I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that Finance, Audit & Risk Committee Meeting will be held on:

Date: **Tuesday, 14 December 2021**

Time: **1.30pm**

Location: **Via Zoom**

https://us02web.zoom.us/meeting/register/tZwpfu-hrz0iGtxSGX92DbAlxtSWQooovVf9

AGENDA

Finance, Audit & Risk Committee Meeting

14 December 2021

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Jeremy Harker, Cr Denise Eaglesome-Karekare, Mr Philip Jones, Cr Danika Goldsack

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

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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 - 9 November 2021

MINUTES OF WAIROA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE MEETING
HELD AT THE VIA ZOOM
ON TUESDAY, 9 NOVEMBER 2021 AT 1.30PM

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

IN ATTENDANCE: **Kitea Tipuna** (Tumu Whakarae | Chief Executive), **Kimberley Tuapawa** (Pouwhakarae – Pārongo/Wheako Kiritaki | Group Manager Information and Customer Experience), **Gary Borg** (via Zoom Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Stephen Heath** (Pouwhakarae – Hua Pūmau Hapori/Ratonga | Group Manager Community Assets and Services), **Simon Mutonhori** (Pouwhakarae-Whakamahere me te Waeture | Group Manager-Planning & Regulatory Services) **Courtney Hayward** (Kaiwhakahaere Kaupapa Here, Mana Ārahi me te Whakawhanake Ōhanga | Policy, Governance and Economic Development Manager), **Gay Waikawa** (Kaiurungi Mana Ārahi | Governance Officer), **Donna Moorcock** (via Zoom Kaiwhakahaere Hunga me te Aheitanga | People and Capability Manager)

1 KARAKIA

Karakia was given by Cr Eaglesome-Karekare.

2 APOLOGIES FOR ABSENCE

None

3 DECLARATION OF CONFLICT OF INTEREST

None

4 CHAIRPERSON'S ANNOUNCEMENTS

None

5 LATE ITEMS OF URGENT BUSINESS

None.

6 PUBLIC PARTICIPATION

None.

7 MINUTES OF THE PREVIOUS MEETING

COMMITTEE RESOLUTION 2021/158

Moved: Cr Denise Eaglesome-Karekare
Seconded: His Worship the Mayor Craig Little

That the minutes [and confidential minutes] of the Ordinary Meeting held on 28 September 2021 be confirmed.

CARRIED

8 GENERAL ITEMS

8.1 HEALTH, SAFETY AND WELLBEING UPDATE

COMMITTEE RESOLUTION 2021/159

Moved: His Worship the Mayor Craig Little
Seconded: Cr Jeremy Harker

That Committee receive the report.

CARRIED

The Chief Executive advised the big element of the Health and Safety report is the COVID resurgence planning and risk assessment Council has done as an organisation around the government's recent announcement being vaccine certificates, traffic light system and which of Council department and staff are impacted.

The Kaiwhakahaere Hunga me te Aheitanga People and Capability Manager reported trying to get an understanding of the Draft COVID-19 Work Task Risk assessment working with different roles to figure out which roles potentially have higher risks.

Continually trying to keep up with changes within central government.

The Chief Executive announced that since the government has not mandated local government and that they have only mandated certain sectors and also Council staff have some cross overs in certain public sectors.

The Chief Executive also advised in terms of the journey towards vaccination, the official business the Chief Executive has taken is inform, encourage and support. Any staff member needing to have a vaccination during working hours can attend without taking leave and also staff who have an adverse reaction can apply for company leave up to a maximum of 3 days if they are unwell with approval from the chief executive.

The Chief Executive commented that all essential services will continue to operate.

His Worship the Mayor commented other organisations require their staff to be vaccinated.

Cr Harker commented on contractors and what is Council doing for future planning. The Chief Executive advised staff who are vaccinated will be allowed on mandated public sectors.

The Chairperson noted concern for health system.

Cr Danika Goldsack left at 1.57pm
Cr Danika Goldsack returned at 1.58pm

His Worship the Mayor left at 2.01pm

8.2 OPERATIONAL IMPACTS OF GOVERNMENT REFORMS

COMMITTEE RESOLUTION 2021/160

Moved: Cr Denise Eaglesome-Karekare
Seconded: Mr Philip Jones

That Committee receive the report

CARRIED

The Chief Executive commented on breach of good faith irrefutably damaged and how is Council transitioning and report against progress

The Chairperson commented reflects the challenges Council have in 3 water space, knowing it is not easy, focused on one solution that has not taken into account geography and terrain, significant efficiencies and increased quality by combining wastewater treatment plants with one centralised plant, how that is achievable in New Zealand.

The Chief Executive advised from the Extraordinary Council meeting held on 9 November 2021 the Wairoa District Council elected members have re-endorsed their current position as per the submission that was submitted at the end of September, delegated to the Mayor to continue to advocate on behalf of the Wairoa community by participating in relevant forum or making submissions and delegated to the chief executive to undertake transitioning arrangements and feedback.

The Chairperson also commented that there has been a fundamental breakdown between local and central government.

The Chairperson also stated in all the papers he had read on the three waters there was not a summary of the current problem they are trying to solve. What is the problem we are trying to solve yes, we know that 25% of wastewater treatment plants have probably got expired consents but how many of those are actually critical and what difference if they were actually compliant with a consent would they actually enhance the environment or would it actually or what is the problem we are trying to solve.

The Chairperson also commented that there is a wider debate about what we are actually needed to do to actually enhance to fix our waters and three waters reform that have been proposed will actually solve that problem, there is actually a wider problem that we need to solve collectively.

The Chairperson also highlighted that the government wants to pass this problem over to the new four entities because it doesn’t want the tax payer to pay. If the government can get this problem

off their books that is actually a sigh of relief because they don't have to pay for subsidy, they don't have the debt within government books, that is within the whole of New Zealand and the tax payer isn't paying for it but isn't it the person paying the water charges paying for it the same as the taxpayer the same person. The government has not been transparent in terms of what their objectives were with the three waters.

Legacy issues and affordability were discussed at length within the Committee.

The Chairperson mentioned an assessment not for Wairoa District Council but on what are the risks for the community first , The Wairoa District Council might exist in ten year's time but the community is well represented and looked after and that should be the focus. What are the consequential risks for Council going forward, there are some financial risks, there are huge resource risks throughout all the government reforms. It has been stated there is insufficient current resources but any transition is going to require more resources and where do these resources come from and the impact of business as usual and what are the consequential risks for the Council forward. See there are financial risks, huge resource risks throughout all the government reforms. It has been stated that there insufficient current resources but any transition is going to require more resources so where do those resources come from, what is the impact on our business as usual and how do we manage that going forward.

The Chairperson also mentioned in the 2023 elections if National, Act and Green party were to form a coalition they would actually reverse this, low probability that it actually be reversed and that it might have significant consequence. Council does all this work and it is all for nothing.

The Chairperson also keen to say a scan what are the risks with the key three reforms not just talking the three waters reform, this is the resource management and the local government. There are 5 things we know and probably 105 things that we do not know.

The Meeting closed at 2.18pm with a karakia at Cr Eaglesome-Karekare.

The minutes of this meeting were confirmed at the Finance, Audit & Risk Committee Meeting held on 14 December 2021.

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CHAIRPERSON

8 GENERAL ITEMS

8.1 INSURANCE RENEWALS FOR THE YEAR ENDING 30 JUNE 2022

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

Authoriser: **Kitea Tipuna, Tumu Whakarae Chief Executive**

Appendices: **Nil**

1. PURPOSE

1.1 The purpose of this report is to seek the Committee's endorsement to purchase reinsurance for the year ending 30 June 2022.

RECOMMENDATION

The Group Manager Finance and Corporate Support RECOMMENDS that Committee endorses to Council expenditure of $306,953.89 for insurance premiums for the year ending 30 June 2022.

EXECUTIVE SUMMARY

2. BACKGROUND

2.1 This matter is referred to the Committee because insurance is part of Council's risk management toolkit and because the financial commitment attached indicates a modest adverse variance against budget.

2.2 Council participates in insurance renewal negotiations with the Hawke's Bay 5 Councils Shared Services Group via collective tender with MWLASS.

2.3 The policies covered by this matter are listed below:

2.3.1. Material Damage (Commercial) – all perils on above ground structures, value insured $76 million

2.3.2. Material Damage (Residential) – primarily pensioner housing (14 units) and dwellings on other Council property, value insured $5 million

2.3.3. Motor Vehicles – 29 vehicles, value insured $0.7 million

2.3.4. Personal Accident

2.3.5. Statutory Liability

2.3.6. Employers Liability

2.3.7. Travel

2.3.8. Hall Hirers

2.3.9. Crime

2.3.10. Business Interruption

2.4 Professional and Public liability were separately renewed in July

2.5 Underground pipe assets are insured via the Local Authority Protection Programme. This was considered by the Committee at its meeting on 17 August 2021.

3. OPTIONS

3.1 Endorse the renewals proposed

3.2 Modify the renewals

3.3 Cancel insurance

3.4 The insurance cover proposed follows a review of business-critical assets and activities, and key asset values were updated. There remains the options to modify cover or even not renew at all, but these would augment the associated risk profiles significantly.

3.5 The preferred option is *3.1 Endorse the renewals proposed*, this contributes to the following community outcomes:

Cultural wellbeing	Economic wellbeing	Social Wellbeing	Environmental Wellbeing
Valued and cherished community.	Strong and prosperous economy.	Safe, supported and well-led community.	Protected and healthy environment

4. CORPORATE CONSIDERATIONS

What is the change?

4.1 This is a business-as-usual decision

Compliance with legislation and Council Policy

4.2 The budget for this expenditure is contained within the Long-term Plan 2021-31

4.3 Placing insurance is consistent with Council's Risk Management Policy

What are the key benefits?

4.4 The policies provide Council with financial protection against unforeseen adverse events

What is the cost?

4.5 The total for these premia is $306,953.89. After deducting the premia referred in 2.4 and 2.5, the available budget is $299,380.50, resulting in an adverse variance of $7,573.35.

What is the saving?

4.6 Not applicable

Service delivery review

4.7 Not applicable

Māori Standing Committee

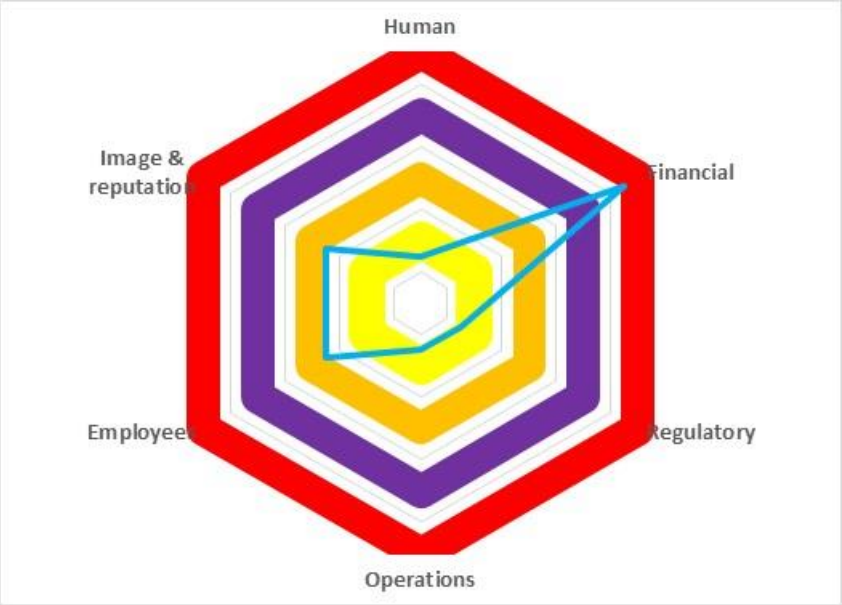
4.8 This kaupapa has no particular cultural implications

5. SIGNIFICANCE

5.1 As part of normal operations this matter is assessed as being of low significance

6. RISK MANAGEMENT

6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:



Who has been consulted?

As an operational matter no consultation is necessary.

References (to or from other Committees)

This matter is considered at least annually by the Committee and by Council

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author Gary Borg	Approved by Kitea Tipuna

8.2 MONTHLY REPORT TO 31 OCTOBER 2021

Author: **Lauren Jones, Kaikaute Putea Financial Accountant**

Authoriser: **Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager Finance and Corporate Support**

Appendices: **1. Monthly report to 31 October 2021 ⇩**

1. PURPOSE

1.1 This summary report provides information on Council's operating financial performance for the 4 months to 31 October 2021. 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 2020-21 and Long-term Plan 2021-31.

1.3 The full first quarter performance report was presented to Council at its meeting on 30 November 2021.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Committee receive the report.

1. 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.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

MONTHLY REPORT

TO 31 OCTOBER 2021

WAIROA DISTRICT COUNCIL

ABOUT THIS DOCUMENT

The October monthly report shows that the Council is tracking close to budget in most cost centres.

Capital work programs have impacted both subsidy revenue and debt balances. Some of our capital projects have been impacted by COVID-related delays which have resulted in different phasing of expenditure compared to budget. Outside of managing these unpredictable impacts, cost centre managers have been clearly focusing on keeping operational expenditure in check as we start off the year.

A full reforecast will be performed as at 31 December 2021, with activity managers reviewing both capital and operational expenditure through to June 2022.

NGĀ TAUĀKĪ PŪTEA

FINANCIAL STATEMENTS

HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 31 October 2021

	YTD 31 Oct 2021 $000	Annual Plan 31 Oct 2021 $000	Variance $000	Variance %		30 June 2021 $000
Revenue						
Rates	5,152	5,153	(1)	0%		14,069
Subsidies and grants	6,099	8,071	(1,972)	-24%	A	26,829
Petrol tax	25	28	(3)	-11%		84
Fees and charges	950	928	22	2%		2,228
Investment revenue	289	278	11	0%		100
Total revenue	**12,515**	**14,458**				**43,325**
Expense						
Water supply	643	695	(52)	-7%		3,021
Stormwater	158	167	(9)	-5%		552
Wastewater	791	695	96	14%		2,648
Solid waste	558	644	(86)	-13%		1,898
Transport	4,475	4,090	385	9%		14,968
Community facilities	795	786	9	1%		2,557
Planning and regulatory	782	702	80	11%		1,762
Leadership and governance	1,018	1,187	(169)	-14%		4,093
Corporate	478	707	(229)	-32%	B	1,958
Total expense	**9,698**	**9,673**				**33,457**
Net surplus (deficit) on operations	**2,817**	**4,785**				**9,868**
Subvention income	-	-	-	0%		287
Net surplus / (deficit) for the period	**2,817**	**4,785**				**10,155**
Other comprehensive revenue and expense						
Fair value movement PP&E	-	-				-
Total comprehensive revenue and expense for the period	**2,817**	**4,785**				**10,155**

Variance explanations (underlying actual YTD and underlying forecast compared to annual plan)	
A	Subsidy and grant revenue is $1.9 million (24%) lower than forecast. This is primarily due to DIA projects being delayed due to COVID lockdown and supply shortages. The DIA has granted an extension for completion therefore we expect these to be on track by year end.
B	Corporate expenses are $229k (32%) under budget at 31 October. This is related to lower than budgeted interest on loans ($64k) due to a lower loan balance than forecast YTD, along with multiple small savings that may be impacted by timing of expenditure such as pensioner housing repairs and maintenance, staff appointment costs and vehicle expenses.

HE TAUĀKĪ TŪ PŪTEA

STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

	YTD 31 Oct 2021 $000	Annual Plan 31 Oct 2021 $000	30 June 2021 $000	Variance $000	Variance %	
Current Assets						
Cash and cash equivalents	3,071	160	4,324	2,911	95%	A
Inventories	52	79	70	(27)	-52%	
Trade and other receivables	7,271	4,935	5,942	2,336	32%	B
Financial assets at fair value	1,025	1,831	1,029	(1,913)	-57%	C
Total current assets	**11,419**	**7,005**	**11,365**			
Current liabilities						
Trade and other payables	9,187	8,003	10,550	1,184	13%	B
Borrowings	1,500	1,500	1,000	-	0%	
Total current liabilities	**10,687**	**9,503**	**11,550**			
Working Capital	732	(2,498)	(185)			
Non-current assets						
Property, plant and equipment	288,927	299,256	290,868	(11,781)	-4%	
Work in progress	7,121	8,073	3,243			
Investment in subsidiary	1,250	1,250	1,250	-	0%	
Investment property	373	377	375	(4)	0%	
Biological asset - forestry	115	115	115	-	0%	
Intangible assets	19	12	21	7	37%	
Financial assets at fair value	2,303	3,410	2,897	above		C
Total non-current assets	**300,108**	**312,493**	**298,769**			
Non-current liabilities						
Trade and other payables	-	-	61	-	0%	
Landfill aftercare	1,306	1,265	1,306	41	3%	
Borrowings	6,500	13,273	7,000	(6,773)	-104%	D
Total non-current liabilities	**7,806**	**14,538**	**8,367**			
Net assets	**293,034**	**295,457**	**290,217**			
Represented by						
Equity	**293,034**	**295,457**	**290,217**			

Variance explanations (31 October 2021 actual compared to YTD annual plan)	
A	Cash is $2.9 million higher than budgeted, primarily due to receipts from the DIA for 3 Waters projects and from the PGF for the Te Wairoa e Whanake project, along with recently matured investments. These amounts are held in short-term interest bearing accounts.
B	Trade and other receivables are $2.3 million higher than budgeted. This is due to timing of billing and collections compared to budget. Trade and other payables are $1.1 million higher than budgeted. This is also due to timing of billing and payments compared to budget.
C	Financial assets are $1.9 million lower than budgeted. This is due to the timing of investment maturity, with some investments maturing in the last month.
D	Borrowings are $6.7 million lower than budgeted. Borrowings are used to fund capital projects to ensure intergenerational equity in costs. The DIA and PGF receipts are used prior to additional loan funding.

HE TAUĀKĪ MANA TAURITE

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 October 2021

	YTD 31 Oct 2021 $000	Annual Plan 31 Oct 2021 $000	30 June 2021 $000
Total equity - opening balance	**290,217**	**290,672**	**270,504**
Net surplus (deficit) for period	2,817	4,785	3,521
Other comprehensive income	-	-	6,037
Total comprehensive income	2,817	4,785	9,558
Total equity - closing balance	**293,034**	**295,457**	**280,062**
Components of equity			
Ratepayer's equity			
Ratepayer's equity - opening balance	156,124	160,909	143,500
Net surplus/(deficit) for period	2,817	4,785	10,155
Transfers to special **reserves**	-	-	(2,768)
Transfers from special **reserves**	-	-	4,682
Transfer from revaluation reserve	-	-	555
Ratepayer's equity - closing balance	**158,941**	**165,694**	**156,124**
Special reserves			
Special reserves - opening balance	18,842	13,957	20,756
Transfer to ratepayer's equity	-	-	(4,682)
Transfer from ratepayer's equity	-	-	2,768
Special reserves - closing balance	**18,842**	**13,957**	**18,842**
Revaluation reserves			
Revaluation reserves - opening balance	115,251	115,806	115,806
Net transfer to ratepayer's equity	-	-	(555)
Revaluation recognised in other comprehensive revenue and expense	-	-	-
Revaluation reserves - closing balance	**115,251**	**115,806**	**115,251**
Total equity - closing balance	**293,034**	**295,457**	**290,217**

HE TAUĀKĪ KAPEWHITI

STATEMENT OF CASHFLOWS

For the period ended 31 October 2021

		YTD 31 Oct 2021 $000	30 June 2021 $000
Cash flows from operating activities			
Cash was provided from:	Rates received	2,408	13,873
	Other revenue	8,489	32,138
	Investment income	289	387
Cash was applied to:	Payments to suppliers and employees	(8,504)	(24,504)
	Interest paid	(57)	(233)
Net cash flows from operating activities		**2,625**	**21,671**
Cash flows from investing activities			
Cash was provided from:	Sale of property, plant and equipment	-	15
	Insurance proceeds	-	-
	Sale of financial assets	-	2,108
Cash was applied to:	Purchase of financial assets	-	-
	Purchase of property, plant and equipment	(3,878)	(21,265)
Net cash flows from investing activities		**(3,878)**	**(19,142)**
Cash flows from financing activities			
Cash was provided from:	Loans raised	-	-
Cash was applied to:	Borrowings repaid	-	(1,000)
Net cash flows from financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		(1,253)	1,529
Cash and cash equivalents at beginning of year		4,324	2,795
Cash and cash equivalents at end of period		**3,071**	**4,324**
Made up of:			
Cash		4	4
Short term deposits		3,067	4,320
Cash and cash equivalents at end of period		**3,071**	**4,324**

The Council's operating activities YTD have resulted in a net cash inflow from operating activities of $2.6 million.

The cash generated by operating activities has been applied to the purchase of property, plant and equipment, leaving an overall net outflow YTD of $1.2 million.

Overall there is a healthy cash balance to meet our operational funding requirements.

HE TAUĀKĪ WHAKAAWEAWE PŪTEA

FUNDING IMPACT STATEMENTS

Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding to be used for the 2021/22 financial year, and how this funding is to be applied. Council's sources of operating funding include items such as fees and charges, and its applications of operating funding include items such as payments to staff and suppliers. Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets. The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item. The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 (WHOLE OF COUNCIL)

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	3,523	3,528	3,554	3,650	3,650
Targeted rates (other than a targeted rate for water supply)	10,464	10,444	9,660	1,502	1,501
Subsidies and grants for operating purposes	8,041	8,972	6,521	2,268	2,593
Fees and charges	2,273	2,228	1,940	931	950
Interest and dividends from investments	761	387	154	251	289
Local authorities fuel tax, fines, infringement fees, and other receipts	89	84	89	28	25
Total operating funding (A)	**25,151**	**25,643**	**21,918**	**8,630**	**9,008**
Applications of operating funding					
Payments to staff and suppliers	23,213	25,435	19,022	8,143	7,574
Finance costs	202	581	387	208	69
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**23,415**	**26,016**	**19,409**	**8,351**	**7,643**
Surplus (deficit) of operating funding (A - B)	**1,736**	**(373)**	**2,509**	**279**	**1,365**
Sources of capital funding					
Subsidies and grants for capital expenditure	12,168	17,857	5,474	6,460	3,506
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,702	5,197	2,069	(3,125)	(1,134)
Gross proceeds from sale of assets	17	15	37	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	98	-	-	-
Total sources of capital funding (C)	**14,887**	**23,167**	**7,580**	**3,335**	**2,372**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	9,364	15,555	4,378	-	2,500
- to replace existing assets	11,239	10,963	6,717	4,938	1,518
Increase (decrease) in reserves	(3,980)	(3,724)	(1,006)	(1,324)	(281)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)	**16,623**	**22,794**	**10,089**	**3,614**	**3,737**
Surplus (deficit) of capital funding (C-D)	**(1,736)**	**373**	**(2,509)**	**(279)**	**(1,365)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

Operating funding is higher than budgeted year to date due to increased operational subsidies and reduced payments to staff and suppliers. This has been used to offset the lower than budgeted capital subsides, and as a result the capital projects paid for YTD have resulted in a reduced repayment of debt (including internal loans). There is also a lower than budgeted reliance on reserves funding than budgeted due to the nature of capital projects undertaken YTD.

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR WATER SUPPLY

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	155	52	52
Targeted rates (other than a targeted rate for water supply)	1,295	1,293	1,397	466	466
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	307	306	465	147	62
Internal charges and overheads recovered	436	-	-	-	-
Internal interest income	124	-	122	40	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**2,162**	**1,599**	**2,139**	**705**	**580**
Applications of operating funding					
Payments to staff and suppliers	782	1,288	1,202	397	319
Finance costs	-	-	54	-	-
Internal charges and overheads applied	827	315	328	108	87
Internal interest charged	83	44	-	18	15
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**1,692**	**1,647**	**1,584**	**523**	**421**
Surplus (deficit) of operating funding (A - B)	**470**	**(48)**	**555**	**182**	**159**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	930	1,425	672	601
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	140	48	(525)	(849)	(149)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**140**	**978**	**900**	**(177)**	**452**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	30	-	-
- to improve the level of service	20	966	1,410	-	626
- to replace existing assets	1,155	587	188	63	24
Increase (decrease) in reserves	(565)	(623)	(173)	(58)	(39)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**610**	**930**	**1,455**	**5**	**611**
Surplus (deficit) of capital funding (C-D)	**(470)**	**48**	**(555)**	**(182)**	**(159)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR STORMWATER

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	194	65	65
Targeted rates (other than a targeted rate for water supply)	1,513	1,442	1,748	583	582
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	105	56	-	-	3
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	68	-	26	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**1,686**	**1,498**	**1,968**	**648**	**650**
Applications of operating funding					
Payments to staff and suppliers	999	1,937	1,293	431	510
Finance costs	-	-	154	-	-
Internal charges and overheads applied	295	172	242	80	98
Internal interest charged	179	96	-	-	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**1,473**	**2,205**	**1,689**	**511**	**608**
Surplus (deficit) of operating funding (A - B)	**213**	**(707)**	**279**	**137**	**42**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1,707	3,630	2,466	1,510
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,545	609	2,199	(1,367)	(20)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	98	-	-	-
Total sources of capital funding (C)	**1,545**	**2,414**	**5,829**	**1,099**	**1,490**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	100	-	-
- to improve the level of service	-	556	1,410	-	721
- to replace existing assets	2,691	1,566	4,703	2,018	814
Increase (decrease) in reserves	(933)	(415)	(105)	(782)	(3)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**1,758**	**1,707**	**6,108**	**1,236**	**1,532**
Surplus (deficit) of capital funding (C-D)	**(213)**	**707**	**(279)**	**(137)**	**(42)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR WASTEWATER

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	40	13	13
Targeted rates (other than a targeted rate for water supply)	373	379	364	120	120
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	40	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	95	-	66	31	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**468**	**419**	**470**	**164**	**133**
Applications of operating funding					
Payments to staff and suppliers	117	150	136	45	39
Finance costs	-	-	50	-	-
Internal charges and overheads applied	153	115	133	43	22
Internal interest charged	106	35	-	67	44
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**376**	**300**	**319**	**155**	**105**
Surplus (deficit) of operating funding (A - B)	**92**	**119**	**151**	**9**	**28**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	42	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	8	(119)	349	(9)	(28)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**8**	**(119)**	**391**	**(9)**	**(28)**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	500	-	-
- to improve the level of service	100	106	42	-	-
- to replace existing assets	-	40	-	-	4
Increase (decrease) in reserves	-	(146)	-	-	(4)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**100**	**-**	**542**	**-**	**-**
Surplus (deficit) of capital funding (C-D)	**(92)**	**(119)**	**(151)**	**(9)**	**(28)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR WASTE MANAGEMENT

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	111	37	37
Targeted rates (other than a targeted rate for water supply)	1,260	1,288	999	333	333
Subsidies and grants for operating purposes	-	40	-	-	-
Fees and charges	635	681	673	223	131
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	18	5	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**1,895**	**2,009**	**1,801**	**598**	**501**
Applications of operating funding					
Payments to staff and suppliers	1,512	1,497	1,578	528	455
Finance costs	-	-	57	-	-
Internal charges and overheads applied	216	205	179	59	58
Internal interest charged	60	58	-	19	9
Other operating funding applications		-		-	-
Total applications of operating funding (B)	**1,788**	**1,760**	**1,814**	**606**	**522**
Surplus (deficit) of operating funding (A - B)	**107**	**249**	**(13)**	**(8)**	**(21)**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	265	-	-	2
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(107)	(70)	28	8	19
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**(107)**	**195**	**28**	**8**	**21**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	539	15	-	-
- to replace existing assets	-	89	90	30	-
Increase (decrease) in reserves	-	(184)	(90)	(30)	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**-**	**444**	**15**	**-**	**-**
Surplus (deficit) of capital funding (C-D)	**(107)**	**(249)**	**13**	**8**	**21**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR TRANSPORT

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	101	102	3,774	1,258	1,258
Targeted rates (other than a targeted rate for water supply)	3,594	3,649	-	-	-
Subsidies and grants for operating purposes	7,887	7,069	5,719	1,906	2,109
Fees and charges	53	53	42	13	25
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	32	11	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**11,635**	**10,873**	**9,567**	**3,188**	**3,392**
Applications of operating funding					
Payments to staff and suppliers	8,526	9,364	7,387	2,468	2,700
Finance costs	-	-	18	-	-
Internal charges and overheads applied	1,562	1,465	1,243	412	478
Internal interest charged	39	1	-	6	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**10,127**	**10,830**	**8,648**	**2,886**	**3,178**
Surplus (deficit) of operating funding (A - B)	**1,508**	**43**	**919**	**302**	**214**
Sources of capital funding					
Subsidies and grants for capital expenditure	11,568	13,497	8,524	2,841	921
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(1,508)	4,812	309	(919)	(148)
Gross proceeds from sale of assets	-	-	9	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**10,060**	**18,309**	**8,842**	**1,922**	**773**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	6,362	11,986	2,960	-	541
- to replace existing assets	7,120	8,222	7,595	2,477	547
Increase (decrease) in reserves	(1,914)	(1,856)	(794)	(253)	(101)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**11,568**	**18,352**	**9,761**	**2,224**	**987**
Surplus (deficit) of capital funding (C-D)	**(1,508)**	**(43)**	**(919)**	**(302)**	**(214)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR COMMUNITY FACILITIES

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	786	804	3,031	1,010	1,010
Targeted rates (other than a targeted rate for water supply)	1,256	1,282	-	-	-
Subsidies and grants for operating purposes	39	221	73	24	56
Fees and charges	70	87	70	22	18
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	12	4	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	**2,151**	**2,394**	**3,186**	**1,060**	**1,084**
Applications of operating funding					
Payments to staff and suppliers	1,908	1,927	2,599	631	619
Finance costs	-	-	41	-	-
Internal charges and overheads applied	290	275	297	83	94
Internal interest charged	69	57	-	13	19
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**2,267**	**2,259**	**2,937**	**727**	**732**
Surplus (deficit) of operating funding (A - B)	**(116)**	**135**	**249**	**333**	**352**
Sources of capital funding					
Subsidies and grants for capital expenditure	600	379	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	627	(135)	35	(237)	(343)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**1,227**	**244**	**35**	**(237)**	**(343)**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	85	-	-
- to improve the level of service	1,546	407	60	-	24
- to replace existing assets	78	86	346	143	11
Increase (decrease) in reserves	(513)	(114)	(207)	(47)	(26)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**1,111**	**379**	**284**	**96**	**9**
Surplus (deficit) of capital funding (C-D)	**116**	**(135)**	**(249)**	**(333)**	**(352)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR PLANNING AND REGULATORY

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	193	154	1,015	338	338
Targeted rates (other than a targeted rate for water supply)	1,219	1,287	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	631	691	754	408	367
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)	**2,043**	**2,132**	**1,769**	**746**	**705**
Applications of operating funding					
Payments to staff and suppliers	2,015	1,110	1,428	482	376
Finance costs	-	22	12	2	6
Internal charges and overheads applied	598	563	639	210	386
Internal interest charged	7	6	-	2	2
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**2,620**	**1,701**	**2,079**	**696**	**770**
Surplus (deficit) of operating funding (A - B)	**(577)**	**431**	**(310)**	**50**	**(65)**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	650	(431)	309	(52)	75
Gross proceeds from sale of assets	-	-	53	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**650**	**(431)**	**362**	**(52)**	**75**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	37	243	21	66
Increase (decrease) in reserves	73	(37)	(191)	(23)	(56)
Increase (decrease) of investments		-	-	-	-
Total applications of capital funding (D)	**73**	**-**	**52**	**(2)**	**10**
Surplus (deficit) of capital funding (C-D)	**577**	**(431)**	**310**	**(50)**	**65**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 October 2021 FOR LEADERSHIP AND GOVERNANCE

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,603	2,670	2,613	871	871
Targeted rates (other than a targeted rate for water supply)	540	639	-	-	-
Subsidies and grants for operating purposes	115	1,164	53	206	188
Fees and charges	302	114	261	62	279
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)	**3,560**	**4,587**	**2,927**	**1,139**	**1,338**
Applications of operating funding					
Payments to staff and suppliers	1,971	2,287	1,173	1,257	653
Finance costs	-	1	12	-	-
Internal charges and overheads applied	1,644	1,718	1,667	76	108
Internal interest charged	31	4	-	3	1
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**3,646**	**4,010**	**2,852**	**1,336**	**762**
Surplus (deficit) of operating funding (A - B)	**(86)**	**577**	**75**	**(197)**	**576**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	1,079	28	481	472
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	86	(732)	(75)	(284)	(460)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**86**	**347**	**(47)**	**197**	**12**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	916	28	-	588
- to replace existing assets	-	11	-	12	-
Increase (decrease) in reserves	-	(3)	-	(12)	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**-**	**924**	**28**	**-**	**588**
Surplus (deficit) of capital funding (C-D)	**86**	**(577)**	**(75)**	**197**	**(576)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

FUNDING IMPACT STATEMENT FOR 1 JULY 2021 TO 31 OCTOBER 2021 FOR CORPORATE FUNCTIONS

	2020/21 AP $000	2020/21 Actual $000	2021/22 LTP/AP $000	2021/22 AP YTD $000	2021/22 YTD $000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(160)	(202)	17	6	6
Targeted rates (other than a targeted rate for water supply)	(586)	(815)	-	-	-
Subsidies and grants for operating purposes	-	478	397	132	240
Fees and charges	171	200	170	56	63
Internal charges and overheads recovered	5,314	5,214	4,971	1,658	1,722
Internal interest income	1,295	269	96	29	90
Interest and dividends from investments	761	387	758	251	289
Local authorities fuel tax, fines, infringement fees, and other receipts	88	84	85	28	25
Total operating funding (A)	**6,883**	**5,615**	**6,494**	**2,160**	**2,435**
Applications of operating funding					
Payments to staff and suppliers	5,385	5,875	5,335	1,904	1,901
Finance costs	201	558	648	206	63
Internal charges and overheads applied	165	354	243	569	391
Internal interest charged	1,006	-	371	10	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	**6,757**	**6,787**	**6,597**	**2,689**	**2,355**
Surplus (deficit) of operating funding (A - B)	**126**	**(1,172)**	**(103)**	**(529)**	**80**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,262	1,215	518	584	(80)
Gross proceeds from sale of assets	16	15	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	**1,278**	**1,230**	**518**	**584**	**(80)**
Application of capital funding					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	1,336	79	250	-	-
- to replace existing assets	195	325	520	174	52
Increase (decrease) in reserves	(127)	(346)	(355)	(119)	(52)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	**1,404**	**58**	**415**	**55**	**-**
Surplus (deficit) of capital funding (C-D)	**(126)**	**1,172**	**103**	**529**	**(80)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge					

8.3 FINANCE REPORT ON TE WAIROA E WHANAKE SPEND AGAINST BUDGET

Author: **Lauren Jones, Kaikaute Putea Financial Accountant**

Authoriser: **Gary Borg, Pouwhakarae - Putea / Tautawhi Rangapu Group Manager Finance and Corporate Support**

Appendices: **1. Finance report on Te Wairoa e Whanake spend against budget as at 30 October 2021 ⇩**

1. PURPOSE

1.1 This report outlines the current actual and forecast spend against budget for the Te Wairoa e Whanake project.

RECOMMENDATION

The Kaikaute Putea Financial Accountant RECOMMENDS that Committee receive the report.

2. BACKGROUND

2.1 The WDC Finance team was requested to present a forecast and variance analysis for the project.

2.2 The actual and committed spend data to 30 October 2021, along with forecast to completion, was obtained from project managers, Vision Projects.

2.3 The finance team reviewed this data and prepared a detailed analysis of forecast variance to budget, summarised in Appendix 1 and categorised by the projects 3 key stages.

2.4 The current forecast shows project overruns of between $654- $997k. The project managers Vision Projects are mitigating the impact on WDC by applying for additional external funding

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

FINANCE REPORT ON TE WAIROA E WHANAKE SPEND AGAINST BUDGET

To date, $500,000 has been received from the PGF in relation to this project. An application for an additional $1.7 million is being prepared, to cover costs incurred and committed to. The contract with the PGF allows for 4 claims, and we will work with Vision Projects to ensure we balance the timing of these applications with actual and forecast expenditure outlays in order to balance treasury costs.

	PGF Income		
WDC financials	Received to date	500,000	
	Accrued 30.10.21	1,096,451	
		-	
PGF claims forecast	Claim 1 (due)	1,700,000	Dec-21
	Claim 2	700,000	Mar-22
	Claim 3	1,121,210	May-22
	Claim 4	778,790	Dec-22
	Total PGF funding	**4,800,000**	

We have used the cost tracking spreadsheet prepared by Vision Projects to review total spend to 30 October 2021 across each of the project categories.

We have reviewed the residual budget and forecast the spend to completion.

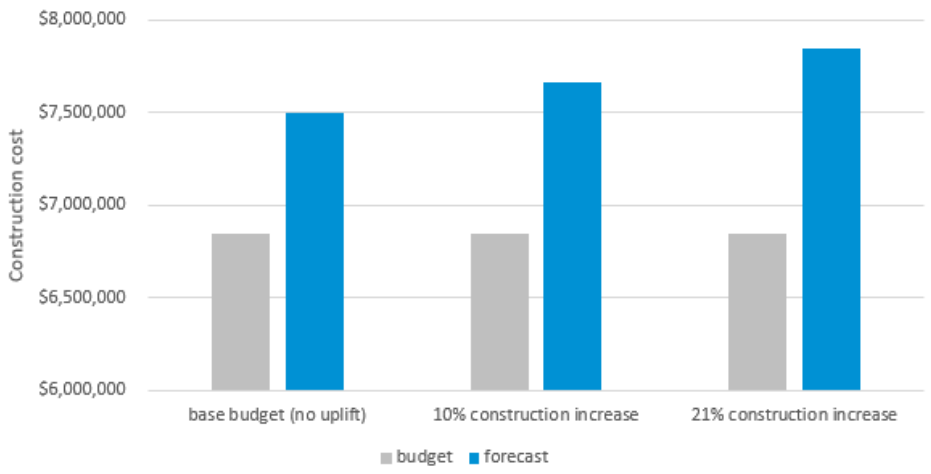
For our forecast, we utilised the tender of Gemmell's building along with committed costs per Vision Projects.

For the forecast Winters building construction, we applied a sensitivity approach:

1. Initial budget
2. 10% to all construction-related budgeted costs for the Winters building, due to the market conditions
3. Pro-rata to forecast overspend at Gemmell's (currently forecast to be 21% over budget)

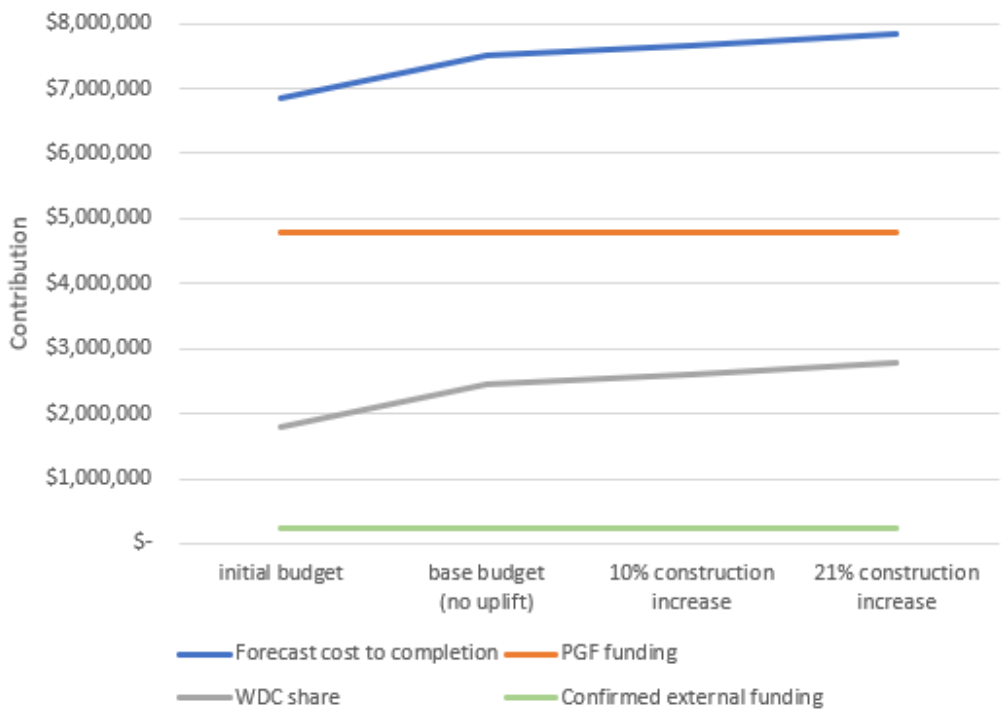
Forecast budget variances across each stage are offset (so that we review total project spend against budget). Under each scenario we show that there will be project overspend, ranging from $654,000 through to $997,297. This shortfall will need to be met by WDC if additional contribution from external funders cannot be found.

This highlights the need monitor and possibly reduce costs across both the remaining Gemmell's fitout and the Winters build, and possibly bring forward materials purchases to mitigate cost rises.



Vision Projects have sought additional funding which, if approved, would offset some of this variance. Vision Projects have also identified a number of additional funding sources for application in 2022. This further mitigates the risk of overruns and provides redundancies should any of the applications be unsuccessful.

Despite the current construction market conditions resulting in escalating costs, the PGF contribution to this project remains static, therefore the further external funding is necessary to reduce the amount of the increase borne by WDC.



The Finance team will continue to work closely with Vision Projects and the construction manager to monitor budgets and ensure robust data for reporting to both Council and the ED committee, as well as informing the insurance and depreciation of the completed buildings along with future projects.

base budget (no uplift)					Funding		
	Budget (PGF)	Actual spend to date	Forecast to completion	Forecast Variance	PGF	WDC	External
Stage 1	800,000	950,851	1,086,990		500,000	300,000	-
Stage 2 general	410,000	437,348	793,055				
Stage 2 Gemmell's building	1,995,000	759,038	2,398,937		4,300,000	1,495,000	250,000
Stage 2 Winters building	2,640,000	493,441	2,220,023				
Stage 2 Urban Design	1,000,000	-	1,000,000				
Project total	**6,845,000**	**2,640,677**	**7,499,005**	**654,005**	**4,800,000**	**1,795,000**	**250,000**
Total additional funding							**305,000**
Net funding balance							**349,005**

10% construction increase					Funding		
	Budget (PGF)	Actual spend to date	Forecast to completion	Forecast Variance	PGF	WDC	External
Stage 1	800,000	950,851	1,086,990		500,000	300,000	-
Stage 2 general	410,000	437,348	793,055				
Stage 2 Gemmell's building	1,995,000	759,038	2,398,937		4,300,000	1,495,000	250,000
Stage 2 Winters building	2,640,000	493,441	2,380,951				
Stage 2 Urban Design	1,000,000	-	1,000,000				
Project total	**6,845,000**	**2,640,677**	**7,659,933**	**814,933**	**4,800,000**	**1,795,000**	**250,000**
Total additional funding							**305,000**
Net funding balance							**509,933**

21% construction increase					Funding		
	Budget (PGF)	Actual spend to date	Forecast to completion	Forecast Variance	PGF	WDC	External
Stage 1	800,000	950,851	1,086,990		500,000	300,000	-
Stage 2 general	410,000	437,348	793,055				
Stage 2 Gemmell's building	1,995,000	759,038	2,398,937		4,300,000	1,495,000	250,000
Stage 2 Winters building	2,640,000	493,441	2,563,315				
Stage 2 Urban Design	1,000,000	-	1,000,000				
Project total	**6,845,000**	**2,640,677**	**7,842,297**	**997,297**	**4,800,000**	**1,795,000**	**250,000**
Total additional funding							**305,000**
Net funding balance							**692,297**

	Forecast cost to completion	PGF funding	WDC share	Confirmed external funding
Initial budget	6,845,000	4,800,000	1,795,000	250,000
base budget (no construction uplift)	7,499,005	4,800,000	2,449,005	250,000
10% construction increase	7,659,933	4,800,000	2,609,933	250,000
21% construction increase	7,842,297	4,800,000	2,792,297	250,000