and was received very well by staff.

3.4

Safety Audits Summary

Three on site safety inspections have been undertaken this month and more are scheduled now contractors are back at work.

3.4.1 Staff return to work under level one has started with social distancing and hygiene precautions in place. A greater awareness of hygiene by staff is obvious and should show benefits downstream with less sickness from the common cold and flu this year.

The Committee is asked to consider the content of this report and advice of any practice or process changes.



Further Information

<http://www.worksafe.govt.nz/worksafe/>

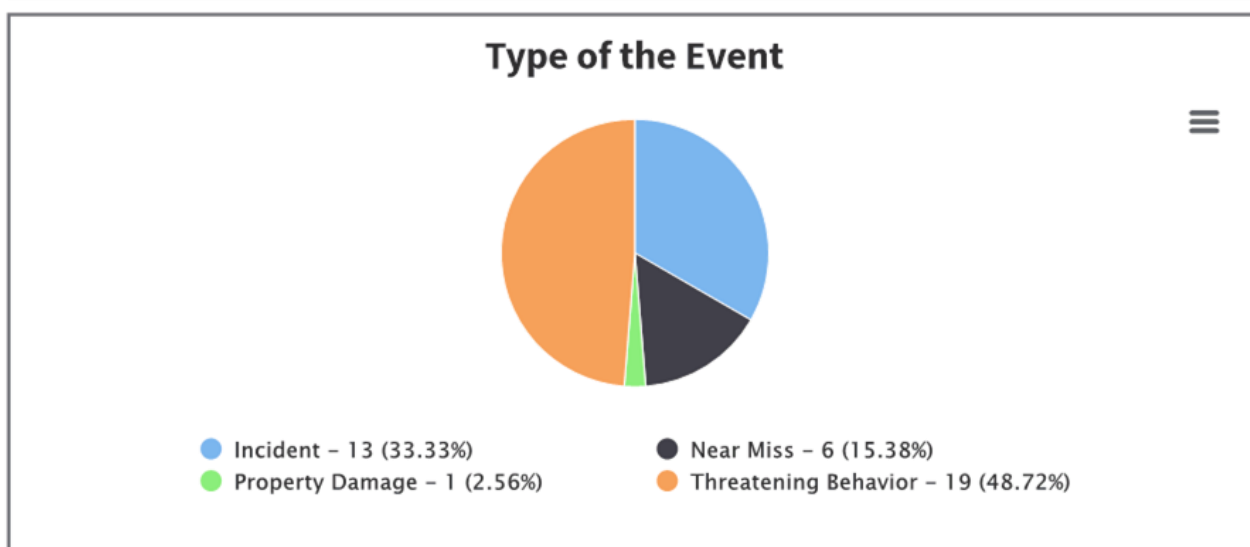
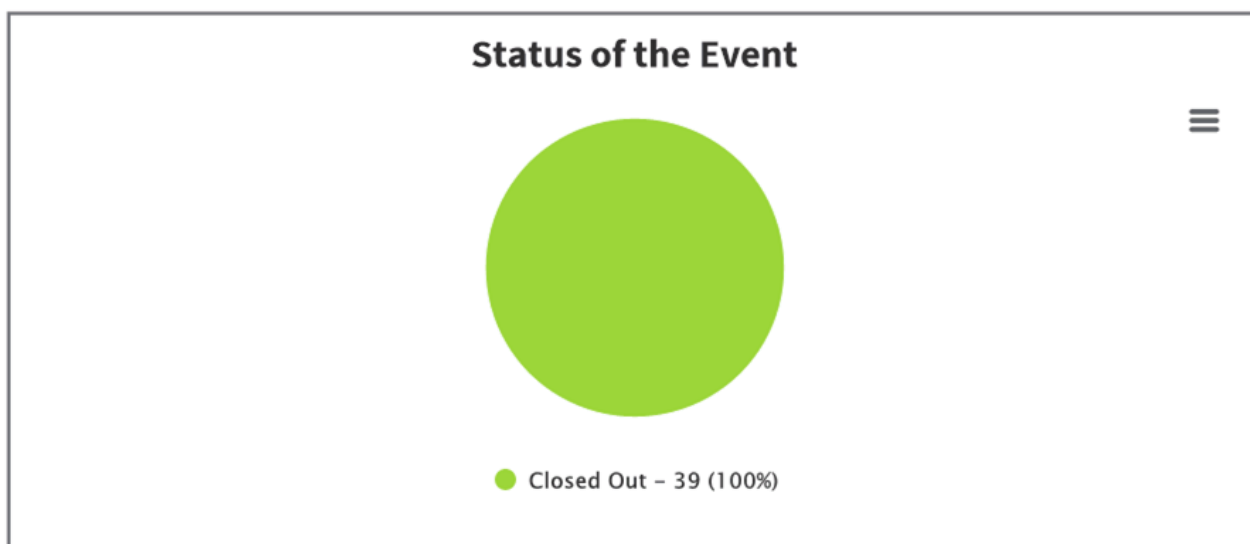
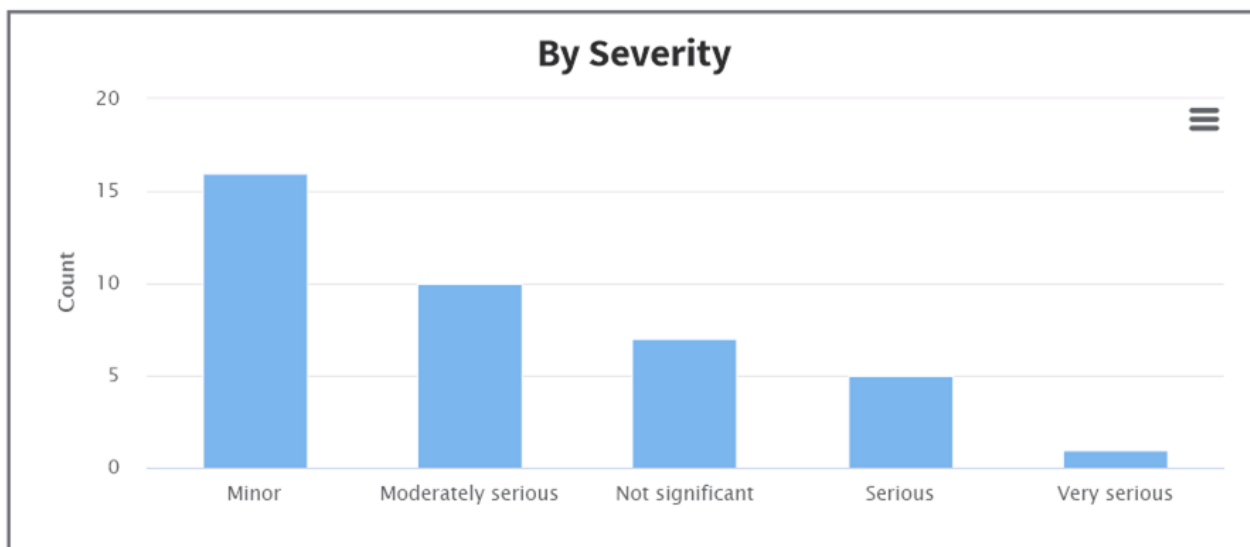
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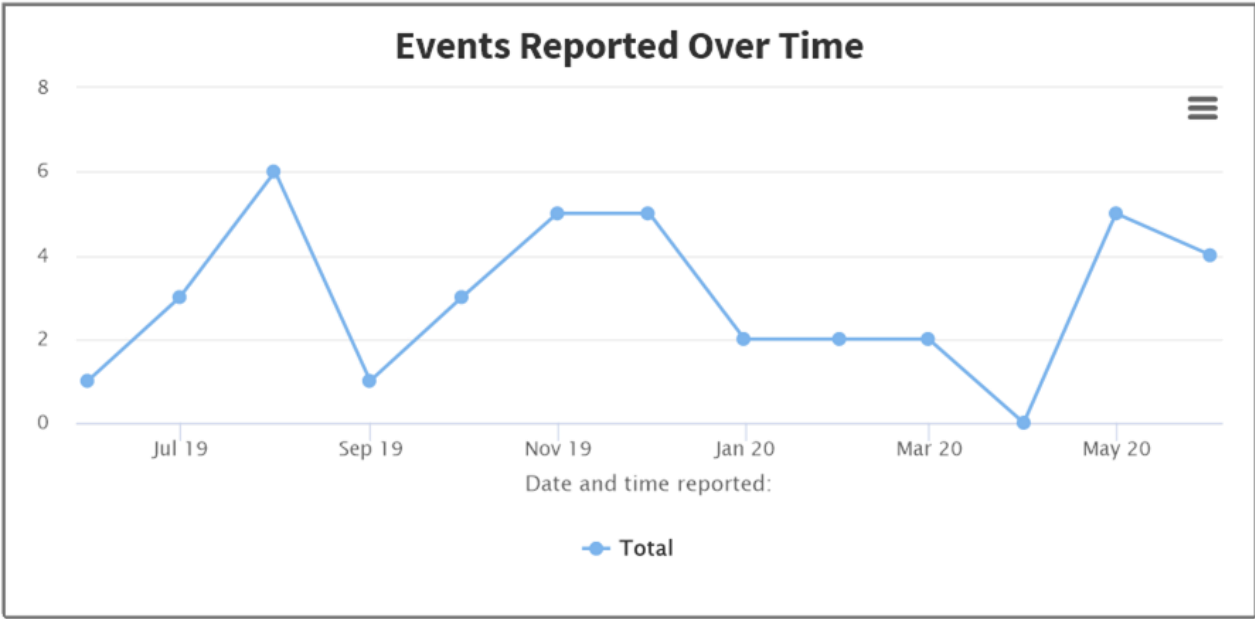
<http://www.guardianangelsecurity.co.nz/>

Signatories

 	
Author Kevin Stevenson	Approved by Steven May

Events : Risk Report June 2020





8.5 FAR WORK PLAN

Author: Steven May, Tumu Whakarae Chief Executive Officer

Authoriser: Steven May, Tumu Whakarae Chief Executive Officer

Appendices: 1. FAR Work Plan - 26 May 2020 [↓](#)



1. PURPOSE

This report provides information for Committee on the FARC Annual Work Plan. 1.2 Attached is the FARC Annual Work Plan from the FAR Committee meeting held on Tuesday, 26 May 2020.

RECOMMENDATION

The Tumu Whakarae Chief Executive Officer RECOMMENDS that Committee receive the report.

Signatories

	
Author Steven May	Approved by Steven May

FARC ANNUAL WORK PLAN

- 26 MAY 2020 -

#	Date Entered	Action to be taken	Responsible	To be completed by	Closed/Open
1.	2 April 2019	Adopt FAR Work Plan/TOR as per 26 Feb 219 Committee minutes. - Standing agenda item for work plan. Establish an outstanding report to management register with a regular update.	Steven May		Ongoing Ongoing
2.		Interim Summary from EY on Annual Report process and FY118/19 close off. Liaise with Stuart Mutch to request summary.	Gary Borg/Stuart Mutch		Closed
3.		Full draft Annual report NLT 29 Sept 2020 to be reviewed by FAR before submitting to Auditors. Draft financial statements including summary reserves.	Gary Borg	29 September 2020	Open Closed
4.		Contract management review.	Stephen Heath		Closed
5.		Interim report on risk against Council risk policy	Steven May		Ongoing
6.		Update on Long Term Plan 2021-2031 (Project Review).	Kimberley Tuapawa		Ongoing
7.		Reconciliation of reserves	Gary Borg		Closed
8.		Update of Provincial Growth Fund Update on Crown Infrastructure Funding			

