

ATTACHMENTS

Ordinary Council Meeting

26 May 2020

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14 April 2020

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE EXTRAORDINARY COUNCIL MEETING
HELD ONLINE VIA 'ZOOM' WITH RECORDING AVAILABLE AT WWW.TAUPO.GOV.T.NZ
ON TUESDAY, 14 APRIL 2020 AT 1.00PM**

PRESENT: Mayor David Trewavas (in the Chair), Cr John Boddy, Cr Kathy Guy, Cr Tangonui Kingi, Cr Kylie Leonard, Cr John Mack, Cr Anna Park, Cr Christine Rankin, Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson

IN ATTENDANCE: Chief Executive, Head of Finance and Strategy, Head of Regulatory and Risk, Head of Operations, Head of Communications and Customer Relations, Head of Democracy, Governance and Venues, Infrastructure Manager, Asset Manager Water and Waste, Asset Manager Stormwater and Solid Waste, Contracts and Procurement Specialist, Operations Manager Three Waters, Policy Manager, Senior Policy Advisor, Policy Advisor, District Parks Operations Manager, Team Leader Digital Services, ICT Support Officer, Democratic Services Officer, Democratic Services Support Officer

His Worship the Mayor, David Trewavas welcomed everyone to the meeting, which was the first ever Taupō District Council meeting conducted online. Cr Tangonui Kingi recited an opening karakia,

1 APOLOGIES

Nil

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 ORDINARY COUNCIL MEETING - 25 FEBRUARY 2020

In answer to a question, the Chief Executive advised that the Kiddle Drive intersection project would be considered further in relation to the Annual Plan 2020/21 and it had also been included in Council's application for Central Government (Crown Infrastructure Partners) funding.

TDC202004/01 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kathy Guy

That the minutes of the Council meeting held on Tuesday 25 February 2020 (both public and confidential portions) be confirmed as true and correct records.

CARRIED

4 POLICY AND DECISION MAKING

4.1 ADOPTION OF THE FEES AND CHARGES 2020/21

The Policy Advisor explained that the proposed Fees and Charges 2020/21 were the same as the current year with the exception of the building levy collected on behalf of the Ministry of Business, Innovation and Employment (MBIE), which was going to reduce due to legislative changes.

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She added that the following changes also needed to be made to solid waste fees as a result of the emissions trading scheme and it was noted that these were additional to information included on the agenda:

- The per tonne charge for solid waste for landfill and transfer stations to increase from \$120 to \$130.
- Small load minimum charge per load to increase from \$12 to \$13.
- Medium load minimum charge per load to increase from \$30 to \$32.
- Large load minimum charge per load to increase from \$48 to \$52.

A member asked for clarification on Council charges for the use of the Joan Williamson Rose Gardens in Taupō. The Policy Advisor advised that she would look into those charges and report back.

The Chief Executive emphasised that the proposed Fees and Charges were different to those suggested prior to the Covid-19 pandemic. Prior to the pandemic a number of increases were being considered, but the recommendation was now to keep the fees and charges the same.

In answer to another question, the Chief Executive advised that water slide fees were in addition to AC Baths family passes.

TDC202004/02 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Kylie Leonard

That Council adopts the Fees and Charges 2020/21 as amended.

CARRIED

4.2 RECEIPT OF THE LTPPJJC 21 FEBRUARY 2020 MEETING MINUTES AND OPTIONS FOR FUTURE GOVERNANCE AND MANAGEMENT OF THE LAKE TAUPŌ PROTECTION PROJECT

TDC202004/03 RESOLUTION

Moved: Cr John Williamson

Seconded: Cr Kylie Leonard

1. That Council receives the minutes of the Lake Taupō Protection Project Joint Committee meeting held on 21 February 2020.
2. That Council receives and notes the findings of the Service Delivery Review of the Lake Taupō Protection Project.
3. That Council adopts in principle, and subject to consultation in the Long-term Plan 2021-31:
 - a) Retention of a joint committee with two representatives each from the Crown, Taupō District Council, Tūwharetoa Maori Trust Board and Waikato Regional Council as the preferred governance structure for the Lake Taupō Protection Project (LTPP) post June 2021 and with ongoing administration and management of the joint committee undertaken by Taupō District Council or Waikato Regional Council.
 - b) Retention of the Lake Taupō Protection Trust (LTPT) – an existing council-controlled organisation (CCO) with charitable status – as the preferred management structure for the LTPP.
 - c) Provision of accommodation and administrative services for the LTPT via a service level agreement with a project partner (partner to be determined at a later date).
4. That Council adopts in principle the following options for consultation purposes (in order of preference) as the principal alternatives to the preferred option (ie. joint committee with the LTPT – a CCO – housed by a partner organisation):
 - a) Joint committee (status quo) as the governance structure with management undertaken by the LTPT with independent administration (status quo)
 - b) Joint committee (status quo) as the governance structure with management of the nitrogen discharge reduction agreements undertaken by a project partner (agency to be determined at a later date).

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5. That Council agrees to the recommendations from the LTPPJJC on the basis that performance measures and a budget for the LTPT that includes reduced funding over time are agreed between the TDC, WRC and the LTPPJJC.

CARRIED

4.3 REQUEST FOR EXTENSION FOR THE OPERATION OF THE BROADLANDS ROAD RESOURCE RECOVERY CENTRE & LANDFILL AND KINLOCH REFUSE TRANSFER STATION CONTRACT TDC/1213/088

In answer to questions the Asset Manager Stormwater and Solid Waste advised that:

- The current contractor was doing a great job working at the forefront of essential services.
- The contractor had received increases relating to CPI over the period of the contract.
- There were limited numbers of contractors in the market place for these types of operations. It was recommended that the current contract be extended in this time of uncertainty as the contractor had been in place for over 10 years and was working well.

It was noted that the contract figure was exclusive of GST. This was included in the resolution.

TDC202004/04 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kylie Leonard

That Council approves the 2-year extension of Contract TDC/1213/088 Operation of Broadlands Road Resource Recovery Centre, Landfill & Kinloch Refuse Transfer Station from 1 July 2020 to 30 June 2022 and that the contract sum be increased by \$1,920,000.00 to a total value of \$8,549,750.00 (excl. GST).

CARRIED

4.4 TENDER FOR CHEMICALS FOR WATER AND WASTEWATER TREATMENT PLANTS

The Contracts & Procurement Specialist summarised the report and answered questions. The following points were noted:

- The contract term was three years.
- The contract covered all treatment chemicals including fluoride and wastewater treatment chemicals.
- Taupō District Council's savings were proportionately lower compared to the other councils because the district's water was a lot cleaner and due to its bigger size had a better starting price point.

In answer to another question, the Chief Executive confirmed that Taupō District Council often joined with other councils to achieve better prices, including through the Bay of Plenty Local Authority Shared Services (BOPLASS) and Waikato Local Authority Shared Services (WLASS) groups and 'All of Government' purchasing.

TDC202004/05 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Kylie Leonard

That Council accepts the Tender for Contract HDC375 for panel suppliers for chemicals for our water and wastewater treatment plants submitted by Chemiplas (N.Z.) Limited, Chemtrex Limited, Ixom Operations Pty Limited, STM (New Zealand) Limited for the estimated sum of \$511,251.96 (excl. GST) for a term of three years and authorises His Worship the Mayor and the Chief Executive to sign the Contract Document(s) and attach the Council's Common Seal to them.

CARRIED

Page 3

4.5 DELEGATION OF AUTHORITY TO CHIEF EXECUTIVE FOR AWARD OF EQUIPMENT SUPPLY CONTRACTS FOR THE KINLOCH WASTEWATER TREATMENT PLANT MBR UPGRADE PROJECT

The Asset Manager Water and Waste summarised the report. In answer to questions he advised that:

- It was possible there could be some delay in sourcing materials from overseas due to the Covid-19 pandemic. The sooner staff could start engaging with the preferred supplier, the better.
- It was hoped the project would cost \$1.7m (\$500k for the inlet works and \$1.2m for the remainder of the project).
- The item sought delegation of authority to Chief Executive for contracts relating to this particular project only.

In answer to another question, the Contracts & Procurement Specialist advised that tenders were currently being received electronically and therefore had electronic date stamps. Tenders for important projects were forwarded to His Worship the Mayor and the Chief Executive to keep them informed.

His Worship the Mayor asked to be kept up-to-date with the tender process for this project.

TDC202004/06 RESOLUTION

Moved: Cr Kathy Guy

Seconded: Cr John Williamson

That Council delegates authority to the Chief Executive to award the contracts for the supply of inlet works and membrane filtration equipment once the evaluation of equipment supply quotations are completed by Council staff and their technical advisors up to the value of \$2,000,000 [excl. GST] and authorises the Chief Executive to sign the Contract Document(s) and attach the Council's Common Seal to them.

CARRIED

4.6 NEW EROSION WORKS ON LAKE TERRACE FORESHORE AS AN ADDITION TO THE GREAT LAKE PATHWAY UPGRADE PROJECT

The Landscape Architect summarised the report. In answer to a question, he confirmed that the erosion event was unforeseen when the project was initially mapped out.

In answer to further questions the Chief Executive, the Head of Operations and the District Parks Operations Manager provided background information on processes in place to deal with erosion around Lake Taupō. A workshop on the Lake Taupō Erosion Strategy would be scheduled in due course.

TDC202004/07 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr John Williamson

1. That Council approves the concept plan and scope for this section of the Great Lake Pathway Project to go to detailed design and pricing to address the urgent erosion issue.
2. That Council approves the use of \$150,000 (plus GST) from the 2019-20 Taupo Erosion Control Budget.
3. That council approves the use of \$ 20,000 (plus GST) from the 2021 Annual Plan for Erosion Control.

CARRIED

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4.7 EASEMENT REQUEST ON CHAD STREET GULLY RESERVE

The Chief Executive and the Head of Operations answered questions of clarification.

A member asked the Chief Executive to approach Unison to see if it would be possible for the transmission cable to come down Rainbow Drive off Lake Terrace in order to improve supply in the new subdivision.

TDC202004/08 RESOLUTION

Moved: Cr John Williamson

Seconded: Cr Kevin Taylor

1. That Council, acting as administering body of Chad Street Gully Reserve, agrees to grant an easement to Unison over part of Chad Street Gully Reserve for the right to convey electricity, telecommunications and electronic data.
2. That Council pursuant to section 48(1) of the Reserves Act 1977 and to a delegation from the Minister of Conservation, consents to the granting of an easement over part of Chad Street Gully Reserve to Unison for the right to convey electricity, telecommunications and electronic data.

CARRIED**4.8 DELEGATION OF WHAREROA PRIVATE PLAN CHANGE TO COMMISSIONERS**

The Senior Policy Advisor answered questions of clarification.

TDC202004/09 RESOLUTION

Moved: Cr John Boddy

Seconded: Cr John Williamson

That Council, as per section 34A of the Resource Management Act, delegates the hearing, consideration and decision making powers for Plan Change 36 – Whareroa North Plan Change Request to a panel of Independent Commissioners as per the Joint Management Agreement between Taupō District Council and the Tūwharetoa Māori Trust Board. The Commissioners are:

- Rob van Vorthuysen
- Rosanne Jollands
- Poto Davies
- Steven Wilson
- Doug Fairgray

CARRIED**5 CONFIDENTIAL BUSINESS**

Nil

Cr Tangonui Kingi recited a closing karakia.

The meeting closed at 1.57pm.

The minutes of this meeting were confirmed at the ordinary Council meeting held on 26 May 2020.

.....
CHAIRPERSON

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Extraordinary Council Meeting Minutes

5 May 2020

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE EXTRAORDINARY COUNCIL MEETING
HELD ONLINE VIA 'ZOOM' WITH RECORDING AVAILABLE AT WWW.TAUPO.GOV.T.NZ
ON TUESDAY, 5 MAY 2020 AT 10.07AM**

PRESENT: Mayor David Trewavas (from 10.10am), Cr Kathy Guy, Cr Tangonui Kingi, Cr Kylie Leonard, Cr John Mack, Cr Anna Park, Cr Christine Rankin (in the Chair), Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson

IN ATTENDANCE: Chief Executive, Head of Finance and Strategy, Head of Community, Culture and Heritage, Head of Democracy, Governance and Venues, Finance Manager, Democratic Services Officer

1 APOLOGIES

TDC202005/01 RESOLUTION

Moved: Cr Kylie Leonard

Seconded: Cr Kathy Guy

That the apologies received from His Worship the Mayor, David Trewavas and Cr John Boddy (for lateness) be accepted.

CARRIED

2 CONFLICTS OF INTEREST

Nil

3 POLICY AND DECISION MAKING

3.1 LOCAL GOVERNMENT FUNDING AGENCY (LGFA) AMENDMENTS TO DEEDS

The Finance Manager summarised the report and added that he had had advice from the Local Government Funding Agency (LGFA) that further changes would be proposed in the near future to facilitate projects and partnerships with Central Government. A further report would be brought to Council in due course.

His Worship the Mayor, David Trewavas entered the meeting at this point (10.10am).

In answer to a question, the Finance Manager confirmed that the amendments presented would give Council Controlled Organisations (CCOs) the ability to borrow direct from LGFA as opposed to on-lending through parent entities. Control mechanisms could be established between councils and their CCOs. It was not anticipated that this change would affect Taupō District Council and its CCO operations.

TDC202005/02 RESOLUTION

Moved: Mayor David Trewavas

Seconded: Cr Anna Park

That Council:

1. Notes that the New Zealand Local Government Funding Agency (LGFA) has proposed amendments to the Notes Subscription Agreement, Multi-issuer Deed and Guarantee and Indemnity to which the Council is a party, for the purposes of enabling Council Controlled Organisations (CCO's) to borrow directly through the LGFA, allowing a Local Authority to apply to be tested at the Group level rather than the Parent level for compliance with LGFA covenants, increase the amount of borrower notes that must be issued to a Local Authority when it is borrowing and minor technical improvements to the borrowing programme (proposed amendments) and that LGFA wishes to have the proposed amendments effective on 1 July 2020;

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2. Notes that the proposed amendments are consistent with the Council's Treasury Management Policy, and that there are no significant inconsistencies with other Council plans or policies;
3. Agrees to the proposed amendments; and
4. Authorises the Mayor and Deputy Mayor to sign and execute all relevant documents (including agreements and deeds) on Council's behalf in order to effect the proposed amendments.

CARRIED

4 CONFIDENTIAL BUSINESS

Nil

The meeting closed at 10.15am.

The minutes of this meeting were confirmed at the ordinary Council meeting held on 26 May 2020.

.....
CHAIRPERSON

Extract from the minutes of the Taupō Reserves & Roding Committee meeting held on 10 March 2020

4.5 LICENCE TO OCCUPY - TAUPŌ PAKEKE LIONS, PARKING AREA RIFLE RANGE ROAD

The Infrastructure Manager introduced Mr Martin Rogers from the Taupō Pakeke Lions club.

In answer to a question, the Infrastructure Manager advised that Council would have no involvement in transactions, the proposal was simply for Council to give the club the right to occupy and operate from the space. He added that the Committee did not have delegated authority to decide the matter, but could make a recommendation to Council to approve the trial.

TRARC202003/07 RESOLUTION

Moved: Cr John Williamson

Seconded: Cr Kathy Guy

That the Taupō Reserves & Roding Committee recommends to Council that it approves a six month trial Licence to Occupy to the Taupō Pakeke Lions for the purpose of holding a car sale on Council road reserve on Rifle Range Road adjacent to 72 Lake Terrace.

CARRIED

11 March 2020

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Taupō District Council Submission: Proposed National Policy Statement Indigenous Biodiversity, Publication ME1471

Thank you for the opportunity to comment on the Proposed National Policy Statement for Indigenous Biodiversity (NPSIB). We also thank staff from the Ministry for the Environment (MFE) and Department of Conservation (DoC) who took time to discuss the draft NPSIB with Regional and Territorial Authorities throughout the submission phase.

Taupō District Council (TDC) is a territorial authority that supports the overall intent of the NPSIB to maintain and enhance New Zealand's indigenous biodiversity at a national level, working alongside local communities to achieve this. Taupō District Council has four regional councils; Waikato, Bay of Plenty, Hawke's Bay, and Manawatu-Whanganui.

TDC supports the maintenance and enhancement of New Zealand's indigenous biodiversity along with identification and protection of Significant Natural Areas (SNAs) to be in accordance with the purpose of the Resource Management Act – the sustainable management of natural and physical resources in a way or at a rate that enables people and communities to provide for their social, economic, and cultural well-being and to meet the reasonable foreseeable needs of future generations, avoiding, remedying, or mitigating any adverse effects. In addition, ensuring that the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu and other taonga is provided for.



LANDOWNERS OF SNAs

MFE and DoC will be aware that many SNAs are in private ownership, and that private owners along with regional and territorial authorities often do not have the funds or methods to maintain and enhance SNAs.

Around half of the Taupō District (approximately 340,000ha), is in SNAs and around half of those SNAs are privately owned. Of the private SNAs in the Taupō District, around 80% are on multiply owned Māori land.

TDC particularly supports draft NPSIB objective 6 for recognising the role of landowners and tangata whenua as stewards and kaitiaki of indigenous biodiversity. TDC submits this objective is key to maintaining, restoring and enhancing indigenous biodiversity on private land.

TDC would like to see further policy and implementation requirements to support draft objective 6 for landowners. Draft policy 1 goes part of the way but only includes tangata whenua not landowners to be involved in the management of indigenous biodiversity. Implementation requirement 3.7 is limited to

Taupō District Council Submission: Proposed National Policy Statement for Indigenous Biodiversity

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"the importance of forming partnerships" and "respecting the contribution of landowners" under the heading of social, economic and cultural well-being. TDC would like to see additional policy and implementation to recognise the role of landowners in the management of SNAs and guidance on other methods of protection (see below).

HIGH AND MEDIUM CLASSIFICATIONS OF SNAs

TDC supports identifying and protecting SNAs but is concerned about proposed implementation requirement 3.8(1)b for territorial authorities to further classify areas of SNAs into High and Medium. Our reason for this is due to the size and scale of SNAs within the Taupō District covering some 340,000ha. TDC would be unable to practicably undertake such assessment of the SNAs at the ratepayer's expense, with the level of detail needed for an accurate classification at a district-wide scale.

In this instance most SNAs in the Taupō District will have High Values at a broad level of classification, regardless of edge areas that may be of Medium value at the site-specific detail. A precautionary approach would then be applied where the overall SNA would be managed as High. TDC is concerned that broad High classification for SNAs under the draft NPSIB implementation method 3.9 will unduly restrict SNA landowners in the Taupō District.

The majority of private SNAs in the Taupō District are located within multiply owned Māori land, with the SNA often covering 100% of the total land parcel, and many properties being land locked. TDC has particular concern that broad High classifications would result in owners of Māori land whom already have many hurdles to providing for their culture and traditions with their ancestral lands would face the inability to utilise their land with SNA values in any way. TDC submits this approach is not likely to achieve protection needed for SNAs in an integrated manner and will not achieve proposed objective 6 of the draft NPSIB to recognise the role of landowners as stewards and kaitiaki of indigenous biodiversity.

TDC currently has a rule that provides a more permissive framework for activities to occur in areas of SNA that have lower significance value, while avoiding adverse effects. The particular value of the SNA (the size, type and height of the specific area potentially affected) is determined at the time of a resource consent application and considered in the context of the proposed activity.

TDC recommends that further classification of SNAs (such as High or Medium) be undertaken at the time of a resource consent application by the applicant. This would enable a more efficient and effective way of assessing the larger scale SNAs as required, and for the potential effects to be considered in the context of the proposed activity. For this reason, TDC recommends replacing draft implementation requirement 3.8(1)b with a requirement for an applicant to undertake this type of assessment under draft implementation requirement 3.19.

OTHER PROTECTION METHODS

TDC submits that managing adverse effects on SNAs is but one method of protection under draft NPSIB policy 6 and would like to see the draft NPSIB provide further implementation on recognising and encouraging other protection methods that landowners are currently undertaking. This may include for instance Ngā Whenua Rāhui kawenata, Queen Elizabeth II covenants, Forest Stewardship Certification, and guidance for landowner lead management such as farm management and soil conservation plans.

TDC has experienced a gain in indigenous biodiversity within the more populated areas of our District. In the Waikato Region portion of our district for instance, our desktop study has shown SNAs have potentially increased by 17.5% over the past 10 years. This is due to the voluntary methods landowners are undertaking on restoration and enhancement projects, along with naturally regenerating indigenous vegetation. TDC supports aspirational policies such as 3.17 to increase indigenous biodiversity outside of existing SNAs, but also submits that indigenous biodiversity gains can be made by providing more guidance and acknowledgement of voluntary protection being undertaken by landowners to implement draft NPSIB policy 6 and objective 6.

Taupō District Council Submission: Proposed National Policy Statement for Indigenous Biodiversity

11 March 2020

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TDC submits on the above matters along with other aspects of the draft NPSIB in the following sections of our submission. For matters relating to this submission, please contact Kara Scott – Policy Advisor, by email kscott@taupo.govt.nz or ph. 07 376 0082.

Ngā Mihi



Alan Menhennet
Head of Finance and Strategy

Taupō District Council

Taupō District Council Submission: Proposed National Policy Statement for Indigenous Biodiversity

11 March 2020

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Specific Points of Taupō District Council's Submission:

OBJECTIVES AND POLICIES TO MAINTAIN INDIGENOUS BIODIVERSITY

Page 15	Objective 1	To maintain indigenous biodiversity.
Page 15	Objective 5	To restore indigenous biodiversity and enhance the ecological integrity of ecosystems.
Page 16	Policy 7	To manage subdivision, use and development outside SNAs as necessary to ensure indigenous biodiversity is maintained.
Page 16	Policy 11	To provide for the restoration and enhancement of specific areas and environments that are important for maintaining indigenous biodiversity.

TDC Submission:

The Draft NPSIB primarily focuses on the 'maintenance' of indigenous biodiversity. In order to maintain indigenous biodiversity many of the areas need to be restored or enhanced. Pg. 9 notes the maintenance may also require restoration or enhancement. Draft NPSIB objective 1 and 5 both apply to indigenous biodiversity and we suggest these two objectives could be combined to better reflect maintenance, restoration and enhancement of indigenous biodiversity.

TDC supports draft NPSIB policies 7 and 11. TDC has found the greatest indigenous biodiversity gains in our district have come from managing subdivision use and development to increase indigenous biodiversity areas through consent conditions. This ultimately flows on to proposed implementation method 3.17 (see submission points on this method).

TDC would like to see policies 7 and 11 extended beyond 'maintenance' to include the words "or enhanced". Our concern is the term "maintenance" will not incentivise further indigenous biodiversity gains to be made.

TDC seeks the following:

- **Amend wording to Objective 1 to combine with Objective 5:**
To maintain and restore indigenous biodiversity and enhance the ecological integrity of ecosystems.
- **Amend Policy 7:**
To manage subdivision, use and development outside SNAs as necessary to ensure indigenous biodiversity is maintained or enhanced.
- **Amend Policy 11:**
To provide for the restoration and enhancement of specific areas and environments that are important for maintaining or enhancing indigenous biodiversity.

ROLE OF LANDOWNERS AS STEWARDS AND KAITIAKI

Page 15 Objective 6 *To recognise the role of landowners, communities and tangata whenua as stewards and kaitiaki of indigenous biodiversity*

Page 15 Policy 1 *To recognise the role of tangata whenua as kaitiaki of indigenous biodiversity in their rohe, providing for tangata whenua involvement in the management of indigenous biodiversity and ensuring that Huiā Te Rito is recognised and provided for.*

TDC Submission:

Support for objective 6. TDC submits that this objective is integral to ensuring landowners, communities, and tangata whenua continue to be empowered as stewards and kaitiaki of indigenous biodiversity.

Support for policy 1. However, TDC submits there is no proposed policy that addresses proposed Objective 6 recognising landowners as stewards and kaitiaki of indigenous biodiversity along with tangata whenua. Objective 6 addresses not just tangata whenua but also landowners, and TDC submits these groups should also be provided for in the management of indigenous biodiversity under proposed Policy 1.

There are existing management regimes that landowners are currently undertaking that are an integral part of the management such as Ngā Whenua Rahui, QEII Trust, Farm and Forestry Management Plans like Forestry Stewardship Council Certification. TDC submits that proposed Policy 1 should ideally include landowners, communities and tangata whenua in the management of indigenous biodiversity.

TDC seeks the following:

- Retain draft Objective 6 as its current wording.
- Amend proposed Policy 1, or similar wording to this effect:

To recognise the role of landowners, communities, and tangata whenua as kaitiaki of indigenous biodiversity in their rohe, providing for tangata whenua their involvement in the management of indigenous biodiversity and ensuring that Huiā Te Rito is recognised and provided for. Or
- Introduce a new policy to recognise the role of landowners as kaitiaki of indigenous biodiversity on their land.

IDENTIFYING SNAs

Page 19 Implementation Identifying SNAs
3.8

Page 32 Appendix 1 Criteria for Identifying SNAs

TDC Submission:

IDENTIFYING SNAs

TDC supports the requirements under implementation requirement 3.8 for territorial authorities to (1) undertake district wide SNA assessments using consistent criteria identified in Appendix 1 and application of the principles and approaches in sub-clause (2).

The requirement to notify a plan change every two years to update the SNA schedule with new SNAs identified through consents, notices of requirement or designations is too onerous. Plan change processes are expensive and time consuming and TDC does not support adding further cost to rate payers for this process. Such updates should be required as part of the 10 yearly RMA s79 plan review process.

TDC seeks the following:

- **Retain implementation requirement 3.8 requirements to (1) undertake district wide SNA assessments using consistent criteria identified in Appendix 1 and application of the principles and approaches in (2). Except in relation to implementation requirement 3.8(8) to update district plan SNA schedules every 2 years .**
- **Amend clause 3.8(8) to require updates to plan's SNA schedules as part of 10 yearly RMA s79 reviews as opposed to having to conduct updates every 2 years.**

MANAGING ADVERSE EFFECTS ON SNAs

Page 16	Policy 6	To identify and protect SNAs
Page 19	Implementation 3.8(1)b)	Territorial authorities to classify SNAs as High or Medium
Page 21	Implementation 3.9	Managing adverse effects on SNAs
Page 37	Appendix 2	Tool for managing effects on SNAs
Page 40	Appendix 3	Principles for biodiversity offsetting
Page 42	Appendix 4	Principles for biodiversity compensation

TDC Submission:

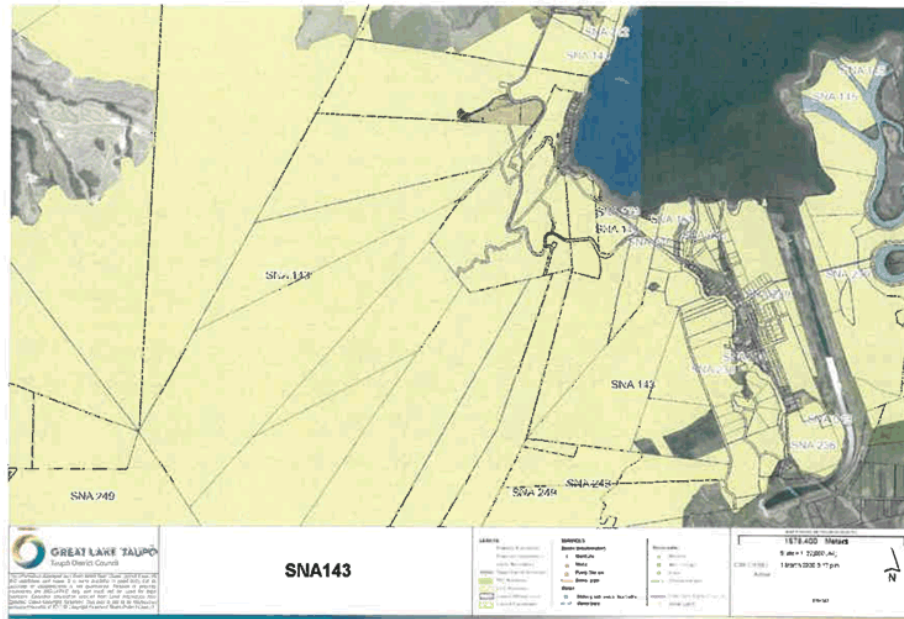
TDC supports identifying and protecting SNAs but is concerned about proposed implementation requirement 3.8(1)b) for territorial authorities to further classify areas of SNAs into High and Medium. Our reason for this is due to the size and scale of SNAs within the Taupō District covering some 340,000ha. TDC would be unable to practicably undertake such assessment of the SNAs at the ratepayer's expense, with the level of detail needed for an accurate classification at a district-wide scale.

In this instance most SNAs in the Taupō District will have an overall High Value at a broad level of classification, regardless of edge areas that may be of Medium value at the site-specific detail. A precautionary approach would then be applied where the overall SNA would be managed as High.

MANAGING ADVERSE EFFECTS ON SNAs

TDC is concerned that broad High classification for SNAs under the draft NPSIB implementation method 3.9 will unduly restrict SNA landowners in the Taupō District.

The majority of private SNAs in the Taupō District are located within multiply owned Māori land, with the SNA often covering 100% of the total land parcel, and many properties being land locked (see map below of SNA 143).



TDC has particular concern that broad High classifications would result in owners of Māori land whom already have many hurdles to providing for their culture and traditions with their ancestral lands would face the inability to utilise their land with SNA values in any way. TDC submits this approach is not likely to achieve protection needed for SNAs in an integrated manner and will not achieve proposed objective 6 of the draft NPSIB to recognise the role of landowners as stewards and kaitiaki of indigenous biodiversity.

TDC currently has a rule that provides a more permissive framework for activities to occur in areas of SNA that have lower significance value, while avoiding adverse effects. The particular value of the SNA (the size, type and height of the specific area potentially affected) is determined at the time of a resource consent application and considered in the context of the proposed activity.

TDC recommends that further classification of SNAs (such as High or Medium) be undertaken at the time of a resource consent application by the applicant. This would enable a more efficient and effective way of assessing the larger scale SNAs as required, and for the potential effects to be considered in the context of the proposed activity. For this reason, TDC recommends replacing draft implementation requirement 3.8(1)b) with a requirement for an applicant to undertake this type of classification under 3.19 assessment of environmental effects.

TDC submits that managing adverse effects on SNAs is but one method of protection, and that the draft NPSIB could provide a more holistic approach to encouraging protection of SNAs by adding a further implementation method around voluntary methods such as Nga Whenua Rahui kawenata,

Taupō District Council Submission: Proposed National Policy Statement for Indigenous Biodiversity

11 March 2020

8

MANAGING ADVERSE EFFECTS ON SNAs

Queen Elizabeth II Trust covenant, Forest Stewardship Certification and farm management plans; as way to implement objective 6.

TDC supports proposed Appendices 3 and 4 to provide guidance to ensure indigenous biodiversity gains are achieved when using an effects management hierarchy.

TDC seeks the following:

- **Remove implementation requirement 3.8(1)b); the requirement for territorial authorities to classify SNAs High or Medium in accordance with Appendix 2**
- **Implementation requirement 3.19 Assessment of environmental effects; after (1)a) an SNA; add “and classify areas of the SNA as either High or Medium, in accordance with Appendix 2” (or similar wording to that effect).**
- **Provide a new implementation method to provide guidance on other appropriate protection methods of SNAs such as Nga Whenua Rahui kawenata, Queen Elizabeth II Trust covenant, and other certifications that achieve section 6c and the purpose of the RMA and draft NPSIB objective 6.**
- **Retain Appendices 3 and 4**

MANAGING ADVERSE EFFECTS ON GEOTHERMAL ECOSYSTEMS

Page 16 Policy 9 *Geothermal ecosystems*

Page 23 Implementation 3.11 *Managing adverse effects on geothermal ecosystems: [see discussion document He Kura Koiora i hokia for options relating to geothermal ecosystems]*

Page 58 C.9 *Managing effects on geothermal ecosystems - He Kura Koiora i hokia discussion document*

TDC submission:

TDC supports the note within the *He Kura Koiora i hokia* discussion document page 60; that the Waikato Regional Council already has “well-development frameworks in place for managing adverse effects on their geothermal ecosystems. It is not the intent of the proposed NPSIB to undermine these approaches”.

The *He Kura Koiora i hokia* discussion document notes that geothermal ecosystems are all likely to be identified as high-value SNAs under the draft NPSIB, and that management through implementation requirement 3.9 would mean that little or no new development could occur. It then discusses three different options for managing the geothermal ecosystems.

The options for geothermal ecosystems discussed in *He Kura Koiora i hokia* are either to exclude geothermal ecosystems from the NPSIB scope or provide a separate management framework for geothermal ecosystems.

TDC recommends that the scope of NPSIB should cover all indigenous biodiversity, and for this reason does not favour this aspect of options 1 and 2. However TDC does support the draft NPSIB providing national guidance on a specific geothermal ecosystem framework based on existing provisions that are considered to be working well.

MANAGING ADVERSE EFFECTS ON GEOTHERMAL ECOSYSTEMS

For this reason; TDC agrees in principle with option 3 with a framework that provides good national guidance based on policy regimes in line with the “well developed” frameworks in place for managing adverse effects on geothermal ecosystems. TDC recommends that this specific geothermal framework under the NPSIB appropriately addresses adverse effects on geothermal indigenous biodiversity, as well as managing the geothermal resource itself.

TDC seeks the following:

- **Option 3 of He Kura Koiora i hokia discussion document page 61, while ensuring option 3:**
 - Gives national guidance based on existing well-developed regional management regimes.
 - Allows existing uses to continue.
 - Integrates with the rest of the draft NPSIB
 - Protects geothermal ecosystems (indigenous biodiversity values as well as the geothermal resource).

IMPLEMENTATION FOR RESTORATION AND ENHANCEMENT

Page 26	3.16	Restoration and enhancement
	3.16(2)	Territorial authorities must identify the location of SNAs whose ecological integrity is degraded and areas that provide important buffering or connectivity function
Page 26	3.16(5)	Incentives
Page 44	Appendix 5	Regional biodiversity strategies

TDC Submission:

TDC supports restoration and enhancement of SNAs and indigenous biodiversity in general.

TDC does not oppose identification of SNAs whose ecological integrity is degraded or identifying connectivity areas however many of our SNAs are in remote locations and land locked. In particular the Ahimanawa, Kaimanawa and Hauhungaroa Ranges. Access to these areas to identify their integrity status would need to be by helicopter. It is not feasible in our district to do so at rate payers' expense.

TDC submits that identification of degraded SNAs would be better assessed with regional monitoring of indigenous biodiversity (implementation 3.20) or at the time of a resource consent application. TDC also submits that regional biodiversity strategies (implementation 3.18) would be the best method to identify areas that provide important connectivity or buffering functions.

For this reason, TDC submits subclause 3.16(2) is not required.

TDC supports providing incentives for restoration and enhancement and in particular on Māori land, but would require continued funding for financial incentives through existing regional council funding and central government funding to do so.

IMPLEMENTATION FOR RESTORATION AND ENHANCEMENT

TDC seeks the following:

- Remove the requirement for territorial authorities to identify and locate SNAs whose ecological integrity is degraded and areas that provide important connectivity for buffering functions in implementation requirement 3.16(2). (We believe that this would be better achieved through ongoing regional monitoring and biodiversity strategies).
- Support for financial incentives to come from regional or central government funds.
- Support for Appendix 5 Regional biodiversity strategies to provide a comprehensive record of all areas identified for protection, restoration and enhancement.

INCREASING INDIGENOUS VEGETATION COVER

Page 27 Implementation Increasing indigenous vegetation cover
3.17

Page 28 3.17(7) Increasing vegetation cover in areas to which clause 3.16 applies

TDC Submission:

TDC supports the intent of this implementation requirement to increase the percentage of indigenous vegetation cover. TDC has found the greatest gains are through resource consent conditions and community and landowner enhancement within urban and rural areas in more highly populated areas.

TDC supports a minimum 10% figure in implementation method 3.17. TDC submits that this aspirational target would assist in encouraging greater indigenous biodiversity gains outside of SNAs, which would then enable an effects management hierarchy to be applied to all SNAs, and therefore remove the need to classify SNAs as High or Medium (see TDC submission point on implementation 3.9).

TDC supports 3.17(7) in principle, however TDC does not support territorial authorities being responsible for the identification and location of areas referred to in subclause 3.16(1)b) and c) for the reasons outlined in our submission on restoration and enhancement.

TDC seeks the following:

- Retain the indigenous vegetation cover target for urban and rural areas to a minimum of 10%

RESILIENCE TO CLIMATE CHANGE

Page 15 Policy 3 To support the resilience of indigenous biodiversity to the effects of climate change.

Page 18 Implementation 3.5 Promote the resilience of indigenous biodiversity to climate change

TDC Submission:

TDC agrees with these provisions in principle. Climate change adaptation is an important consideration for addressing the loss of New Zealand's indigenous biodiversity. However, there will be significant implementation challenges to do this as the impacts of climate change on indigenous biodiversity are complex and often highly uncertain, so planning for them can be difficult and expensive. TDC would like more guidance on how this could be done.

TDC seeks the following:

- Further guidance on methods to achieve resilience of indigenous biodiversity.

HIGHLY MOBILE FAUNA

Page 16 Policy 13 To identify possible presence of, and manage highly mobile fauna

Page 25 Implementation 3.15 Regional councils with territorial authorities to survey and record highly mobile fauna

Page 28 Implementation 3.19(1)d Include in any assessment of environmental effects whether the site has an area identified as highly mobile fauna

TDC submission:

TDC does not oppose identifying areas of highly mobile fauna, however TDC submits that indigenous fauna surveying and recording is more appropriately undertaken as part of the Department of Conservation's role as conservation of natural resources including living organisms and habitats; rather than the roles of regional or territorial authorities.

TDC submits that local authorities do not have the expertise or knowledge to include plan provisions for the purpose of maintaining viable populations of highly mobile fauna across their natural range. TDC suggests that if natural ranges extend beyond district and regional boundaries, a national response to the issue may be more appropriate.

For this reason, TDC does not support surveying and recording areas where highly mobile fauna has been or are likely to be sometimes present as a regional council or territorial authority role.

TDC seeks the following:

- Implementation requirement 3.15(1) is amended so that the role of surveying and recording areas where mobile fauna has been or are likely to be sometimes present; is undertaken at a national level.
- Consider if central government should provide national guidance or standards for managing the adverse effects of subdivision, use and development in highly mobile

HIGHLY MOBILE FAUNA

fauna areas, as necessary to maintain viable populations of highly mobile fauna across their natural range, if natural ranges extend beyond territorial and regional boundaries.

BIODIVERSITY STRATEGY

Page 28 Implementation 3.18 Every regional council must prepare a regional biodiversity strategy in collaboration with territorial authorities, tangata whenua, communities and other identified stakeholders.

Page 44 Appendix 5 Regional biodiversity strategies.

TDC submission:

TDC supports developing the strategy at a regional scale, given the extent to which ecological districts extend often beyond individual territorial boundaries, so long as the draft timeframes stated are considered achievable by regional councils.

TDC seeks the following:

- **Support for these provisions, subject to Regional Council submissions on specific timeframes.**

MONITORING BY REGIONAL COUNCILS

Page 30 *Implementation* *Regional councils must, by working with territorial authorities, relevant agencies, and tangata whenua, develop a monitoring plan for indigenous biodiversity in their regions and each of their districts.*

TDC submission:

TDC supports the develop of a regional monitoring plan for indigenous biodiversity in their regions and districts, however TDC also supports further guidance and assistance from Central Government to assist Regional Councils undertake this role.

TDC seeks the following:

- **Support for this provision.**

15 May 2020

Waikato Regional Council
Private Bag 3038
Waikato Mail Centre 3240



GREAT LAKE TAUPŌ

Taupo District Council

46 Horomatangi Street, Taupo 3330

Private Bag 2005

Taupo 3352, New Zealand

ph: 07 376 0899

fax: 07 378 0118

www.taupo.govt.nz

Taupo District Council Submission: Proposed Waikato Regional Plan Change 2: Taupo Overseer Version

Thank you for the opportunity to comment on the Proposed Waikato Regional Plan Change 2: Taupo Overseer Version. Taupo District Council supports the intent of the Proposed Plan Change and recognises the significant work that has been done to date to protect the water quality of Lake Taupo.

Council's submission is included below:

Name of Submitter (individual/organisation):	Taupo District Council
Contact Person (if applicable):	Tanya Wood
Agent (if applicable):	N/A
Email Address for Service:	twood@taupo.govt.nz
Postal Address:	Private Bag 2005, Taupo 3352
Phone Number/s	07 376 0899
TRADE COMPETITION AND ADVERSE EFFECTS	
<p>I could not gain an advantage in trade competition through this submission. [Refer to guide below for further information]</p> <p>I am not directly affected by an effect of the subject matter of the submission that:</p> <p>(a) adversely effects the environment, and</p> <p>(b) does not relate to the trade competition or the effects of trade competition.</p>	

Provision	Support / Oppose	Submission	Decision sought
Rule 3.10.5.1	Oppose	<p>We are opposed to the proposed increase of the Permitted Activity nitrogen leaching limits from 8kg to 12kg via this plan change process.</p> <p>We recognise and support that there are valid reasons to amend the figures in Table 3.10.5.1, however we are opposed to the increase of the</p>	We seek that Rule 3.10.5.1 stays as per the wording in the Operative Regional Plan.

Taupo District Council Submission: Proposed Regional Plan Change 2: Taupo Overseer Version

15 May 2020

2

		<p>Nitrogen Discharge Allowance from 8 to 12 kg per hectare per year because of the potential implications that it will have for undeveloped land.</p> <p>The proposed change will directly impact on the capacity for conversion of permitted activity residential development/subdivision. We have used the scenario of a landowner who wishes to develop their 100ha farm for residential sections to outline the potential impacts.</p> <p>Under the status quo rules, 100ha of land operating as a Permitted Activity could be leaching up to 8kg of nitrogen/per hectare/per year from the farming operation. In order to create five new properties, retirement of 3.6ha would be required to offset the additional 17.5kg/nitrogen/year from new advanced wastewater systems (5x3.5kg).</p> <p>Under the proposed plan change, this then becomes 100ha of land leaching 12kg of nitrogen/per hectare/per year. The landowner would only need to retire 2ha of land to achieve 5 residential house sites.</p> <p>We are concerned that when amending this rule, consideration has not been given to the implications of trading nitrogen and converting to permitted activities (farming or non-farming) under this rule.</p> <p>We believe that this issue would be better dealt with as part of the wider review of the Waikato Regional Plan and a 17.5kg of N.</p>	
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In addition, we have identified another matter that is outside the scope of this plan change, that we would like you to consider as you progress the review of the Waikato Regional Plan. Currently in Chapter 3.10, there is no simple mechanism for the transfer of nitrogen another to entity (for example Taupo District Council) for utilisation where a landowner is no longer farming and will connect to one of Council's reticulated wastewater schemes. We would like Waikato Regional Council to consider through the review of the Regional Plan whether there is a possibility for a simple mechanism to be developed which would enable nitrogen to be transferred in such situations.

We thank you for the opportunity to provide you with our submission. For matters relating to this submission, please contact Tanya Wood - Policy Advisor, by email twood@taupo.govt.nz or ph. 07 376 0899.

Ngā Mihi

David J Trewavas JP
MAYOR



15 April 2020

Gareth Green
Chief Executive Officer
Taupō District Council
TAUPŌ

By email: ggreen@taupo.govt.nz

Tēnā koe Gareth,

Commence Review of Taupō District Plan

Firstly, I would like to acknowledge and thank the Council for your positive and inclusive approach to the review of the District Plan.

The Trust Board supports the recommendation to commence the review of the Taupō District Plan.

In addition, the Trust Board acknowledges the importance of the District Plan to our rohe and the different communities that live within it. I know my team have commenced working with your policy team and I understand that these discussions are very positive and we are very much looking forward to developing the District Plan in partnership with the Council.

For further information please direct all further queries to Maria Nepia, Natural Resource Manager
contact details are below.

Ngā mihi

Shane Heremaia
CEO

Maria Nepia, Natural Resource Manager
Maria@tuwharetoa.co.nz, 021309505



Hilary Samuel

From: Eugene Berryman-Kamp <eugene@tarit.co.nz>
Sent: Friday, 3 April 2020 1:41 PM
To: Sue Mavor; Harry Carlson
Subject: Re: Letter re Taupo District Plan Review commencement TARIT

Follow Up Flag: Follow up
Flag Status: Flagged

Tena koe Sue, ae the hui on the 23rd went ahead, arohamai, with Covid 19 plans and response i should have gotten back to you. TARIT is fine for the review to commence and Harry is our contact for the TDC team na Eugene.

On Fri, Apr 3, 2020 at 12:48 PM Sue Mavor <smavor@taupo.govt.nz> wrote:

Kia ora Eugene

I hope you and your whanau are safely at home and coping with lockdown.

The Council policy team and iwi partnerships team are continuing to work from home at this time (except those in the Emergency Operations Centre). I'm not sure if you are working in your normal position or if you have been required to move into other areas.

I am guessing that the TARIT Board didn't meet on 23 March due to the impending Covid-19 lockdown so they have not yet considered the letter regarding the commencement of the District Plan Review. Can you let me know if another Board meeting date has been scheduled at which it may be considered? I appreciate, given we are in lockdown, that might not have been arranged yet.

Stay safe

Ngā mihi

Sue

Sue Mavor Strategic Advisor Maori

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Draft Statement of Intent 2020/21

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and CCOs and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to Councils and CCOs that enter into all the relevant arrangements with it (such Councils being "Participating Local Authorities" and such Councils and CCOs being "Participating Borrowers") and comply with the LGFA's lending policies.

In lending to Participating Borrowers, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Borrowers;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent;
- Be a good employer;
- Demonstrate social and environmental responsibility;
- Maintain strong and sound corporate governance;
- Set and model high standards of ethical behaviour; and
- Operate in accordance with sound business practice.

Primary Objectives

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

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

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

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

Additional objectives

LGFA has the following six measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually.

LGFA will:

1. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
2. Provide at least 75% of aggregate long-term debt funding to the Local Government sector.
3. Achieve the financial forecasts outlined in section 4 for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.
4. Meet or exceed the Performance Targets outlined in section 5.
5. Comply with the Health and Safety at Work Act 2015.
6. Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2023 are:

FINANCIAL YEAR (\$M)	SOI 2021 FEB DRAFT		
	Jun-21	Jun-22	Jun-23
Comprehensive income			
Interest income	246.1	247.7	271.2
Interest expense	227.1	227.8	248.8
Net Interest income	19.0	19.9	22.4
Approved Issuer Levy	1.5	1.0	1.0
Issuance & onlending costs	2.7	2.7	2.7
Operating overhead	4.0	4.1	4.2
Issuance and operating expenses	8.1	7.7	7.9
P&L	10.8	12.1	14.4
Financial position (\$m)	Jun-21	Jun-22	Jun-23
Capital	25.0	25.0	25.0
Retained earnings	68.9	80.1	93.5
Total equity	93.9	105.1	118.5
Shareholder funds + borrower notes / Total assets	2.3%	2.3%	2.3%
Dividend provision	0.9	0.9	1.0
Total assets (nominal)	11,655.1	12,451.4	12,915.8
Total LG loans - short term (nominal)	500.0	500.0	500.0
Total LG loans (nominal)	10,527.5	11,213.4	11,497.7
Total bills (nominal)	400.0	400.0	400.0
Total bonds (nominal) ex treasury stock	10,941.0	11,716.0	12,166.0
Total borrower notes (nominal)	168.4	179.4	184.0

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their May 2021, April 2022 and April 2023 loans. LGFA will work with council borrowers to reduce this uncertainty. The above table assumes gross issuance of LGFA bonds per year of \$2.28 billion (2021/22), \$1.85 billion (2022/23) and \$1.9 billion 2023/24), however the issuance volume will be determined by LGFA at the relevant time by reference to factors including refinancing of existing borrowing by councils and (if applicable) council-controlled organisations, new borrowing by councils and (if applicable) council-controlled organisations and LGFA's own borrowing requirements for liquidity purposes. No decision has been made as to final issuance volume at this point and will depend upon market conditions.

LGFA Draft Statement of Intent 2020/21. Page 4

5. Performance targets

LGFA has the following performance targets:

- LGFA's net interest income for the period to:
 - 30 June 2021 will be greater than \$19.0 million.
 - 30 June 2022 will be greater than \$19.9 million.
 - 30 June 2023 will be greater than \$22.4 million.
- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2021 will be less than \$6.7 million.
 - 30 June 2022 will be less than \$6.8 million.
 - 30 June 2023 will be less than \$7.0 million.
- Total lending to Participating Borrowers¹ at:
 - 30 June 2021 will be at least \$11,027 million.
 - 30 June 2022 will be at least \$11,713 million.
 - 30 June 2023 will be at least \$11,998 million
- Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the borrowing activities
- Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.
- Achieve 75% market share of all council borrowing in New Zealand
- Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

¹ Subject to the forecasting uncertainty noted previously

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.

² Best practice as per NZX and Institute of Directors guidelines

- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).

- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2019 (updated where necessary), accordingly, the statement does not contemplate LGFA lending to CCOs.

ATTACHMENT: Statement of accounting policies

1 Statement of accounting policies

a. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

b. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

c. Basis of preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

NZ IFRS 9. New Zealand Equivalent to International Financial Reporting Standard 9. Financial Instruments.

NZ IFRS 9 (2014) is effective for the fiscal year commencing 1 July 2018.

NZ IFRS 9 replaces NZ IAS 39 Financial Instruments: Recognition and Measurement and sets out the requirements for hedge accounting and impairment for financial assets and liabilities. LGFA early adopted NZ IFRS 9 (2010) for the classification and measurement of financial instruments at commencement of business in 2012.

LGFA has elected to apply NZ IFRS 9 (2014) on a retrospective basis. Comparative information has not been restated as there has not been a material impact. Instead, the impact of adopting the new standard is reflected in opening equity on 1 July 2018.

Hedge accounting

There has been no change to accounting policy for hedge accounting as LGFA's current fair value hedge accounting meets the requirements of NZ IFRS 9.

Impairment

NZ IFRS 9 prescribes an expected credit loss impairment model which replaces the incurred loss impairment model in NZ IAS 39. The expected credit loss model requires LGFA to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

LGFA has not previously incurred any credit losses under the incurred loss impairment model (NZ IAS 39) and the introduction of the expected credit loss model (NZ IFRS 9) has not had a material impact on the measurement of LGFA's financial assets.

The changes to LGFA's accounting policies for expected credit losses on financial assets are set out below.

Methodology to determine expected credit losses

As at 30 June 2019, LGFA deemed that there had been no significant increase in credit risk since initial recognition for any financial asset and calculated the loss allowance for these instruments at an amount equal to 12-month expected credit losses, using the estimated probability of default multiplied by the estimated recovery rate.

The estimated probability of default is based on the Standard & Poor's' (S&P) Annual Global Default Study. Individual securities were assigned a probability of default over the 12-month period year based on their S&P, Fitch or Moody's credit rating. Unrated local authorities were assigned a shadow credit rating of A+, based on all complying with LGFA's financial covenants as at 31 December 2018, and S&P rating methodology where all New Zealand local authorities who have a credit rating from S&P are rated between AA and A+.

The estimated recovery rate is assigned using the S&P recovery rating scale. All local authorities were assigned a category of 1+, based on LGFA holding security over a council's rates which, in the event of a default, would give a statutory manager the legal right to impose a targeted rate to recover the principal and interest owing. All other financial assets were assigned a recovery rate based on the industry category and average S&P recovery rates for the security type.

LGFA Draft Statement of Intent 2020/21. Page 11

The Treasury (New Zealand Debt Management) was assigned a category of 1+ for derivatives in gain.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

New standards adopted

NZ IFRS 15. Revenue from Contracts with Customers.

NZ IFRS 15 has been adopted from 1 July 2018. There has been no impact on the financial statements.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

NZ IFRS 16 Leases

NZ IFRS 16 becomes effective from 1 July 2019 and will not have a material impact on the financial statements.

Change in presentation. Statement of financial position

LGFA has changed the order of presentation of assets and liabilities in the Statement of financial position to reflect the order of liquidity for financial assets and liabilities. The change in presentation has been applied to both the current reporting period as well as associated comparatives.

d. Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets**Property, plant and equipment (PPE)**

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

f. Other liabilities**Employee entitlements**

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g. Revenue and expenses**Revenue****Interest income**

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2a for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.



TAUPO AIRPORT AUTHORITY

STATEMENT OF INTENT

2021 – 2023

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DIRECTORY

Governing Body	Taupō Airport Authority Committee	
	Chris Johnston (Chair, Business Representative)	
	Mayor David Trewavas	
	Councillor Kathy Guy (Council Representative)	
	Councillor Christine Rankin (Council Representative)	
	X2 Vacancies	
Airport General Manager	Rhys Frearson	
Bankers	Bank of New Zealand, Taupō – transactional banking	
Auditors	Audit New Zealand on behalf of The Controller & Auditor General	
Solicitors / Legal Advisors	Le Pine & Co, Taupō	
Insurance Brokers	Aon New Zealand Limited	
Joint Venture Partners	Taupō District Council	50%
	The Crown (Ministry of Transport)	50%
Address	Anzac Memorial Drive, TAUPŌ, RD 2, TAUPŌ	
Telephone	Airport Manager	[07] 378-7771
	email	airport@Taupōairport.co.nz
	website	www.Taupōairport.co.nz

INTRODUCTION

The Taupo District Council and the Crown - represented by the Ministry of Transport, own the Taupo Airport Authority (TAA) equally.

TAA is managed, under agreement with the Crown, by the Taupo District Council. Management is represented by the General Manager of the Airport, who reports to the Chief Executive Officer of the Taupo District Council

STRATEGIC FOCUS & MAJOR PROJECTS

The Taupo Airport will be:

- A destination in its own right
- A vibrant hub for commercial business
- An experience that is authentic and efficient
- A service delivered for the community

How will we get there?

- Infrastructure development
 - Terminal
 - Parking
 - Airport hub environment (look & feel)
- Commercial land development
 - Airside
 - Landside
- Growth of tourism product
- Increased commercial passenger numbers
- Relationship management

Taupo is one of a handful of regional towns in NZ currently experiencing both economic and demographic growth. Taupō Airport (TA) provides a complimentary mix of scheduled air travel. This includes aviation enthusiasts, the southern hemisphere's busiest skydiving adventure operations, scenic flights, general transportation as well as commercial and retail offering to the market.

The redevelopment of the Taupō Airport in the context of the wider airport commercial precinct is a key growth project for the district. The development of the terminal buildings, carparks, baggage handling facilities, airport apron, retail, café, sewerage and water infrastructure, commercial land, roading, and other amenities will ensure that the airport is "future proofed" for the growth we are expecting in the Taupo district.

The airport was built in 1963 and the last upgrade occurred in 1994. The airport currently, does not cope with existing passenger demand nor can it provide the facilities required cope with current or future aviation flows.

In 2017, the airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBIE).

In 2018/19, the TAA has engaged AirBiz, aviation specialist consultants based out of Auckland to complete a feasibility cost estimate as well as a cost benefit analysis on the most appropriate quantum for the upgrade.

A redeveloped airport precinct will create a gateway to the region that provides the amenity and level of service commensurate with Taupo District Council and central government economic growth aspirations.

While it is not possible to quantify future expenditure via this Statement of Intent, the TAA signals that it anticipates that the next few years will be a period of consolidation for Taupō Airport in view of the travel restrictions brought on by the Covid-19 pandemic.

PERFORMANCE TARGETS

- (a) To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.
- (b) The airport will be operated in such a way as to continue to hold CAA Part 139 certification
- (c) The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.
- (d) That TAA will be self funding in terms of its own cash flow.

TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.

FINANCIAL DISCLOSURES

REPORTING ENTITY

The Taupo Airport Authority is a joint venture between Taupo District Council and the Crown with both parties having a 50% interest. Taupo District Council has responsibility for the management of the Authority. Governance is provided by a Committee of Council.

The Taupo Airport Authority has designated itself as a tier one public benefit entity for the purposes of New Zealand equivalents to Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). These standards have applied from 1st July 2014.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Public Sector Accounting Standards. The primary objective of the Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupo district, rather than making a financial return. Accordingly, the Authority has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (PBE IPSAS)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared using the historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

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

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

1. Goods & Services Tax

The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

2. Revenue recognition

Exchange revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

Landing revenue for those operators on bulk invoicing is recognised on a straight-line basis over the term of the payments. All other landing revenue is recognised in the period in which the landing occurred.

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

3. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

4. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less.

5. Financial Assets

Taupo Airport classifies its investments as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

6. Trade Receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7. Property, Plant and Equipment

Valuation methodologies

Those asset classes that are revalued are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Valuation of Land and Buildings

Airport land was initially valued at fair value by Quotable Value New Zealand as at 1 July 2005 which was deemed cost. The land and buildings were revalued to fair value by Quotable Value New Zealand as at 30 June 2019. Land is not depreciated.

Valuation of Infrastructural Assets

Infrastructural assets are the utility systems that provide a continuing service to the airport and are not generally regarded as tradable. They include the runways, roads and stormwater systems together with other improvements of an infrastructural nature. These assets were valued at fair value by Beca Projects NZ Ltd as at 30 June 2014.

All other property, plant, and equipment are stated at cost less depreciation.

Additions

Additions between valuations are shown at cost.

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Depreciation

Land is not depreciated. Depreciation has been provided on a straight-line basis on all property, plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural assets

Formation	Indefinite	Pavement	60 Years
Top Surface	15 Years	Kerb	50 Years
Footpaths	80 Years	Stormwater	50 – 80 Years
Fencing	10 Years	Street Lighting	15 Years

Operational Assets

Buildings	40 Years	(2.5%)
Furniture and Fittings	10 Years	(10%)
Motor Vehicles	5 Years	(20%)
Office Equipment and Plant and Equipment	4 to 5 Years	(20%-25%)

The depreciation rates are applied at a component level and are dependent on the expected remaining useful life of each component.

Assets under construction/work in progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is separately disclosed

All the Authority's assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

Intangible Assets**Website**

The website has been capitalised on the basis of costs incurred to acquire and bring to use the website. This has been valued at cost, and will be amortised over the expected useful life of the website. This is estimated as 4 years (25%).

8. Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Taupo Airport Authority measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

All investment properties have been disposed.

9. Financial Liabilities

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

10. Employee Entitlements

Provision is made in respect of the Airport's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

11. Income Taxation

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

12 Revenue

Revenue is measured at the fair value of consideration received.

The main sources of income for the Authority are Airfield Landing Charges and Lease Income from leasehold sites at the airport. Income is recognised in the period to which it relates. Payment is received by cash, cheque, automatic payment or direct debit.

13 Going Concern

The Taupo Airport Authority consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupo District Council that financial support and / or funding will be made available to ensure that the Authority can continue its current operations.

Acquisition of new investments

Approval of the joint venture partners is required before the joint venture can subscribe for, purchase or otherwise acquire shares in any company or other organisation.

Local Authority Compensation

The joint venture does not currently seek compensation from any local authority for any activities.

Commercial value of the investment

The joint venture partner's estimate of the commercial value of the joint venture partner's investment in the TAA is equal to the net assets of the airport authority. Some asset classes will be revalued. Where an asset class is revalued, the revaluations will be carried out at least every five years.

Distribution of profits/reserves to joint venture partners

Any distribution of profits is allocated 50/50 between the joint venture partners. There is currently no intention to distribute accumulated profits to the joint venture partners, but for the foreseeable future, any capital reserves shall be used to fund Capital Expenditure.

Information to be provided to shareholders

The committee will provide the following statements to shareholders

- At least 5 months prior to the start of the financial year the committee shall deliver to the Council a report setting out its recommendations on the annual budget.
- Within two months of the end of the first half of the financial year the following statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results.
- Within three months of the end of the financial year the following audited statements: Comprehensive Revenue & Expenses, Changes in Equity, Financial Position, Cashflows and Service Performance Results plus a summary of how the Airport has fared against its objectives and prospects for the next financial year.

Setting of Fees and Charges

A single till approach shall be taken in setting fees and charges.

Projected Statement of Comprehensive Revenue & Expense

	Projected 30/06/2021	Projected 30/06/2022	Projected 30/06/2023
	\$	\$	\$
Income			
Revenue from services provided	327,126	327,126	327,126
Other Gains	-	-	-
Financial Revenue	-	-	-
Total Operating Revenue	327,126	327,126	327,126
Expenditure			
Employee benefit expenses	202,713	202,713	202,713
Depreciation and amortisation	240,088	233,695	226,225
Management and administration expenses	33,314	33,314	33,314
Other operating expenditure	155,216	155,216	155,216
Total Operating Expenditure	631,331	624,938	617,468
Operating Surplus (Deficit) before taxation	-304,205	-297,812	-290,342
Taxation (expense)/credit	-	-	-
Net Surplus (Deficit) after taxation	-304,205	-297,812	-290,342
Other comprehensive income			
Property, plant & equipment revaluations	-	-	-
Deferred tax on revaluation	-	-	-
Total Other Comprehensive Income	-	-	-
Total Comprehensive Income	-304,205	-297,812	-290,342

The projected ratio's of consolidated shareholders funds to total assets are as follows:

2020/21	86.0%
2021/22	84.0%
2022/23	82.0%

2018/19 Actual 90.01%

This ratio is calculated by dividing the total value of equity by the total value of assets



STATEMENT OF INTENT FOR 2020-2023



June 2020

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

1. Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002:

- Declares a public statement of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- Covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2. Background

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Benefits that can be achieved through collaboration are:

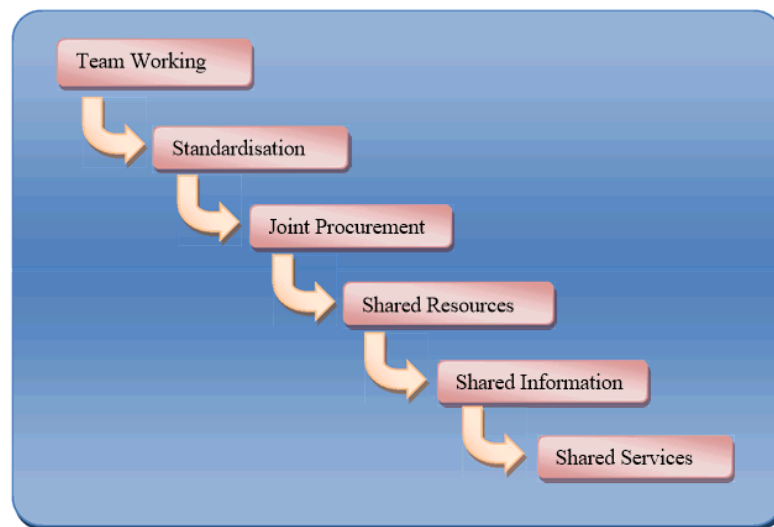
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- enhance the capability to collaborate;
- encourage the elimination of barriers to collaborative action; and
- identify services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of collaboration within the councils.

Examples of procurement and projects are:

- Infrastructure Insurance
- Collective Training
- Aerial Imagery and LiDAR
- Provincial Growth Fund Co-funding for LiDAR Capture
- Standardised Community Engagement App
- Lone Worker Field Solutions
- Robotic Process Automation
- Accounts Payable Automation Software
- Print Media Licencing
- Insurance Valuations
- Contractor Online Inductions
- Health and Safety Management Software
- Radio Telephony (RT) Strategy
- Solid Waste Management
- Insurance Forums
- Health and Safety Inter-Council Audits
- Asbestos Protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Video Conferencing Services
- Council Library and Cloud Services
- Inter-Council Network (ICN) Review, Redesign and Renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Fortigate Firewall Services
- Wireless WAN
- Inter-LASS Collaboration

3. Our Vision

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

4. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6. Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its Directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Fiona McTavish
Gisborne District Council	Nedine Thatcher Swann
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua Lakes Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Marty Grenfell
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Stephanie O'Sullivan
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has been established by the Directors as an Operations Committee to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Services delivered are subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the Operations Committee. In considering Joint Procurement initiatives, the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

7. Future Developments

BOPLASS Ltd will continue to work on business cases for Joint Procurement and Shared Services that may be provided in the region.

BOPLASS Joint Procurement opportunities will be actively pursued to ensure maximum savings and benefits continue to be delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils, with councils participating on an opt-in basis.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and projects.

BOPLASS will also proactively explore opportunities to partner with other local authorities and Shared Services organisations within NZ where they are either developing or considering developing cost effective services or Joint Procurement initiatives involving products or services that are of value to the BOPLASS councils. The Board recognise the significant savings BOPLASS has provided to member councils through joint procurement and has tasked BOPLASS with leading inter-

regional joint procurement initiatives that will provide benefit to all parties through an aggregated approach.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

BOPLASS will continue to explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

Where it is practicable, BOPLASS will work with other LASS' or councils in developing Shared Service ICT strategies and/or leverage off, or participate in services established by other collective local government groups.

8. Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level;
- Including councils' short, medium and long-term goals within BOPLASS planning;
- Using quality information from councils to guide our decision-making;
- Identifying and developing services that directly benefit councils and/or their communities;
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning;
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it;
- Involving councils in our decision-making and planning.

9. Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 10% per year. Number of active users to increase by 20% per year.
Communicate with each shareholding council at appropriate levels.	Meeting with members of Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

10. Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2018 the consolidated Shareholder funds comprised \$39,757 and the total assets were \$1,192,245. The resulting ratio is 3.3%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

11. Accounting Policies

11.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

11.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

11.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

11.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.
- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

12. Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

13. Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

14. Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

15. Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

16. Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has little or no commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

17. Financial Forecasts

The Forecast Financial Statements for the years 2020-2023 are included (Appendix A). The budget is not adjusted for inflation.

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2020/23	Budget 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/2023
REVENUE				
Revenue - Core	\$274,510	\$274,510	\$274,510	\$274,510
Bank Interest Received	1,000	1,000	1,000	1,000
Council Contribution	273,510	273,510	273,510	273,510
Revenue - Projects	1,213,000	1,533,000	1,243,000	1,243,000
Aerial Photography Income	300,000	600,000	300,000	300,000
Bank Interest Received	16,500	16,500	16,500	16,500
Collaboration Portal	75,000	75,000	75,000	75,000
Lease Income - ICN	135,000	135,000	135,000	135,000
Lease Income - Video Confer.	30,500	30,500	30,500	30,500
Rebates	6,000	6,000	6,000	6,000
Recoveries	650,000	670,000	680,000	680,000
Total Operating Revenue	1,487,510	1,807,510	1,517,510	1,517,510
EXPENSES				
Expenditure - Core	383,800	383,650	383,650	383,650
ACC	1,500	1,000	1,000	1,000
Accommodation & Travel	1,500	1,500	1,500	1,500
Accounting & Audit	17,500	17,500	17,500	17,500
Administration	14,400	15,300	15,300	15,300
Amortisation	8,000	8,000	8,000	8,000
Bank Fees	400	400	400	400
Catering Expenses	2,000	2,000	2,000	2,000
Conferences	2,000	2,000	2,000	2,000
Depreciation	0	650	650	650
Directors costs	18,000	18,000	18,000	18,000
Fringe Benefit Tax	7,000	7,000	7,000	7,000
Health and Safety	1,000	1,000	1,000	1,000
Insurance	8,500	9,000	9,000	9,000
Interest Paid - TCC Loan	1,000	500	500	500
Legal	2,000	2,000	2,000	2,000
Salaries	285,000	285,000	285,000	285,000
Salaries - C'Portal Opex	-10,000	-12,000	-12,000	-12,000
Staff Support Costs	16,500	16,500	16,500	16,500
Staff Training Costs	2,000	2,000	2,000	2,000
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	4,500	5,300	5,300	5,300
Expenditure - Projects	1,103,710	1,423,860	1,133,860	1,133,860
Aerial Photography Expense	300,000	600,000	300,000	300,000
Collaboration Portal Opex	26,000	26,150	26,150	26,150
Lease Expense - ICN	129,100	129,100	129,100	129,100
Lease Expense - Video Confer.	28,610	28,610	28,610	28,610
Projects - Recoveries	620,000	640,000	650,000	650,000
Total Operating Expenditure	1,487,510	1,807,510	1,517,510	1,517,510
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Appendix B

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement:

- × Collective Geospatial training
- × Aerial Imagery and LiDAR
- × Provincial Growth Fund co-funding for LiDAR Capture
- × Antenno community engagement app
- × Accounts Payable Automation Software
- × Insurance Valuations
- × Contractor online inductions
- × Eastern BOP Electricity
- × Health and Safety Management Software
- × Solid Waste Management
- × Insurance Forums
- × Asbestos protocols
- × Sustainable Public Procurement
- × Health and Safety Benchmarking
- × Council Library and cloud services
- × Inter-Council Network (ICN) review, redesign and renegotiation
- × Debt Collections
- × Collaboration Portal
- × Capital Construction and Civil Works Projects
- × Inter-LASS collaboration
- × Spark Fortigate Firewall Services
- × Evolution Networks Wireless WAN
- × Office supplies
- × Banking
- × Postal services
- × Courier services
- × Fuel
- × Advertising services
- × Travel and accommodation services
- × Air travel
- × Insurance brokerage
- × Aerial imagery
- × N3 / GSB
- × ESRI licences
- × GIS software
- × Health insurance
- × Security services
- × Antivirus software
- × Video conferencing
- × Above ground asset insurance
- × GPS vehicle tracking
- × Archaeological services
- × Telephony – voice, data, mobile
- × Reprographic – printers/copiers
- × Infrastructure insurance
- × Media monitoring services
- × EFTPOS services
- × Historical imagery digitisation
- × On-line services
- × Internal audit services
- × Health and safety training services
- × Risk management workshops
- × Infrastructure insurance – excess layer
- × Collective H&S training
- × EMA membership
- × Environmental insurance
- × Print Media Copyright Services
- × Health and Safety software

Appendix B

Identified Joint Procurement Projects

- × Civil works contracts
- × Civil works materials
- × Infrastructure valuation services
- × High volume print
- × Electronic document management
- × Archives
- × Document storage
- × Document scanning
- × Agenda management software
- × ICT security policies
- × Business continuity
- × IT applications
- × Property valuation services
- × Telephony platform
- × Chemicals
- × Digital signatures
- × Recruitment/candidate management
- × Surveys and research
- × Media distribution services
- × CD emergency notifications
- × Fleet purchasing
- × Push wireless
- × Fleet management
- × Community communication systems
- × Lone worker field solutions
- × LiDAR acquisition – PGF

Collaborative Projects

Managed by BOPLASS or by one or more constituent councils:

- × IT hosting / IaaS
- × Shared datacentre
- × Internal audit services
- × GIS web services
- × Shared licence server
- × Contractor H&S prequalification
- × Radio telephony strategy
- × Collaboration Portal
- × After hours call management
- × Archive service
- × Debt management
- × Health and safety auditing
- × Inter-council network
- × Smart cities
- × Section 17A reviews
- × Video conferencing
- × GIS imagery data storage
- × Waste licencing and data collection
- × Historic aerial imagery
- × Sustainable procurement
- × Diversion of putrescible waste from landfill
- × Civil works projects marketing
- × Robotics processing automation

Appendix B

Projects for Consideration

- × Rates Collection
- × Geospatial services
- × Joint software support
- × Asset Management
- × Web services
- × Payroll
- × Consents Processing
- × CCTV monitoring
- × Information Services
- × HR Information systems
- × Electronic Document and Records Management System
- × Business continuity planning
- × Infrastructure development codes
- × Solid waste regional facilities strategy
- × Building consents
- × Regional Civil Defence
- × Document digitalisation
- × Capital Expenditure projects
- × Project management office



Statement of intent

For the year ended 30 June 2021

June 2020

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Authority Shared Services Ltd (WLASS). It outlines the nature and scope of the work it will undertake, the Directors' accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2021 to 30 June 2023.

Executive summary

The past 12 months has seen the completion of the structural changes necessary to transform the company into a service delivery agent and strategic partner to the councils. The company has a small core team of employees and a smaller, more agile, board with an independent chair to help challenge status quo.

These changes have helped facilitate several new initiatives which collectively will deliver value to councils and their communities through:

- Improving water asset management practices;
- More efficient spend and improved procurement practices around infrastructure;
- Reducing energy costs and improving energy and carbon management;
- Improving community and council staff experiences in relation to geospatial data-sets by saving time and increasing accessibility;
- Better decision-making around resource consenting, climate change planning and natural hazards through a region-wide LiDAR data set;
- Savings (time and cost) to councils through the establishment of an expanded professional services panel with standardised terms and rates.

This SOI sets out a new performance framework for the company. To date the measures of performance used have been extensive and heavily process orientated. While that may have been appropriate historically, it no longer is. The new framework directly links the company's roles and the performance measures to assess our success in fulfilling those roles, to the ultimate outcomes we are seeking.

In the second half of 2019 WCLASS Management and the Board collated the suite of current opportunities (from what we are seeing and hearing with councils), and from that, gave priority to five opportunities for further development. A workplan is in place to develop those opportunities commencing in current financial year and the next and this SOI seeks a pool funding to do so.

While WCLASS now has a small core team it remains reliant on council resource to advance opportunities. This is the company's single biggest challenge. The extent to which councils are willing to commit resource (time and money), will determine the pace of change we can achieve. The ability to opt out of a project's implementation and service offering can be made. However, councils need to commit to and engage in resourcing the development of opportunities. Councils must also take on the challenge of changing the way things are done when there is a sound case for doing so, if WCLASS is to maximise the value it can bring to its shareholders.

Funding into WCLASS for the 2021 financial year (to 30 June 2021), is greater than what was forecast in last year's SOI. The funding needed is \$5.1m, \$1.0m greater than forecast. \$890k of this is due to initiatives approved by shareholding councils since the last SOI or, in the case of LiDAR, a change in when the forecast expenditure is being incurred. Equally, some of this expenditure may reflect a transfer of amounts budgeted elsewhere in council to WCLASS (as a collaborative initiative) rather than an increase in council costs per se.

The following table summarises the changes.

Member charges for 2021 financial year (FY21)	FY21 projection (per prior year's SOI) \$000	FY21 Budget (per current SOI) \$000	Variance ¹ : increase / (decrease) \$000
Core operating costs	510	550	40
Working parties Projects	696	874	178
LiDAR	475	767	292
RATA business unit	697	855	158
Waikato Regional Transport Model	309	377	68
RATA – water collaboration	0	440	440
Other	1,409	1,278	(131)
Total	4,096	5,141	1,045

¹ Commentary on the variances is included in the body of the document.

Following an assessment of the cash surplus / (deficit) in each workstream we have made the decision to reduce the member charges for the coming year in some areas and instead utilise brought forward surpluses. As a result, member charges will be reduced by ~\$185k (from that forecast in last year's SOI) across Procurement, the Waikato Data Portal project, the Energy and Carbon Management Programme and SVDS. The amounts shown in the above table are net of this \$185k.

A flow on effect of this action is that we are budgeting a net deficit for the 2021 financial year of ~\$149k.

Introduction

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

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

It was established in 2005 as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis. Prior to 2019, it operated solely using a part-time contracted resource.

The WLASS transformation – 12 months in

In the 2019 SOI WLASS asked shareholding councils to commit to transforming the company into a service delivery agent to allow it to better serve those councils. That transformation had three key elements:

- Establishing in-house resources: WLASS has since employed a small core team (a Chief Executive, Business Analyst and Executive Assistant);
- Changing the WLASS governance structure: The board has reduced to six members - an independent Chair and five Council Representative Directors; and
- Thought leadership: By providing these structural changes it will better enable the company to explore ways in which councils can operate better for the benefit of their communities.

The structural transition is complete

With these changes, the structural transition is complete (but will continue to evolve as the company's areas of activity expand).

We have already started seeing the results of these changes. The last 12 months has seen the company provide thought leadership in several areas culminating in the following significant developments:

- Expanding the RATA service offering (historically focused on roading), into 'waters' assets;
- Developing and delivering the opportunity to coordinate infrastructure procurement between councils (to be reflected in councils' 2021 long-term plans);
- Introducing a new Energy and Carbon Management programme;
- Developing the 'Waikato OneView' opportunity, with the implementation project commencing mid-2020;
- Commencing the project to capture region-wide LiDAR; and
- Establishing a new, significantly expanded, panel of professional services providers.

New initiatives are being delivered

In addition, at the end of last year, following consultation with councils, the Board agreed those opportunities that the company will focus on over the coming months (discussed further below). Other ideas have been included on a 'long list' of potential opportunities that will be considered in the future.

Priority opportunities are identified

The various functional cross-council working parties have (and will continue to), help identify and develop opportunities. Within each of these groups WLASS last year facilitated ideation sessions to foster new ideas. It will continue to use these groups to feed the ideas pipeline and to foster collaboration between the councils.

The outcomes we are looking for – performance reporting

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

Transforming the company into a service delivery agent and a true strategic partner to councils, means the company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It is a provider of services to councils where a business case to do so has been established (recognising that it may make sense for some services to be provided by someone other than WLASS).

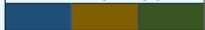



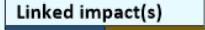
Given the evolution of the company, WLASS has revisited the way that it measures its success to reflect these roles. A performance framework has been established (see diagram 1).

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

Diagram 1

Priorities and performance measures

We will track how well we are delivering on our strategic priorities using the following performance measures:

Priority	Performance measure	Target
Prioritise and develop opportunities that add value to councils by achieving one or more of our objectives Linked impact(s) 	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Opportunity assessments are supported by councils (evidenced by Board minutes) 	Projected savings to councils of \$300k+ 75% of councils
Develop opportunities and deliver projects within agreed budgets and timelines ¹ Linked impact(s) 	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget 	80% 90%
Ensure projects realise their expected benefits Linked impact(s) 	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) 	Six-monthly \$200k+ Projects Within 15 months 90% of projected quantifiable benefits are realised
Ensure existing services are meeting the needs of councils Linked impact(s) 	<ul style="list-style-type: none"> ➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice Linked impact(s) 	<ul style="list-style-type: none"> ➤ Across these groups, ideas for future consideration and/or initiatives are identified each year 	Six per annum

¹ Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.

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

Transparency and reporting to councils

The company will deliver the following information to shareholders:

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

WLASS recognises that it must be able to clearly show the value that it is providing to shareholding councils. We want to be completely transparent about that and ensure that we continue to focus on the right services. Therefore, we will be communicating with councils more on the value they are receiving from their investment in the company.

The WLASS Transformation – the next 12 months

The initial priority projects

In December the Board approved five priority projects to investigate opportunities that will deliver value to councils.

Waters Shared Services integration

Currently, Hamilton City, Waikato District and Waipa District Councils are party to an agreement under which Hamilton City host a business unit delivering trade waste management, water sampling and analysis and “Smart Waters” services to these councils. With Waikato District’s departure from this arrangement (given its new relationship with Watercare Ltd), it is timely to consider the future of this shared service.

This project is to explore the extent to which there is interest from other councils in the region to utilise this service offering and whether it makes sense to have that service “delivered” through WLASS.

Collaborative L&D programme

Waikato councils have the same functional responsibility and therefore the same capability needs (noting that Waikato Regional Council have some different requirements). This project will consider how the learning and development programmes and supporting material can be aligned and shared to lessen the burden on council staff having to each do their own thing. It will also consider to what extent material and services of other agencies (e.g. SOLGM¹) can be leveraged.

Regulatory support services

Councils operate in an ever-changing regulatory environment. This project will consider how WLASS could track changes in legislation and regulation and push that information out to councils. This service would eliminate the need for each council to expend time and effort keeping up to date with changes on their own. It will also consider to what extent other agencies (e.g. SOLGM) provide such a service already.

¹ Society of Local Government Managers

Building consent shared services

The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the community in mind and in the most efficient way. Councils are also facing a shortage in capability in this area. This project is to consider how the delivery of this function across Waikato could be improved.

Human Resources shared services

This project will explore which human resource functions in councils are common (likely procedural in nature) and could therefore be delivered by WLASS to each of the councils. Taking these processes out of the councils themselves would free up council resource to focus on people and capability services that provide greater value to the council. A 'central' human resource function could also support smaller councils who have limited resource and are therefore susceptible to disruption where staff leave or are unable to work for a period.

Concluding comment

We expect each of these projects will add value to councils and they have been prioritized accordingly. However, if, as an opportunity is explored and developed, it becomes apparent that it will not achieve this aim, it will not be pursued. The initial 'discovery' of the opportunity will be undertaken by WLASS. Councils will be consulted prior to funds being invested (if required), to develop opportunities if the board agrees they should be pursued. However, once the decision is made to proceed with developing an opportunity, councils need to commit to supporting the decision to do so. Once business cases have established that an opportunity makes sense, councils will be able to choose whether to receive the service on offer.

These ideas will challenge the way things are currently done and therefore be disruptive – this is necessary if we are to meet the expectations of our shareholders and have the impact we are looking for. Similarly, while a council will always have the ability to 'opt out' of an offering, if we are going to make a difference, it is critical that this be by exception and that councils are willing to commit to change where the business case says it is the right thing to do.

Councils need to be bold and willing to commit to change

Resourcing

While WLASS now has a small core team that allows it to develop opportunities, change at pace, which is what our shareholders are seeking, requires council resource. **This is the company's single biggest challenge.**

The company has considered how projects could be resourced.

The company could progress opportunities using its existing capability. That will still necessitate support from councils to provide information and act as a sounding board for WLASS to ensure opportunities are meeting a need. This approach is largely status quo.

Greater support from councils can be provided through making staff available (either as part of a project team or on a seconded basis to lead projects), or funding, to allow the company to procure external services. The extent of that support will determine the speed at which opportunities can be developed and the number of opportunities under consideration at any point.

In February the Board considered the resourcing options for each of the initial priority projects. From that meeting the decision has been made to develop opportunities as fast as possible. We will therefore be seeking council resource (as noted above), to allow us to consider opportunities quickly and either discount or implement them. A pipeline of ideas is already established to allow us to progress further opportunities as soon as we are able.

Our commitment to each other

WLASS can make a real difference to councils and their communities. We are committed to delivering against our performance measures and in doing so, having a positive impact on council operations. We will regularly update councils on their investment into the company (either as member charges or fees for services), and the value they are receiving from that investment.

Shareholders have committed to the transformation of WLASS and an increased investment to bring about change at pace. However, for WLASS to succeed councils must also commit to:

Change at pace can only happen with council support

- Making staff available for projects and ensuring that information is provided, and decisions made, in a timely manner; and
- Accepting the challenge of changing the way things are done where there is a sound case for doing so.

If councils do this, WLASS will be successful in maximising the value it can bring to shareholding councils.

Activities for which the Board seeks compensation

The **overall** funding via member charges that is being sought, and the comparable amount set out in the prior SOI is:

Member charges for 2021 financial year (FY21)	Note	FY21 projection (per prior year's SOI) \$000	FY21 Budget (per current SOI) \$000	Variance ¹ : increase / (decrease) \$000
Core operating costs	1	510	550	40
Working parties Projects	2	696	874	178
LiDAR	3	475	767	292
RATA business unit	4	697	855	158
Waikato Regional Transport Model	5	309	377	68
RATA – water collaboration	6	0	440	440
Other	7	1,409	1,278	(131)
Total		4,096	5,141	1,045

Notes:

- 1) **Core operating costs:** The increase in the overall shareholder contribution principally relates to an increase in governance costs and increasing the Executive Assistant/Company Administrator role from part- to full-time.
- 2) **Working parties | Projects:** This reflects the following:
 - the appointment of a part-time Contract Administrator which is needed to effectively manage the Professional Services Panel (and other) contracts WLASS has entered on behalf of councils. Previously, PSP contracts had been managed by one of the councils on behalf of all participating councils. However, this proved ineffectual and councils are asking that the function be performed by WLASS under the new panel arrangement [\$48k];
 - working party funding [\$50k]: WLASS has reviewed how it allocates costs related to the administration of its various workstreams to ensure that those costs fall where they should. As a result, it is now charging a small (\$5k) fee for the facilitation and administration of each of the working parties (note this doesn't increase the overall cost to councils – it correspondingly

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reduces the member charges for core operating costs noted above). In addition, to improve the efficiency of these working parties a \$5k collaboration fund has been included for each group to allow it to undertake a small amount of spend, if and when necessary, to advance initiatives throughout the year, without the need to revert to shareholding councils;

- opportunity development pool [\$100k]: As noted above, the Board has approved the development of five priority opportunities. WLASS is asking for funding to support the development of these opportunities. While it is not possible to accurately assess at this time how much it will cost to develop these opportunities, the pool will assist in allowing the company to provide value by being agile and making change at the pace councils are seeking. As assessment of cost for an opportunity will be made at the end of the discovery phase (which is undertaken by WLASS staff). Councils will be consulted prior to the Board approving (or otherwise) progressing the opportunity beyond this stage and the pool will not be accessed unless the Board approves the opportunity;
- 3) **LiDAR:** The overall cost of the project is less than the budget approved by councils in 2019. However, having now gone to market, project delivery is occurring over a shorter period of time that anticipated. This means that costs anticipated for the 2022 financial year are now expected to be incurred in 2020-2021;
- 4) **RATA business unit:** This reflects an additional role to manage the overall business unit with the expansion into waters. This was approved as part of the waters collaboration business case;
- 5) **Waikato Regional Transport Model:** This reflects the latest estimate of the cost to update the model and associated peer review;
- 6) **RATA – water collaboration:** In the second half of 2019 councils approved the expansion of the RATA business unit into waters. This is the first SOI to reflect that service offering;
- 7) **Reductions in member contributions:** The company has made the decision to utilise funds on hand in some areas and therefore has reduced member charges for the coming year. Those areas, and the reduction in member charges are:

Workstream	Reduction in member charges \$000
Procurement	20
Waikato Data Portal	54
Energy & Carbon Management Programme	55
SVDS	55
Total	184

Governance arrangements

WLASS conducts itself in accordance with its constitution, its annual Statement of Intent as agreed with shareholders, the provisions of the Local Government Act 2002 and WLASS policies.

In conjunction with council consultation on the 2019 SOI, WLASS sought a shareholder resolution to change the constitution of the company relating to the board's composition. As a result, effective 1 July 2019, the board changed to five council representative directors and an independent chair.

From 1 September 2019, Peter Stubbs was appointed as independent Chair of the Board.

The current Directors of WLASS are:


Director	Representing
Peter Stubbs	Independent Chair
David Bryant	Hamilton City Council
Gareth Green	Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Vaughan Payne	Waikato Regional Council
Rob Williams	Hauraki, Matamata-Piako and Thames-Coromandel District

Under the amended constitution Gareth Green must resign his position on 30 June 2020, but may be reappointed by the councils he represents for a further 3-year term.

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

Financials

Statement of Financial Performance

Waikato Local Authority Shared Services Company Summary for the forecast financial years ended 30 June 2021-2023				
				
	2019 SOI	2020 SOI		
	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income				
Company Administration	576,730	1,074,310	1,090,680	1,118,050
Working parties projects	379,500	873,850	354,385	384,257
RITS	n/a	31,616	32,321	33,041
Information Technology	553,483	767,000	82,691	84,510
Energy Management	119,175	70,000	70,000	129,222
Shared Valuation Data Service (SVDS)	736,566	379,761	388,115	452,357
Road Asset Technical Accord (RATA)	1,815,766	1,300,557	1,330,613	1,360,016
Waikato Regional Transport Model (WRTM)	218,760	389,456	349,823	357,519
Waikato Building Consent Group	275,942	312,566	319,475	326,538
Future Proof	609,991	602,500	602,688	513,770
Waikato Plan	382,000	260,000	265,720	271,566
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	0	440,000	540,000	540,000
Total Income	5,672,913	6,506,616	5,431,512	5,575,846
Operating Expenditure				
Company Administration	573,858	1,068,887	1,089,152	1,116,380
Working parties projects	379,500	893,850	374,885	384,257
RITS	n/a	31,616	32,321	33,041
Information Technology	553,483	817,695	82,696	84,543
Energy Management	119,175	124,900	124,900	129,222
Shared Valuation Data Service (SVDS)	1,060,456	384,993	393,550	402,357
Road Asset Technical Accord (RATA)	1,815,766	1,300,557	1,330,613	1,360,016
Waikato Regional Transport Model (WRTM)	218,762	389,456	349,823	357,519
Waikato Building Consent Group	275,942	312,566	319,475	326,538
Future Proof	609,991	602,500	602,688	513,770
Waikato Plan	382,000	267,500	273,408	279,446
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	0	440,000	540,000	540,000
Total operating expenditure	5,993,933	6,639,520	5,518,511	5,532,089
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	(321,020)	(132,904)	(86,999)	43,757
Depreciation / amortisation				
Company admin	3,712	1,864	1,071	-
WRTM	0	14,583	14,583	14,583
Total Depreciation / amortisation	3,712	16,447	15,655	14,583
Net Surplus (Deficit) before tax	(324,732)	(149,352)	(102,653)	29,173

Key risk

The single biggest risk to achieving the forecasted financial results is WLASS's continuing ability to sell valuation data (forecast to generate ~\$380k of revenue in the coming year). The central government's drive toward open data may see the development of a nation-wide sales portal. It will be critical that any change in this area does not see WLASS/the councils lose ownership of the sales data and with it, the ability to sell that data. WLASS are engaging with Land Information New Zealand on this issue.

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Statement of Financial Position

Waikato Local Authority Shared Services Financial Position for the forecast financial years ended 30 June 2021-2023				
	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
CAPITAL				
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000
Retained Earnings	(2,542,062)	(2,021,997)	(2,171,348)	(2,274,001)
Plus Current Year Operating Surplus/(Deficit)	(324,730)	(149,352)	(102,653)	29,173
TOTAL CAPITAL FUNDS	90,209	785,653	683,000	712,173
ASSETS				
CURRENT ASSETS				
Prepayments	153,145	263,342	269,739	276,291
Accounts Receivable	397,104	260,265	217,260	223,034
RWT On Interest	0	0	0	0
Local Authority Shared Services 00	0	0	0	0
Bank	96,216	729,388	624,879	658,450
GST Receivable / (Payable)	4,013	45,941	42,715	42,467
TOTAL CURRENT ASSETS	650,477	1,298,936	1,154,592	1,200,241
NON-CURRENT ASSETS				
SVDS - Intangible Asset	3,085,700	3,065,316	3,065,316	3,065,316
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	1,195	1,195
Accumulated Depreciation	(5,383,750)	(5,334,200)	(5,348,783)	(5,363,366)
IT Equipment	6,307	5,592	5,592	5,592
Accumulated Depreciation - IT equipment	(5,568)	(4,521)	(5,592)	(5,592)
TOTAL NON-CURRENT ASSETS	739	30,237	14,583	(0)
TOTAL ASSETS	651,216	1,329,173	1,169,175	1,200,241
LESS CURRENT LIABILITIES				
Accounts Payable	535,097	462,148	402,769	402,576
Accounts Payable Accrual	25,910	27,500	28,188	28,892
Employee Benefits	0	53,872	55,219	56,599
TOTAL CURRENT LIABILITIES	561,007	543,520	486,176	488,067
NET ASSETS	90,209	785,653	683,000	712,173

Statement of Cashflows

Waikato Local Authority Shared Services Statement of Cashflows for the forecast financial years ended 30 June 2021-2023				
	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Cashflows from Operating Activities				
Interest Received	14,308	2,000	2,050	2,101
Receipts from Other Revenue	6,559,977	6,792,327	5,472,466	5,567,971
Payments to Suppliers	(6,800,489)	(6,675,190)	(5,582,252)	(5,536,749)
Taxes Paid	0	0	0	0
Goods & Services tax (net)	56,103	20,481	3,226	248
Net cash from operating activities	(170,102)	139,618	(104,509)	33,571
Cashflows from Investing Activities				
Capital enhancements	0	0	0	0
Purchase of PPE	0	0	0	0
Purchase of investments	0	0	0	0
Net cash from investing activities	0	0	0	0
Net increase in cash, cash equivalents and bank accounts	(170,102)	139,618	(104,509)	33,571
Opening cash and cash equivalents and bank overdrafts	266,317	589,770	729,388	624,879
Closing cash, cash equivalents and bank accounts	96,215	729,388	624,879	658,450

Appendix I: What we do - current activities

The principal initiatives operating under the WLASS umbrella are:

- Shared Valuation Data Service
- Regional Asset Technical Accord
- Waikato Regional Transportation Model
- Waikato Building Consent Group
- Future Proof
- Historic aerial photos
- Waikato Regional Aerial Photography Service
- Regional Infrastructure Technical Specifications
- Energy management
- Contractor health & safety pre-qualification
- Aligned resource consent planning
- Joint procurement initiatives

Shared Valuation Data Service (SVDS)

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating councils. Councils are currently transitioning to a new software-as-a-service arrangement with a new provider which will further reduce cost.

Regional Asset Technical Accord (RATA)

RATA was initially established as a centre of excellence for road asset planning in 2014 as a work stream under the Waikato Mayoral Forum. The activity transferred to WLASS on 1 July 2016.

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

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

Waikato Regional Transportation Model (WRTM)

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

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

Waikato Building Consent Group (WBCG)

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

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

Future proof

Future Proof is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the NZTA. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region, which was adopted by the partners in June 2009.

The accommodation, overhead and employment arrangements of the Future Proof Administrator are managed by Hamilton City Council. The activity is fully funded by the participating councils and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.

Regional Infrastructure Technical Specifications (RITS)

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

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

Energy management

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

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and participating councils.

Contractor health & safety pre-qualification scheme

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

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

Historic aerial photos

In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. Scanning is now complete.

Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been five WRAPS contracts, the most recent in 2016.

Aligned resource consent planning

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

Joint procurement initiatives

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

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

Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

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

The primary objectives of the Company are to:

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

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

Summary of significant accounting policies

Basis of preparation

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

Statement of Compliance

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

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

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

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

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

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Intangible assets

Useful lives and residual values

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

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

Impairment of intangible assets

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

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

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

Change of accounting estimate

Revision of useful lives of intangible assets

At year end the estimated total useful lives to Waikato LASS of the SVDS and WRTM intangible assets were revised. The net effect of the changes in the current financial year was decrease in amortisation expense of \$97,071.

Revised estimated useful lives are: SVDS – March 2020, WRTM – June 2023. The effect of amortisation for future years are as follows:

Year ending 30 June	\$
2020	53,321
2021	14,583
2022	14,583
2023	14,583

Revenue

Revenue

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

Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Operating expenses

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

Personnel costs

Defined contribution schemes

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

Receivables

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

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

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

Cash and cash equivalents

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

Income tax

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

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the

carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

Intangible assets Other financial assets

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

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

Payables and deferred revenue

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

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

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

Employee benefits liabilities

Short-term employee entitlements

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

These includes salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

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

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

Presentation of employee entitlements

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

Reconciliation of equity

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

Contributed equity

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

Retained earnings

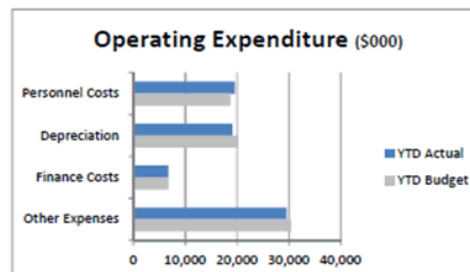
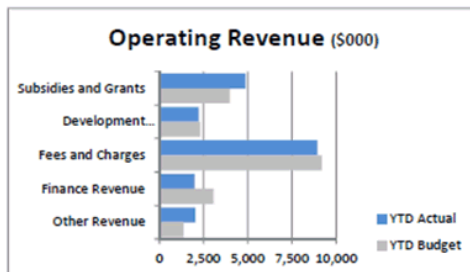
Retained earnings is the company's accumulated surplus or deficit since formation.





Statement of Comprehensive Revenue and Expense
For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	58,481	58,120	361	1%	69,801	70,173	372	1%
Subsidies and Grants	4,868	3,977	899	22%	5,033	5,578	544	11%
Development Contributions	2,221	2,286	(65)	-3%	2,743	2,743	0	0%
Fees and Charges	8,928	9,173	(245)	-3%	10,913	10,500	(414)	-4%
Finance Revenue	1,992	3,062	(1,070)	-35%	4,317	2,300	(2,017)	-47%
Other Revenue	2,022	1,346	677	50%	8,003	8,003	0	0%
Total Revenue	78,510	77,964	547	1%	100,811	99,297	(1,514)	-2%
Operating Expenditure								
Personnel Costs	19,570	18,697	(872)	-5%	22,303	23,500	(1,196)	-5%
Depreciation	19,094	20,202	1,108	5%	24,242	22,721	1,522	6%
Finance Costs	6,743	6,732	(11)	0%	8,078	8,014	64	1%
Other Expenses	29,593	30,436	842	3%	36,253	35,261	992	3%
Total Operating Expenditure	75,000	76,067	1,067	1%	90,877	89,486	1,381	2%
Net Surplus/Deficit	3,510	1,896	1,614		9,934	9,801	(133)	
Group of Activities								
Water	444	526	(83)		1,326	1,848	522	
Community Services	(15)	(71)	57		(0)	(140)	(140)	
Transport	(941)	(672)	(269)		2,125	1,218	(906)	
Community Facilities	871	168	703		972	1,910	938	
Solid Waste	416	(0)	416		0	117	117	
Stormwater	100	0	100		902	949	47	
Wastewater	1,289	861	427		1,678	1,918	239	
Economic Development	(803)	(0)	(803)		(0)	(92)	(92)	
Democracy and Planning	75	(413)	488		(495)	(134)	362	
Investments	2,075	1,497	577		3,426	2,206	(1,220)	
Net Surplus/Deficit	3,510	1,896	1,613		9,934	9,801	-133	



Explanation of variances to budget

The Budget comparison for this report is based on the Approved Annual Plan plus any Council approved budgets subsequent to 30 June 2019.

2019/20 LTP budgeted surplus 9,964
Leaky home litigation TDC201907/C03 (30)
Adjusted budgeted surplus 9,934

• Year-to-date surplus is \$1,614k ahead of the planned surplus.

• Subsidies and grants are ahead of plan due to unbudgeted subsidies of 1,155k.

• The unfavourable variance of \$245k in fees and charges is mainly a result of reduced activity in April as a result of the COVID-19 Lockdown.

• Finance revenue \$1,070k below budget as a result of unrealised losses on TEL fund investments. The COVID-19 situation is significantly impacting our investment returns.

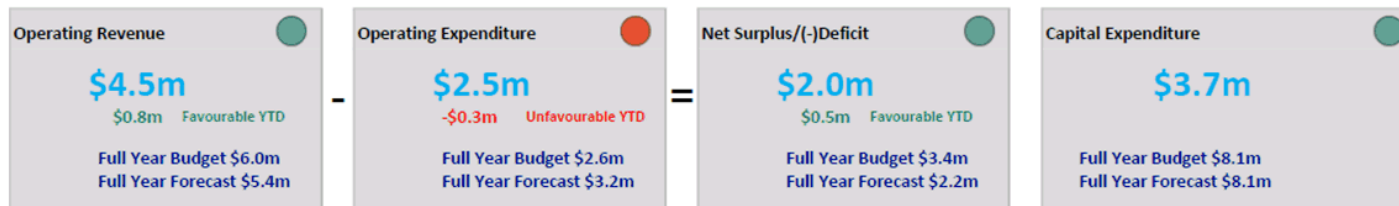
• The favourable variance in other revenue is mainly due to the sale of property.

• The negative variance in personnel costs is mainly a due to us not capitalising staff costs as expected, leave not being taken due to the COVID-19 lockdown and, building and resource consent costs due to higher activity earlier in the year.

• The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019 being lower than forecast.

• Other expenses are lower budget as a result of lower expenditure during the COVID-19 lockdown.

Investments

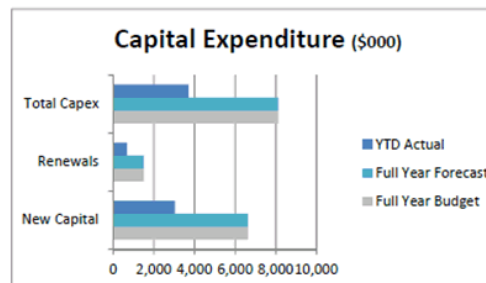
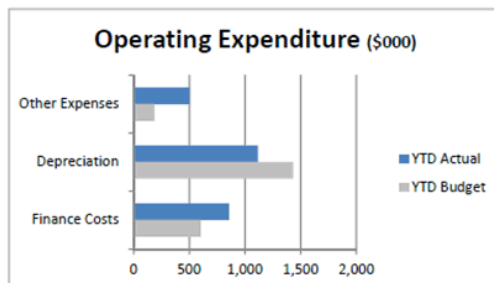


Cost of Service Statement For the period ending 30 April 2020

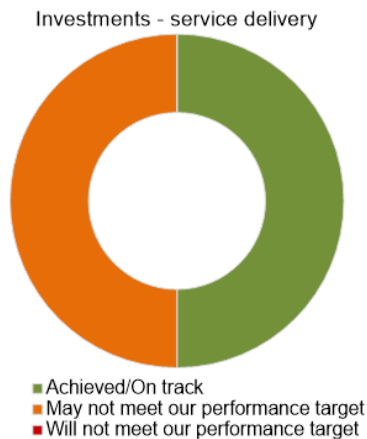
\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	113	(283)	396	-140%	(356)	16	372	-104%
Subsidies and Grants	1,023	0	1,023	0%	0	1,023	1,023	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	759	765	(6)	-1%	918	918	0	0%
Finance Revenue	1,992	3,062	(1,070)	-35%	4,317	2,300	(2,017)	-47%
Other Revenue	658	169	489	290%	1,124	1,124	0	0%
Total Revenue	4,545	3,713	832	22%	6,002	5,381	(622)	-10%
Operating Expenditure								
Other Expenses	502	184	(318)	-173%	138	836	(698)	-506%
Depreciation	1,115	1,429	314	22%	1,715	1,330	385	22%
Finance Costs	853	603	(251)	-42%	723	1,009	(285)	-39%
Total Operating Expenditure	2,470	2,216	(254)	-11%	2,577	3,175	(598)	-23%
Net Surplus/Deficit	2,075	1,497	578		3,426	2,206	(1,220)	

Explanation of variances to budget

- The positive variance in rates is a result of higher number rateable properties than forecast.
- Subsidies and grants positive variance is a result of receiving a grant to build a new airport terminal.
- Finance revenue has been significantly impacted by the COVID-19 situation.
- Other expenses are above budget as a result of the Waiora house demolition (\$373k).
- The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019.
- Finance Costs are above budget because loan repayments that were forecast to occur last year did not occur.



Investments



Status	Performance Measure	Performance
●	<p>The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the average 90 day bill rate.</p> <p><i>The average 90 day bill rate calculation for the purposes of this target is 50% of the average of daily BKBM 90 day rate for the current reporting month, plus 50% of the average of daily BKBM 90day rate for the month three months prior to reporting month.</i></p>	<p>Highlights</p> <ul style="list-style-type: none"> Indexed TEL Fund to be maintained = \$60.8m Actual TEL Balance as at 29/2/20 = \$60.8m. <p><i>The value of the fund has been maintained.</i></p> <p>Current issues</p> <ul style="list-style-type: none"> The target was NOT met as at 31 March 2020 due to a \$1.3m reduction in the market value of the equity portfolio in the month of March with market uncertainty around the effects of COVID-19. However, the market has recovered part of the March month losses with an improvement of \$0.8m in the month of April 2020, bringing the value of the TEL fund back to equal the target at April 2020 YTD.
●	<p>The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the average 90 day bill rate.</p> <p><i>The average 90 day bill rate calculation for the purposes of this target is 50% of the average of daily BKBM 90 day rate for the current reporting month, plus 50% of the average of daily BKBM 90day rate for the month three months prior to reporting month.</i></p>	<p>Highlights</p> <ul style="list-style-type: none"> The average 90 day bill rate calculation for the months of January 2020 and April 2020 = 0.83% Target return is 0.83% + 1% = 1.83% Actual Investment Yield TEL at April 2020 YTD total return basis is 0.8% <p><i>The target yield on TEL fund is NOT met on an YTD basis.</i></p> <p>Current issues</p> <ul style="list-style-type: none"> The Unrealised loss on Equities has reduced the yield on a total return basis.

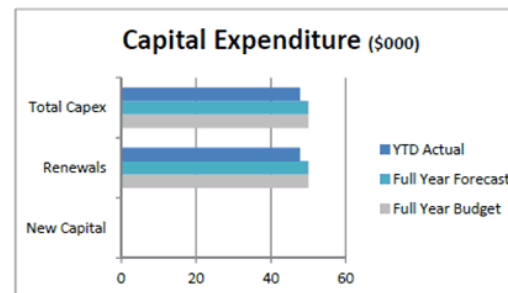
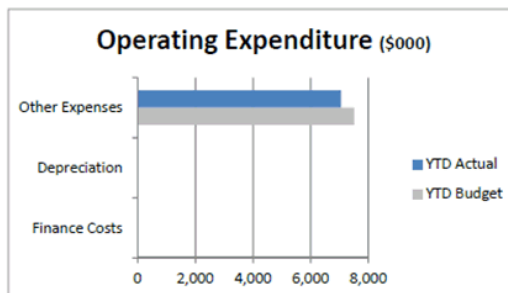
Democracy and Planning

Operating Revenue \$7.1m \$0.0m Favourable YTD Full Year Budget \$8.5m Full Year Forecast \$8.5m	-	Operating Expenditure \$7.1m \$0.5m Favourable YTD Full Year Budget \$9.0m Full Year Forecast \$8.7m	=	Net Surplus/(-)Deficit \$0.0m \$0.5m Favourable YTD Full Year Budget -\$0.5m Full Year Forecast -\$0.1m	Capital Expenditure \$0.0m Full Year Budget \$0.1m Full Year Forecast \$0.1m
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Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	7,038	7,038	0	0%	8,446	8,446	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	93	77	16	21%	93	93	1	1%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	0	0	0	0%	0	0	0	0%
Total Revenue	7,132	7,115	16	0%	8,539	8,539	1	0%
Operating Expenditure								
Other Expenses	7,053	7,516	464	6%	9,020	8,658	362	4%
Depreciation	3	11	8	71%	14	14	(1)	-5%
Finance Costs	0	0	0	0%	0	0	0	0%
Total Operating Expenditure	7,056	7,528	472	6%	9,033	8,672	362	4%
Net Surplus/Deficit	75	(412)	488		(495)	(133)	362	

Explanation of variances to budget



Democracy and Planning

Democracy and Planning - service delivery



■ Achieved/On track
■ May not meet our performance target
■ Will not meet our performance target

All the Democracy and Planning service delivery measures are currently on track.



Achieved







On track









May not meet our target

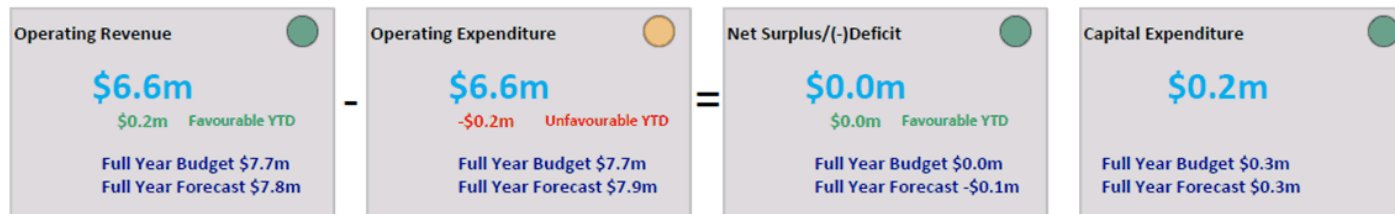


Will not meet our target

Project	Status	Comments or risks
Complete the Turangi Reserve Management Plan		This project has been put on hold while Council and Ngāti Turangitukua establish protocols for a wider ranging relationship and sharing of governance.
Review of the District Plan		Work is underway on a number of sections and Council will be kept updated through monthly workshops.
Prepare the Annual Plan 2020/21		Workshops held on 19 and 21 May to present budget information which has been updated a result of Covid-19 and its impacts.
Prepare the Transport Strategy		Drafting of the strategy is almost complete and tested with Council through a workshop in May.

Project	Status	Comments or risks
Advocate on the Healthy Rivers Plan Change		Waikato Regional Council notified their decision on 22 April 2020. Staff are currently assessing the impacts of the decision, and what our approach should be under the appeals process.
Development of the Taupō Catchment Document with Ngāti Tūwharetoa and the Waikato Regional Council, following on from the Tūwharetoa settlement process		The third meeting of Te Kōpu a Kānapanapa (co-governance committee) was postponed due to Covid-19 lockdown but will be rescheduled shortly. The working group has been meeting regularly to start the development of the Kaupapa Kaitiaki (Taupō Catchment Plan).
Review the Financial and Infrastructure Strategies		A review of the Financial and Infrastructure Strategies adopted with the Long-term Plan 2018-28 is being undertaken, with a focus on the strategic direction both documents provide. Updated drafts of both documents (which will be adopted with the Long-term Plan 2021-31 in June 2021) will be presented to Council in a workshop later in 2020.
Review the Grants and Partnerships Policy		Undertaking a review of the Grants and Partnerships Policy 2015 and how the implementation of that policy has occurred, including incorporating feedback from the PricewaterhouseCoopers compliance audit which was presented to the Risk & Assurance Committee in March 2020.
Prepare the Long-term Plan 2021-31		A workshop on the Long-term Plan 2021-31 will be held with Council once the Annual Plan 2020/21 is adopted. Further workshops will be held later in 2020. The Long-term Plan 2021-31 will be adopted in June 2021.
Review the Development Contributions Policy		Undertaking initial project planning. The review will be timed to align with the Long-term Plan 2021-31 consultation, which will take place in March-April 2021.

Community Services

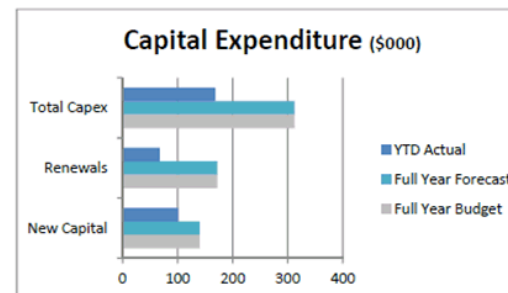
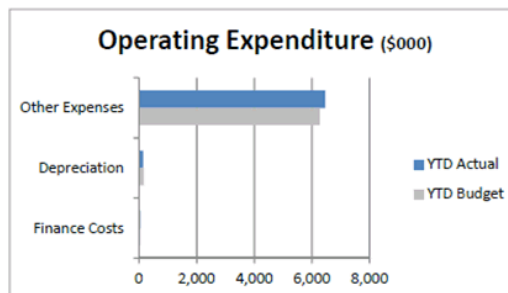


Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	3,763	3,757	6	0%	4,509	4,509	0	0%
Subsidies and Grants	21	0	21	0%	0	21	21	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	2,436	2,275	160	7%	2,731	2,818	87	3%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	411	357	55	15%	428	428	0	0%
Total Revenue	6,632	6,389	243	4%	7,667	7,776	108	1%
Operating Expenditure								
Other Expenses	6,463	6,263	(201)	-3%	7,430	7,679	(249)	-3%
Depreciation	144	159	15	9%	191	190	1	1%
Finance Costs	39	39	(0)	-1%	46	46	(0)	0%
Total Operating Expenditure	6,647	6,461	(186)	-3%	7,667	7,916	(248)	-3%
Net Surplus/Deficit	(15)	(71)	57		(0)	(140)	(140)	

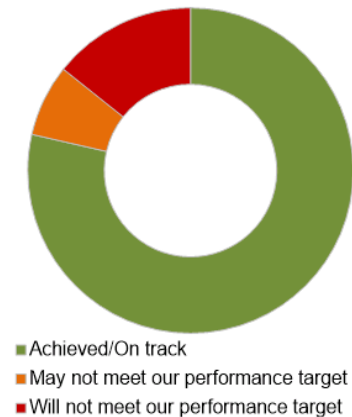
Explanation of variances to budget


- Fees and charges are ahead of budget as a result of increased building consent activity.
- Other expenses are higher than budget as a result of increased building consent activity.





Community Services

Community Services - service delivery



Status	Performance Measure	Performance
	<p>Percentage of distributing agencies that report annually to Council on the distribution of grants and costs of service for the distribution.</p> <p>(100 per cent per year)</p>	<p>Highlights</p> <ul style="list-style-type: none"> MP Community Grants administered by MPRG. Applications closed 21 February 2020. Applications were considered using distance technology due to Lockdown Level 4. There were 4 applications requesting \$11,094.00 from the \$12,500.00 available. The 4 applicants were granted a total sum of \$8,384.00. Community Sports Grants saw a total of 41 applications 28 granted; 16 clubs and 12 individuals totalling \$25,030.00. There is a total of \$15,000.00 left over. Community Sports Grants - an extra adhoc round open in March closing early April. This round saw 14 applications 6 from individuals and 8 from clubs requesting a total of \$88,444.00 (one application was for \$55,000.00) All applications were submitted online which is a first for SAC. Social Services Grants are administered by Waiora Community Trust. Applications closed at the end of March with 21 applications received. They requested \$93,822.00 with only \$50,679.00 available to distribute. Trustees are still to consider the applications, experiencing difficulty with quorum through the COVID 19 lockdown. Council is assisting with administration at present. <p>Current issues</p> <p>Due to Covid-19 distributors have struggled to adapt their decision-making processes.</p> <p>Waiora Community Trust administers the Social Services Grant and were unable to achieve quorum. Three members considered the applications but could not make any decisions.</p> <p>Taupo Sports Advisory Council administer the Sports Grant and have advertised an extra adhoc funding round recently. They have received applications but</p>

		since cancelled the round. A request has also been received to carry over all funds to the next financial year. Their third and final year as distributor. Staff are working through this with TSAC.
	<p>Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1).</p> <p>(100 per cent per year)</p>	<p>Highlights</p> <ul style="list-style-type: none"> • 100% of consents processed on time over March and April <ul style="list-style-type: none"> ◦ March 2020 132 consents granted with an average timeframe of 8 days and total value of \$20,188,699 ◦ April 2020 61 consents granted with an average timeframe of 11 days and a total value of \$14,086,439 <p>Total inspections of 499 for March and 82 for April</p> <p>Current issues</p> <ul style="list-style-type: none"> • Covid19 put a stop to all building inspections under Level 4 which has reduced our overall numbers of inspections and required additional H&S measures onsite. But since Level 3 we have been operating effectively and catching up on those inspections that were booked prior to lockdown but cancelled.
	<p>Dog control – percentage of initial response within 24 hours for dog control complaints.</p> <p>(100 per cent per year / year)</p>	<p>Highlights</p> <ul style="list-style-type: none"> • 50 requests for dog control service received during April. 98% of requests responded to within the required timeframe. <p>Current issues</p> <ul style="list-style-type: none"> • A single request for service exceeded the response time due only to a technical issue with the way the Council's after-hours service recorded the initial request.



Achieved



On track



May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Development of community led centres to assist with the provision of welfare in a civil defence emergency.		No capital budget.		CLCs at present Omori/ Kuratau Hall, Wairakei Blue light lodge, Rangataiki Hall, St Pauls Union church, Now working to implement at Motuoapa, River road as well as working with marae. Summerset Retirement village CRP 95% done. Ongoing.

Community Facilities

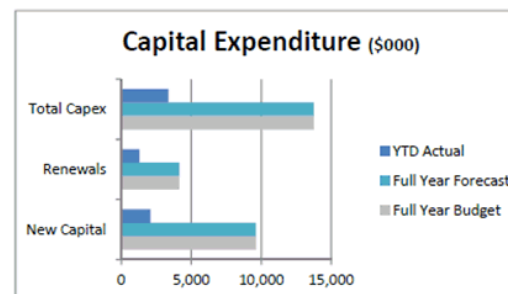
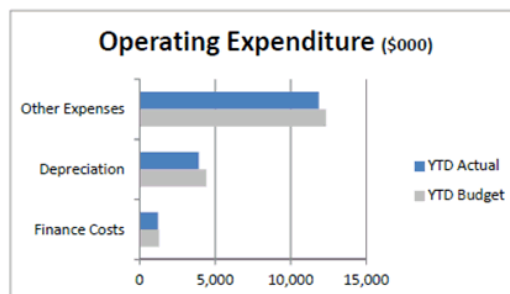
Operating Revenue \$17.9m -\$0.3m Unfavourable YTD Full Year Budget \$22.6m Full Year Forecast \$22.3m	-	Operating Expenditure \$17.0m \$1.0m Favourable YTD Full Year Budget \$21.6m Full Year Forecast \$20.3m	=	Net Surplus/(-)Deficit \$0.9m \$0.7m Favourable YTD Full Year Budget \$1.0m Full Year Forecast \$1.9m	Capital Expenditure \$3.4m Full Year Budget \$13.8m Full Year Forecast \$13.8m
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Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	15,129	15,129	0	0%	18,155	18,155	0	0%
Subsidies and Grants	199	43	156	363%	152	307	155	103%
Development Contributions	100	262	(161)	-62%	314	314	0	0%
Fees and Charges	2,273	2,672	(399)	-15%	3,207	2,706	(501)	-16%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	169	89	80	89%	778	778	0	0%
Total Revenue	17,870	18,195	(324)	-2%	22,605	22,260	(345)	-2%
Operating Expenditure								
Other Expenses	11,873	12,334	462	4%	14,802	14,370	432	3%
Depreciation	3,910	4,415	505	11%	5,297	4,526	772	15%
Finance Costs	1,216	1,278	61	5%	1,533	1,454	79	5%
Total Operating Expenditure	16,999	18,027	1,028	6%	21,633	20,350	1,283	6%
Net Surplus/Deficit	871	168	703		972	1,910	938	

Explanation of variances to budget

- Subsidies and grants are ahead of budget due to grants received that were not budgeted.
- The development contributions variance is a timing difference.
- Fees and charges have been significantly impacted by the closure of community facilities during the COVID-19 lockdown.
- The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019.



Community Facilities

Community Facilities - service delivery



- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

All the Community Facilities service delivery measures are currently on track.



Achieved



On track










May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Great Lake Shared Path upgrade		\$2,604,359	\$1,140,498	<p>Camex progressing well on site they have poured app 1.3kms</p> <p>The project is on track for completion in Aug</p> <p>Path construction taking place at 2 Mile Bay and from Lake Terrace to Lowell Place ab dub front of the Millennium Hotel.</p> <p>Communication to the immediate neighbours and general public is under way.</p>
Erosion control		\$1,485,000	\$412,607	<p>GL Walkway erosion control works completed</p> <ul style="list-style-type: none"> - rock revetment between 2 Mile Bay and Rainbow Point (Stage 1) - Small rock revetment East of the Sea Scout Den <p>Currently working on</p> <ul style="list-style-type: none"> - "living wall" between Sea Scout Den and Lowell Place - Section opposite Tremaine Ave and in front of Millennium Hotel

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
				Kuratau offshore breakwaters - Assessment of Environmental Effects document and design drawings complete. Still on track.
Taupō CBD intersection upgrades				Contract has been cancelled.
District Sportsground and Recreation strategy		No capital budget.	n/a	Draft V4 complete. Due for review with SLT May 13 with elected member workshop tentatively scheduled for the following week. Not sure how this will progress after senior reserve planner leaves council.
Spa Park Reserve Management Plan review		No capital budget.	n/a	Preliminary review completed. Minor to medium issues with plan which likely requires a full review in the future. No reserves planning specialists employed by Council post May 22.
Motutere Recreation Reserve Management Plan		No capital budget.	n/a	Nothing further to update.
Te Kapua Park Playground Upgrade (Turangi playground renewals and upgrades)		\$465,000	\$3,810	No further work carried out. Difficulties with arranging contact and process for updating Tūrangitukua and TTCB as well as complications from MWaR
Upgrade to private pools at AC Baths		\$1,155,000	\$31,803	Demolition work is underway again, programme to be amended due to Covid-19 lockdown.
Upgraded reception area at Taupō Events Centre		\$264,000	\$34,285	Project to be carried out over May and June. This work has now commenced.
Destination playground		\$850,000	\$22,134	Selected preferred respondent (Bespoke Landscape Architects and Fluhler Contracting). Project now being overseen by Travis D. All work halted due to Covid-19 lockdown.

Water

Operating Revenue \$9.3m -\$0.4m Unfavourable YTD Full Year Budget \$12.4m Full Year Forecast \$12.4m	-	Operating Expenditure \$8.9m \$0.3m Favourable YTD Full Year Budget \$11.0m Full Year Forecast \$10.5m	=	Net Surplus/(-)Deficit \$0.4m -\$0.1m Unfavourable YTD Full Year Budget \$1.3m Full Year Forecast \$1.8m	Capital Expenditure \$9.3m Full Year Budget \$14.1m Full Year Forecast \$14.1m
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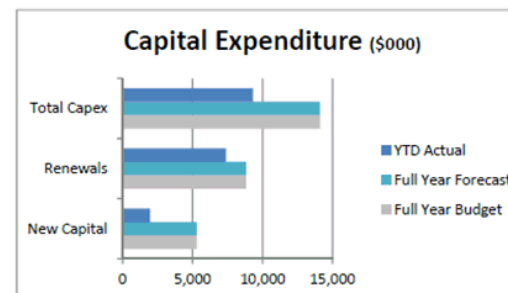
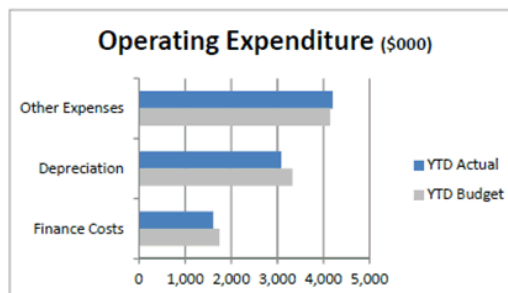
Cost of Service Statement

For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	8,935	9,035	(100)	-1%	10,916	10,916	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	321	611	(290)	-47%	733	733	0	0%
Fees and Charges	60	93	(33)	-35%	111	111	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	13	0	13	0%	592	592	0	0%
Total Revenue	9,329	9,739	(410)	-4%	12,352	12,352	0	0%
Operating Expenditure								
Other Expenses	4,197	4,140	(58)	-1%	4,939	4,939	(0)	0%
Depreciation	3,081	3,326	246	7%	3,991	3,678	313	8%
Finance Costs	1,608	1,747	139	8%	2,096	1,887	209	10%
Total Operating Expenditure	8,885	9,213	327	4%	11,027	10,505	522	5%
Net Surplus/Deficit	444	526	(83)		1,326	1,848	522	

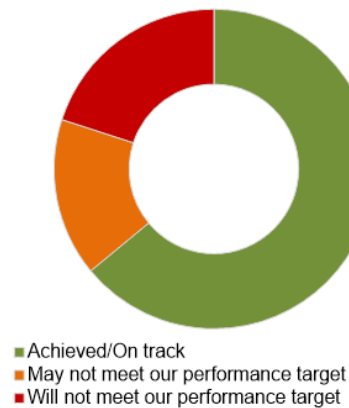
Explanation of variances to budget

- Development Contribution variance is a timing difference.
- The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019.











Water



Water - service delivery









Status	Performance Measure	Performance
●	<p>The number of complaints received by Council on</p> <p>(a) Drinking water clarity (b) Drinking water taste (c) Drinking water odour (d) Drinking water pressure or flow (e) Continuity of supply (f) Council response to these issues.</p> <p>This measure is expressed per 1000 connections to Council networked reticulation.</p> <p>(Less than 8 complaints per 1000 connections)</p>	<p>The number of call-outs received from 1st of July 2019 to 30th of April 2020 for the following:</p> <p>a) Drinking water quality = 1 (<i>water colour complaint</i>) $\frac{2}{20} = 0.1$</p> <p>b) Drinking water taste = 12 (<i>water taste complaint</i>) $\frac{12}{20} = 0.6$</p> <p>c) Drinking Water odour = 2 (<i>water taste complaint</i>) $\frac{2}{20} = 0.1$</p> <p>d) Drinking water pressure or flow = 50 (<i>high, low, or very low pressure complaint</i>) $\frac{72}{20} = 3.6$</p> <p>e) Continuity of supply = 99 (<i>no water complaint</i>) $\frac{124}{20} = 6.2$</p> <p>f) Council response to these issues = 0 $\frac{0}{20} = \text{not currently measured (review underway)}$</p> <p>Total complaints = $\frac{212}{20} = 10.6$ per 1000 connections after 10 months of the financial year.</p>
<p>The extent to which Council's drinking water supply complies with: Part 4, 5 and 8 of the Drinking-water Standards for New Zealand</p> <ul style="list-style-type: none"> All schemes compliant with Part 4 of the DWSNZ (Bacteria compliance criteria) Taupō, Turangi, and Mangakino schemes are capable of compliance with Part 5 of DWSNZ (Protozoal compliance criteria) Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are capable of compliance with Part 8 of the DWSNZ (chemical compliance criteria) <p>All non-compliances are responded to and rectified where possible. For DWSNZ compliance all failures result in non-compliance for the entire 2018/19 year.</p>		
●	Bonshaw Park	Bacterial Compliance: Failed – Turbidity and FAC issues in Nov 19. Will be resolved with recent control systems modifications.
●	Centennial	Bacterial Compliance: Failed – Turbidity spikes above DWSNZ levels once every 2 months. Will be resolved with automatic plant shutdown project planned for completion this year.
●	Kinloch	Bacterial Compliance: Failed – Positive E.coli in Dec 19. Will be resolved with DWSNZ upgrade project.

	Mangakino	Compliance TBC – UV compliance reporting will be in place for May report.
	Motutere	Bacterial Compliance: Failed due to turbidity spike during underwater landslide
	River Road	Bacterial Compliance: Failed due to turbidity spike during underwater landslide
	Taupo	Failed: Data loss event for 1 week during September/October 2019. Will be resolved following capacity upgrade which includes control improvements to prevent reoccurrence.
	Turangi	Compliance TBC – UV compliance reporting will be in place for May report.
<p>The percentage of real water loss from the Council's networks reticulation system</p> <p>¹Lambert, A., and Taylor, R., Water New Zealand, "Water Loss Guidelines", February 2010, www.waternz.org.nz/Folder?Action=View&percent20FileandFolder_id=101andFile=100503_waterloss_guidelines.pdf</p> <p>Water balances were completed in December 2019. Performance against the recently adopted targets within the TDC Water Supply Strategy are shown below.</p> <ul style="list-style-type: none"> • Urban Schemes – Target Current Annual Real Loss = 160 l/connection/day • Rural Schemes – Target Current Annual Real Loss = 160 m3/km watermain/day 		
	Taupo	Current Annual Real Loss = 206 l/connection/day
	Turangi	Current Annual Real Loss = 677 l/connection/day
	Average of rural networks	Current Annual Real Loss = 6.5 m3/km watermain/day

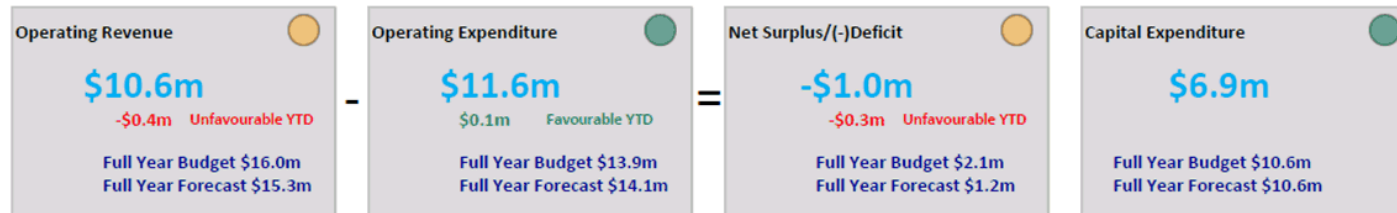
 Achieved
  On track
  May not meet target
  Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Upgrade the capacity of the Taupō Water Treatment Plant to 30 MLD.		\$1,750,000	\$1,593,341	<p>The Taupo Water Consortium were awarded this project up to a maximum value of \$1.685M at the October Council meeting. The recommended option was accepted by Council, to complete all physical works for the Stage 1 and 2 (20 – 35MLD) upgrades while only procuring enough membranes for stage 1 (20 – 25MLD).</p> <p>The upgrade has been constructed and commissioned and the contractor has been awarded practical completion. There are a number of minor snags and plant improvements being completed before the project is closed out.</p> <p>The project is forecast to be delivered within the LTP budget of \$1.75M. The status is red due to delays against the original construction programme.</p>
Upgrade the Acacia Bay Water Supply to comply with the DWSNZ.		\$2,321,571	\$365,446	<p>We are currently in year 2 of this 3-year project. In year 1 we completed an update of the hydraulic model for the Taupo and Acacia Bay schemes to allow full design for the extension to be completed.</p> <p>In year 2, the model has been used to complete conceptual designs for the upgrade and a resilience study for water supply North of the Waikato River. Consultants are now working on the detail designs for the project, including pump station, pipeline and network upgrades.</p> <p>Tendering of the project is planned for July 2020 with construction beginning later in 2020.</p>

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Omori water pre-treatment to address poor water quality in storm conditions.		\$300,000	\$42,083	<p>A hydro-cyclone trial was undertaken but was not successful in improving water quality. Alternative pre-treatment process steps have been reviewed and are not recommended as the DWSNZ upgrade project in 2021/23 will render such processes redundant.</p> <p>A dive company was utilised in December 2019 to confirm the intake pipeline design and to investigate if an extension of the intake pipeline is worth consideration. The findings were positive and initial consultation has occurred with TMTB.</p> <p>Execution of the intake pipeline designs is now delayed due to COVID-19 with the dive team stuck in Nigeria. Forecast timeline and spend is uncertain.</p>
Tirohanga water intake structure improvements		\$75,000	\$12,323	<p>Concept designs have been completed recommending construction of a dividing wall in the spring with a penstock and walkway. Further investigations have confirmed modifications to the existing infrastructure will be possible to limit construction activities in the spring.</p> <p>Constructability issues are being worked through by the project manager before firming up the detail design. The dam is planned to be drained to allow site survey for the dividing wall at the next maintenance period. WSP have been engaged to advise on consenting requirements of the improvements and are prepared to develop this further as the design is finalised.</p> <p>The project did not meet initial timing for delivery in year 1 of the LTP and therefore project status is red.</p>
Bonshaw Park water bore		\$179,135	\$163,289	<p>A new bore has been constructed and commissioned. The new bore is planned to undergo final testing through online instruments before it is put into service. Once in service this project will be closed, however it is noted that the quality of water from the Bonshaw Park bores does not meet the DWSNZ requirements and therefore bore water is not considered a long-term solution for the community.</p> <p>This project did not meet the target timing and therefore the project status is red.</p>

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Upgrade the Kinloch Water Supply to comply with the DWSNZ.		\$491,826	\$181,405	<p>We are currently in year 2 of this 5 year project. To date we have created a hydraulic model for the Kinloch scheme to allow full design for the network upgrades to be completed. The treatment plant site location has been confirmed and network design is underway.</p> <p>The treatment process has also been confirmed and basis of design works started for the new plant. Basis of design work is also being carried out for 5 other sites so that a joint tender can be issued for one supplier to provide all six plants. We expect to be tendering this package in September 2020.</p>
Tauhara Ridge falling main to service new development		\$60,000	\$47,830	<p>We are currently in year 1 of this 2-year project. Pipeline route has been walked and consultation started with asset and landowners. NZTA have provided approval for the pipeline to be installed along the ETA. Hydraulic modelling and design works have started. The design and tendering work is planned for completion in the second half of 2020 to allow construction to be completed well within the 2-year timeline.</p>
Reticulation of 5 Mile Bay		\$20,000	\$14,317	<p>We are currently in year 1 of this 2-year project. Detail design is complete and the project is on hold until the Tauhara Ridge Falling Main design is complete as both projects will be tendered together. The project is on track for tendering before the end of the financial year with construction the following year. A paper was presented at an SLT meeting in January to discuss the funding model (cost of connection for residents) for the project. SLT recommended proceeding with a workshop with Council prior to a formal Council paper on the matter. This is now in planning with support from the Policy team.</p>

Transport



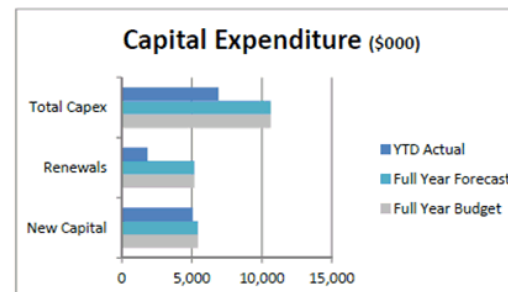
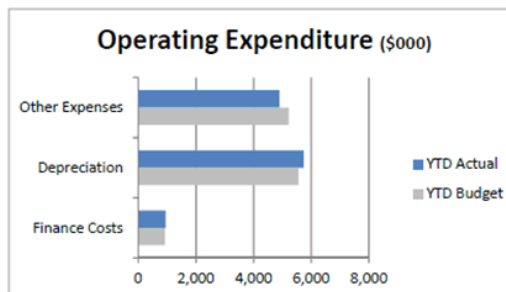
Cost of Service Statement

For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	5,787	5,787	0	0%	6,945	6,945	0	0%
Subsidies and Grants	3,446	3,826	(381)	-10%	4,752	4,047	(704)	-15%
Development Contributions	604	571	33	6%	685	685	0	0%
Fees and Charges	64	117	(53)	-45%	140	140	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	731	731	1	0%	3,461	3,461	0	0%
Total Revenue	10,632	11,032	(400)	-4%	15,983	15,279	(704)	-4%
Operating Expenditure								
Other Expenses	4,889	5,220	330	6%	6,077	6,042	35	1%
Depreciation	5,737	5,558	(178)	-3%	6,670	6,879	(209)	-3%
Finance Costs	947	926	(22)	-2%	1,111	1,139	(28)	-3%
Total Operating Expenditure	11,573	11,704	131	1%	13,858	14,060	(202)	-1%
Net Surplus/Deficit	(941)	(672)	(269)		2,125	1,218	(906)	

Explanation of variances to budget

- Development Contribution variance is a timing difference.



Transport

Transport - service delivery



- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

All the Transport service delivery measures are currently on track.



Achieved







On track



May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Minor safety improvements		\$384,984	\$171,610	Safety improvements completed to date, associated improvements on Poihipi Road, pedestrian refuge islands, installation of flag light on Tirohanga. Some widening and possible guardrail installation to be completed by end of year.
Complete construction of Huka Falls footpath <i>(Multi year project)</i>		\$685,735	\$157,396	Some delay this month due to Covid-19. Contractors commenced end of April.
Continuation of the concrete footpath on Mapara Road <i>(Multi year project)</i>		\$87,829	\$12,931	Contract awarded to TR construction, some delay this month to start date due to Covid-19. Works to commence in May.
Replace streetlights throughout the district with LED lights		\$2,500,000	\$1,681,687	100% of LED's for "P" cat lights have been installed. Design is being finalised for "V" cat lights

Wastewater

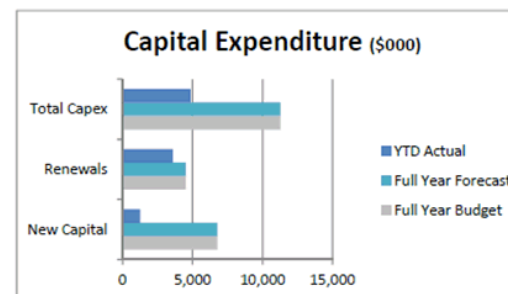
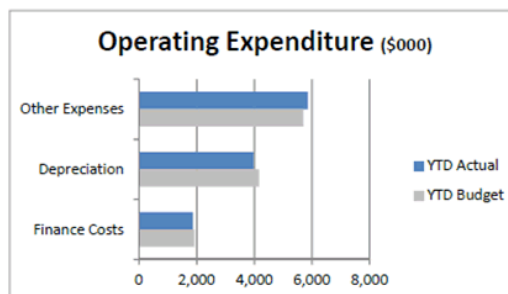
Operating Revenue \$13.0m \$0.4m Favourable YTD Full Year Budget \$15.8m Full Year Forecast \$15.8m	-	Operating Expenditure \$11.7m \$0.1m Favourable YTD Full Year Budget \$14.1m Full Year Forecast \$13.9m	=	Net Surplus/(-)Deficit \$1.3m \$0.5m Favourable YTD Full Year Budget \$1.7m Full Year Forecast \$1.9m	Capital Expenditure \$4.9m Full Year Budget \$11.3m Full Year Forecast \$11.3m
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Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	11,165	11,112	53	0%	13,334	13,334	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	1,195	842	353	42%	1,011	1,011	0	0%
Fees and Charges	639	695	(55)	-8%	740	740	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	4	0	4	0%	718	718	0	0%
Total Revenue	13,003	12,648	355	3%	15,802	15,802	0	0%
Operating Expenditure								
Other Expenses	5,858	5,706	(152)	-3%	6,827	6,875	(48)	-1%
Depreciation	3,985	4,158	173	4%	4,990	4,780	210	4%
Finance Costs	1,871	1,922	51	3%	2,307	2,229	78	3%
Total Operating Expenditure	11,714	11,787	73	1%	14,124	13,884	239	2%
Net Surplus/Deficit	1,289	861	427		1,678	1,918	239	

Explanation of variances to budget

- Development Contribution variance is a timing difference.



Wastewater

Wastewater - service delivery



- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

All the Wastewater service delivery measures are currently on track.



Achieved



On track






May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Kinloch Wastewater land disposal system		\$3,995,118	\$1,898,246	<p>Complete projects</p> <p>Site Access and Flood Protection Works, Effluent Holding Tank (commissioning required), process review</p> <p>Land disposal to Golf Course</p> <p>The contract has been awarded to Envirowater. Design by Contractor is complete. We have worked with the golf course to confirm the irrigation areas. This project has been further delayed as a result of COVID-19 and can resume at <u>Level 2</u>.</p>

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Turangi wastewater balance pond		\$2,260,724	\$605,124	<p>This project is now in two parts: (i) Inlet Balance Pond, (ii) Carbon dosing system</p> <p>Balance Pond This project is now on hold pending consultation over mitigation agreement see below.</p> <p>Carbon Dosing System A contract has been awarded to CAMEX to complete this work. Renewal of the inlet screen has also been bundled into this work package. Work on site is underway. This work has resumed under Level 3.</p> <p>Risk: Mitigation Agreement The Turangi Wastewater Treatment Plant Future State of Disposal project is progressing. Mitigation measures at the wastewater treatment plant site (mitigating the retention of the plant in its current location) are to be considered as part of the project. Consultation on this project has been delayed as a result of COVID-19.</p>
Kinloch WWTP MBR Upgrade		\$1,800,000	\$391,121	<p>WWTP MBR Upgrade</p> <p>Replacing the balance tank project and bringing forward the WWTP upgrade previously proposed.</p> <p>The majority of the cost will fall in the 2020/21 year. There will likely be some consent compliance issues until this project is completed. We have been keeping WRC informed of the project.</p> <p>Design phase well underway. Currently at stage of procuring membrane and screening equipment.</p>
Taupō wastewater southern trunk main upgrade stage 1		\$100,000	\$35,589	<p>The 2019/20 budget intended for pre-construction activities, investigation, design and consultation etc. prior to the proposed upgrade in 2020/21. This work is in progress.</p>

WRC Enforcement Actions (2019/20):

Item	Date Received	Details	Action Required	Current Status
ABATEMENT NOTICE #2 Kinloch WWTP	1 May 2020	Abatement Notice, requiring TDC to cease the unlawful discharge of treated municipal wastewater to land at the WWTP. WRC have considered carefully when this notice should take effect and have determined that a reasonable time for TDC to ensure compliance with the Abatement Notice is 30 April 2021.	Cease non-consented discharges. Two key actions are required: 1. Complete the land disposal project Update consent conditions to reflect the change to MBR from SBR by way of updating the strategy report.	1. Irrigation contract awarded in 2019. Construction due to start as soon as COVID-19 level 2 is reached. 2. This work has been in progress for some time. An application documents are largely prepared; a pre-application meeting is set for 6/05/2020.
ABATEMENT NOTICE #2 Kinloch WWTP	1 May 2020	Abatement Notice, to provide a report to WRC by 31 July 2020 detailing the steps being taken to bring the WWTP into compliance with the conditions of consent AUTH113402.01.02, and to subsequently supply monthly updates.	1. Report by 31 July 202 detailing the upgrade plan Monthly updates	Provide information as required: Note that this information is available and has been shared informally with WRC already. This information is being also being provided thought the consent change process.
FORMAL WARNING LETTER OF DIRECTION Turangi WWTP	6 August 2019	Related to the overflow of the inlet work at the WWTP due to limited WWTP capacity	Membrane replacement to increase WWTP capacity Longer term investigation into I&I reduction from the Turangi.	<u>Membrane replacement 100% complete and hydraulic capacity restored.</u>
FORMAL WARNING Turangi WWTP	5 November 2019	Related to overflow of the WWTP in August. The event was caused by operator error.	No further action required.	-
LETTER OF DIRECTION Taupo	21 July 2019	Network overflow from Heathcoat Street wastewater spill.	Continued progress on overflow reduction programme.	Ongoing sewer cleaning programme. <u>Civil works at Heathcoat Street to repair sewer are complete.</u>
Taupo wastewater land disposal FORMAL WARNINGS ABATEMENT NOTICE	12 December 2018	The abatement notice relates to the 2017/18 monitoring period. The key issues related to: exceedance of nitrogen loading rates, inaccurate pivot flow measurement, uneven application of treated wastewater, E.coli levels.	Response to be provided to WRC by 28 February 2019. <u>Further response to be provided to WRC by 28 February 2020.</u>	<u>Report to WRC provided. Most immediate issues resolved term in 2019.</u> <u>Report sent to WRC. Improvements made and we expect a positive response from WRC.</u>

Solid Waste

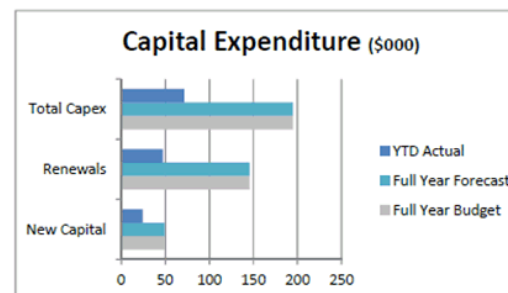
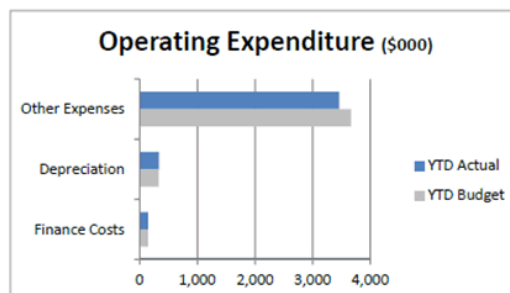
Operating Revenue \$4.3m \$0.2m Favourable YTD Full Year Budget \$5.0m Full Year Forecast \$5.0m	-	Operating Expenditure \$3.9m \$0.2m Favourable YTD Full Year Budget \$5.0m Full Year Forecast \$4.9m	=	Net Surplus/(-)Deficit \$0.4m \$0.4m Favourable YTD Full Year Budget \$0.0m Full Year Forecast \$0.1m		Capital Expenditure \$0.1m Full Year Budget \$0.2m Full Year Forecast \$0.2m
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Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	1,551	1,546	6	0%	1,855	1,855	0	0%
Subsidies and Grants	174	108	66	60%	130	175	45	35%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	2,603	2,480	123	5%	2,976	2,976	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	22	0	22	0%	0	0	0	0%
Total Revenue	4,350	4,134	216	5%	4,960	5,005	45	1%
Operating Expenditure								
Other Expenses	3,461	3,664	203	6%	4,397	4,339	58	1%
Depreciation	331	325	(6)	-2%	391	378	12	3%
Finance Costs	141	144	3	2%	173	170	3	2%
Total Operating Expenditure	3,934	4,134	200	5%	4,960	4,888	72	1%
Net Surplus/Deficit	416	(0)	416		0	117	117	

Explanation of variances to budget

- Fees and charges and other expenses are ahead of budget as a result of increased activity.



Solid Waste

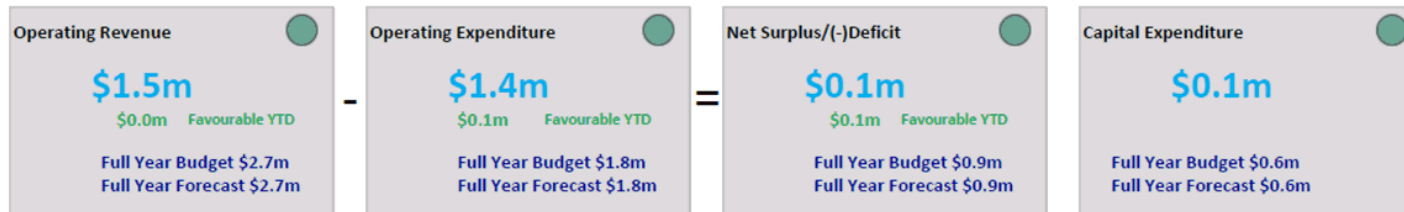
Solid waste - service delivery



- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

Status	Performance Measure	Performance
●	The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.	<p>Highlights</p> <p>The total waste tonnage to landfill 18/19 was 24573</p> <p>Yearly Waste tonnages Broadlands Rd Landfill</p> <p>19/20 waste landfill tonnes</p> <ul style="list-style-type: none"> • 1870 tonnes March • 1042 tonnes April • Total tonnes to date 20850 • Tracking Approximately 226 tonnes more than at same time 2018/19 <p>Current issues</p> <ul style="list-style-type: none"> • Have seen a reduction of approximately 800 tonnes of waste for the month of April due to the lockdown • Determined and implemented service delivery under different Covid – 19 alert levels • All facilities were able to operate successfully at reduced service levels • No issue with the collection of waste from Kerbside • Implemented PayWave at facilities that have power to enable contactless payments. • Rolled out recycling gradually to enable the collection of stockpiled material

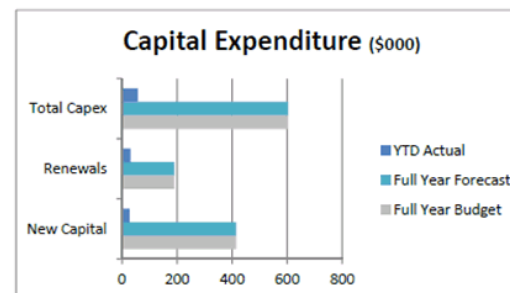
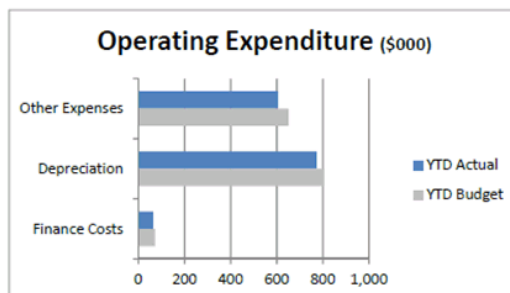
Stormwater



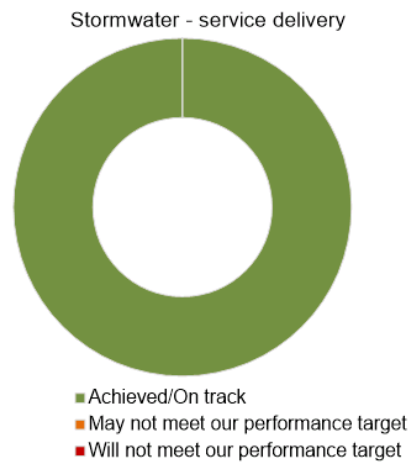
Cost of Service Statement For the period ending 30 April 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	1,527	1,527	0	0%	1,833	1,833	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	0	0	0	0%	0	0	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	15	0	15	0%	902	902	0	0%
Total Revenue	1,542	1,527	15	1%	2,734	2,734	0	0%
Operating Expenditure								
Other Expenses	605	651	46	7%	782	782	0	0%
Depreciation	772	804	32	4%	965	927	38	4%
Finance Costs	64	72	7	10%	86	77	9	10%
Total Operating Expenditure	1,442	1,527	85	6%	1,833	1,785	47	3%
Net Surplus/Deficit	100	0	100		902	949	47	

Explanation of variances to budget



Stormwater



All the Stormwater service delivery measures are currently on track.



Achieved





On track



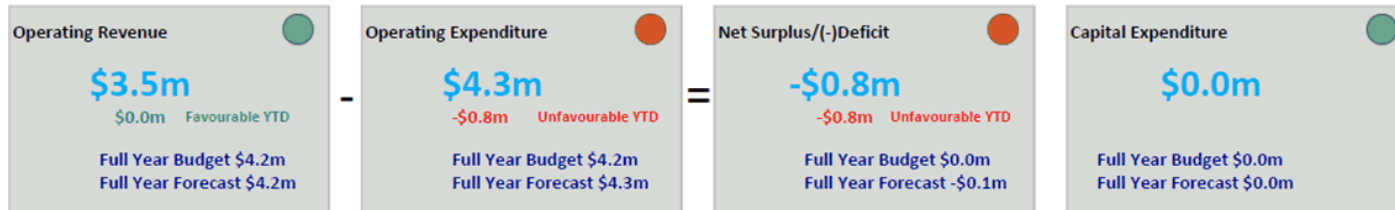
May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Two Mile Boat ramp Quality Improvement Device		\$170,000	\$0	This device installation has been delayed until next year as a new device has been installed at the corner of Tongariro Street and Lake Terrace as part of the remediation of the spill works but design works have now been completed ready for tendering
Brentwood Gully culvert and erosion control contribution		\$10,000	\$0	Council is undertaking consultation with the downstream landowner and Tūwharetoa Trust Board which will determine when this work may be undertaken (consultation is ongoing)

Economic Development

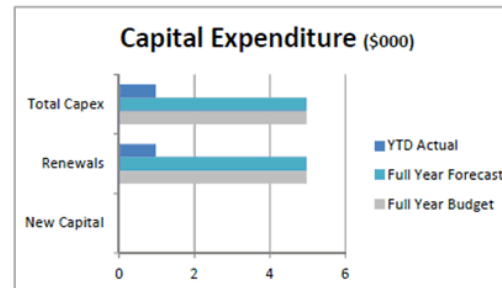
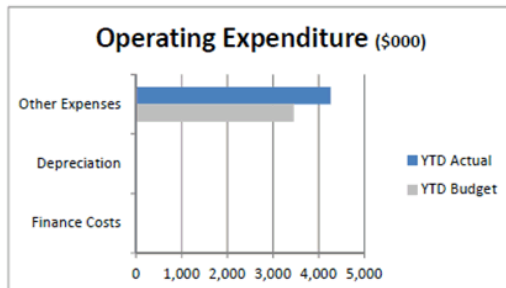


Cost of Service Statement For the period ending 30 April 2020

	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	3,472	3,471	0	0%	4,166	4,166	0	0%
Subsidies and Grants	4	0	4	0%	0	4	4	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	0	0	0	0%	0	0	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	0	0	0	0%	0	0	0	0%
Total Revenue	3,475	3,471	4	0%	4,166	4,170	4	0%
Operating Expenditure								
Other Expenses	4,261	3,454	(807)	-23%	4,145	4,241	(95)	-2%
Depreciation	15	15	(0)	-3%	18	18	(0)	-2%
Finance Costs	2	2	0	1%	3	3	0	1%
Total Operating Expenditure	4,279	3,471	(807)	-23%	4,166	4,261	(96)	-2%
Net Surplus/Deficit	(803)	(0)	(803)		0	(91)	(92)	

Explanation of variances to budget

• Other expenses are above budget due to DGLT funding to cover i-site losses in 2018/19.



Economic Development

Economic Development - service delivery



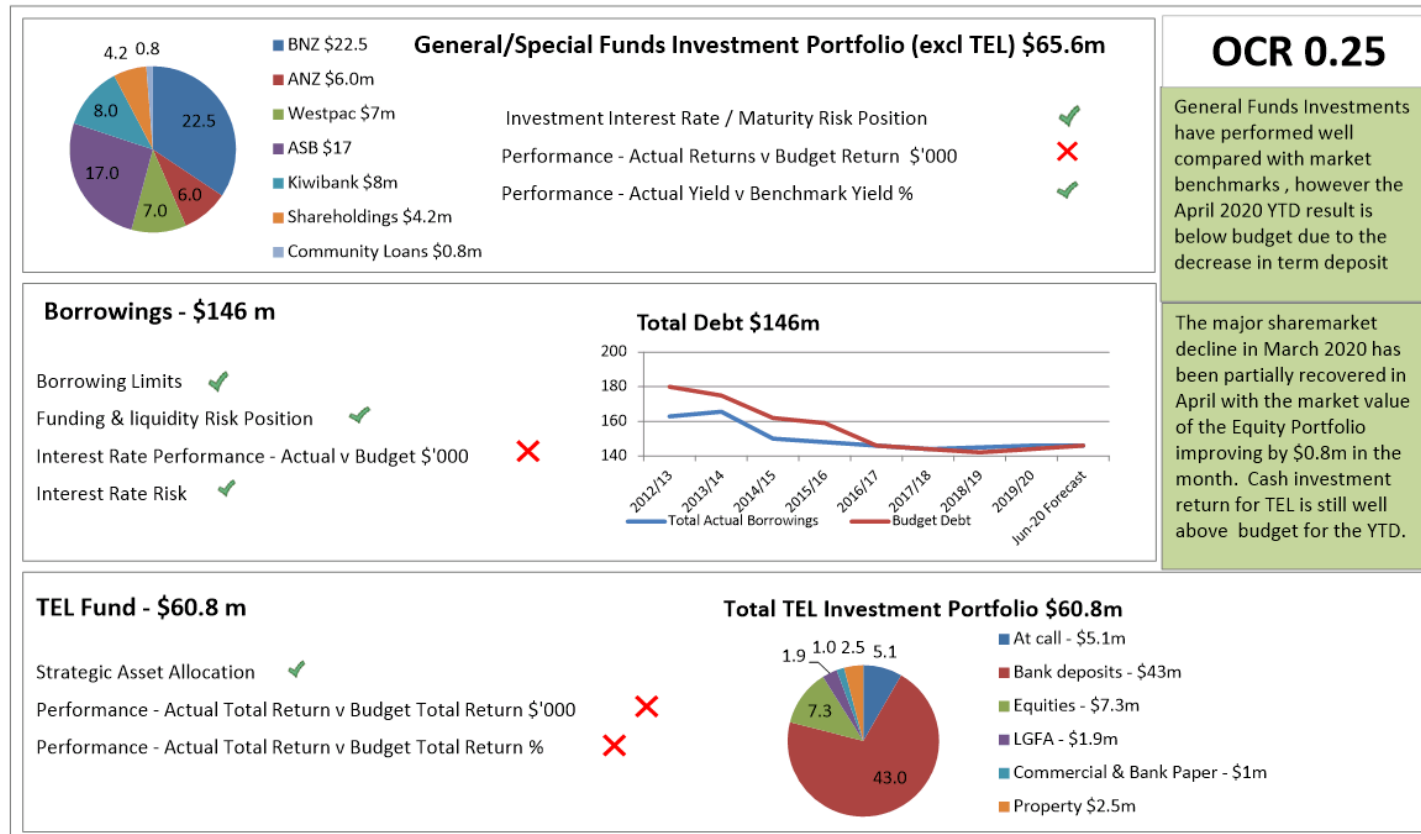
- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

All the Economic Development service delivery measures are currently on track.

Taupo District Council - Treasury Report

Month Ended: 30 April 2020

Summary

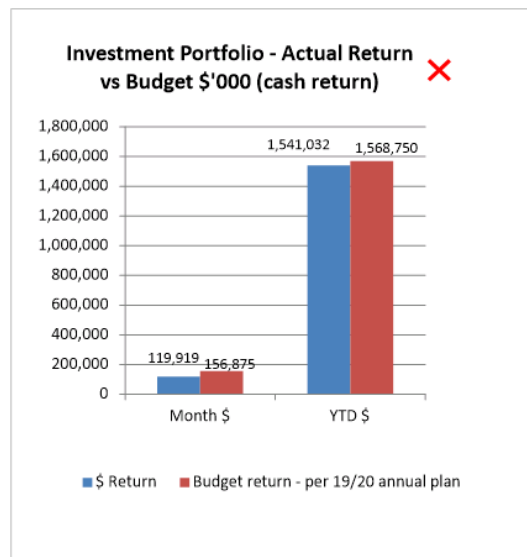


Month Ended: 30 April 2020

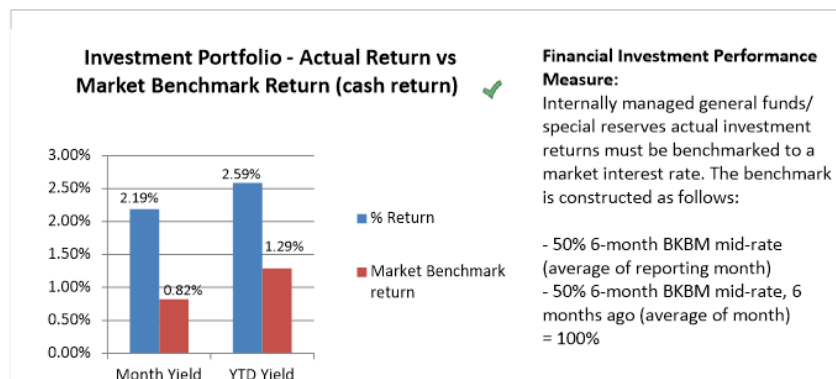
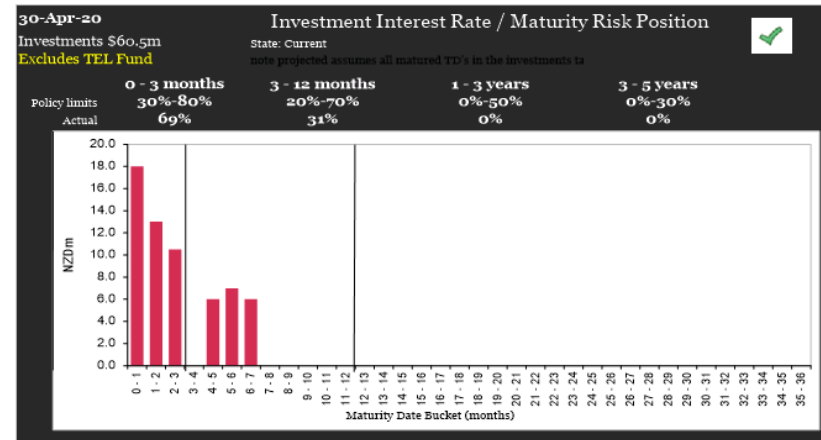
Performance - Policy Compliance

The reduction in interest rates earned on Term deposits has resulted in a below budget investment returns each month since November 2019. YTD returns are now below budget. Performance against market benchmarks continues to be favourable for the month and year to date.

Shareholdings increased by \$0.87m in March 2020 from an equity injection into the Airport redevelopment project.



General / Special Fund Investments - \$60.5m (excl \$5m shareholding & loans)



Month Ended: 30 April 2020

Borrowing - \$146m

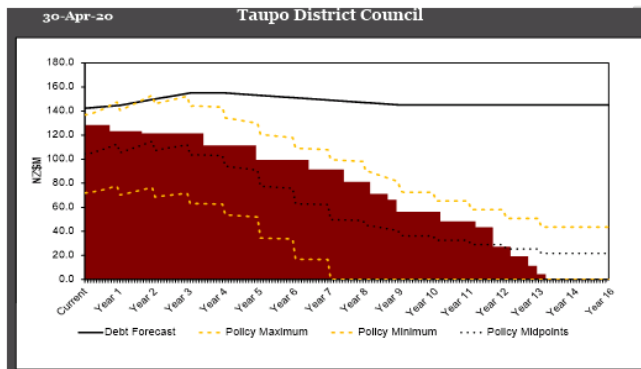
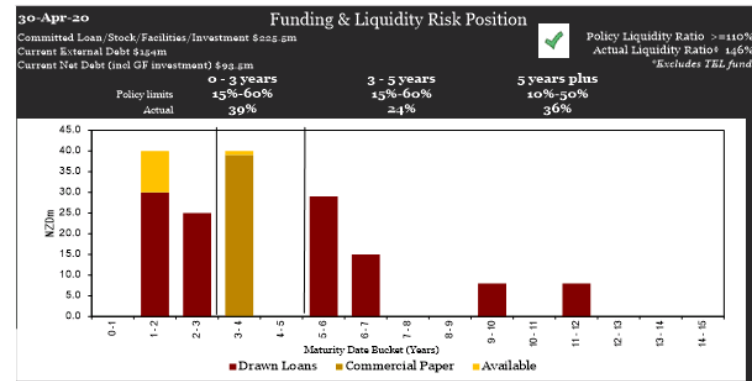
Current Standard & Poors Rating: AA

Funding Facility

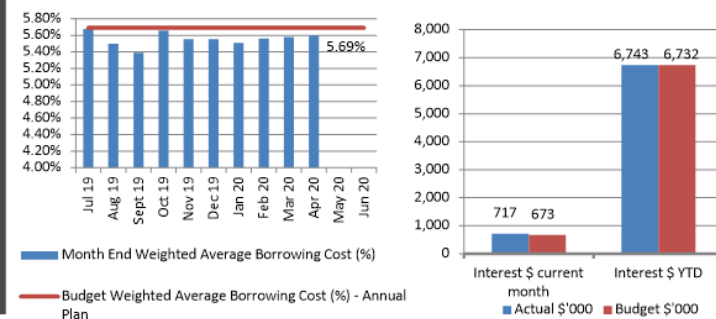
We have \$31m issued under our Commercial Paper programme backed up by facilities with BNZ (\$40m) and Westpac (\$10m). We have issued \$115m of Floating Rate Notes under our Debenture Trust Deed, all of which is through the LGFA.

Borrowing Limits

Borrowing Limits	Policy Limits	2019/20	Performance
Net External Debt / Total Revenue (TMP)	< 200%	101%	✓
Net Interest on External Debt / Total Revenue (TMP)	< 20%	7.4%	✓
Net Interest on External Debt / Annual Rates Income (TMP)	< 25%	9.0%	✓
Liquidity (External, term debt + committed bank facilities + liquid investments to existing internal debt)	> 110%	154%	✓



Borrowing Cost Performance



Borrowing Costs

Borrowing costs in the month of April 2020 were in excess of budgeted borrowing costs for the first time this year. This is due to the repricing of all interest rate swaps at the end of March 2020 with a greater gap between fixed rates and the lower floating interest rates. There will be a corresponding drop in the cost of the LGFA floating rate Notes, but these are repriced in stages over the next 3 months as the interest rate resets take place.

Month Ended: 30 April 2020

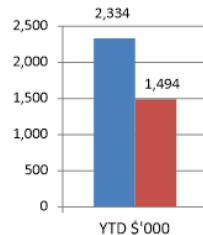
TEL Portfolio - \$60.8m

TEL Investment Portfolio - Performance - Total Return

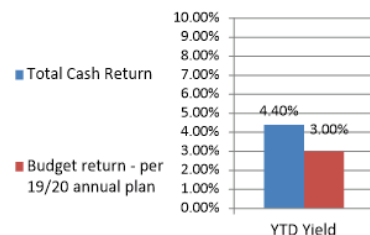


In April 2020 the sharemarket has recovered part of the large fall in March 2020 due to uncertainty around the coronavirus. There was an increase in the market value of the equity portfolio of \$0.8m in the month of April. Unrealised losses on the share portfolio at 30 April 2020 are (\$2.1m) compared to (\$2.9m) at 31 March 2020 and (\$1.6m) at February 2020. The TEL investment portfolio shows a YTD return of \$0.4m and a yield of 0.8% on a total return basis (including the unrealised equity losses). On a cash basis, the investment return is a healthy \$2.3m with a yield of 4.4%. This includes a realised gain on sale of \$32k on Synlait shares sold.

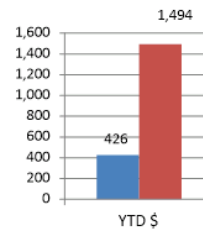
TEL Investment Portfolio - Actual vs Budget \$'000 (cash return basis)



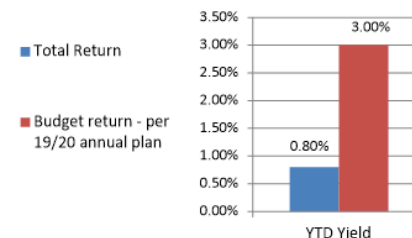
TEL Investment Portfolio - Actual vs Budget Yield (cash return basis)



TEL Investment Portfolio - Actual vs Budget \$'000 (total return basis)



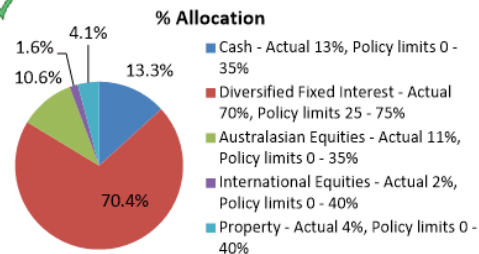
TEL Investment Portfolio - Actual vs Budget Yield (total return basis)



TEL Investment Portfolio - Strategic Asset Allocation - Policy Compliance



TEL strategic asset allocation is within the target allocation. Much of our investment is within lower yielding term investments but we have found, and continue to look for, opportunities to maximise our returns within lower risk equities and bonds.



Equities - transactions April 2020

During the month of April the following shares were sold :
Synlait Milk - 11,706 shares @ \$NZ 7.60 - sale proceeds \$88k, realised gain \$32k.

Month Ended: 30 April 2020

Counterparty Credit Exposure - Policy Compliance

Counterparty Credit Exposures are within limits for all transaction types at 30 April 2020.

Counterparty Credit Risk (Interest Rate Risk Mgmt Instruments and investments, excl. property)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Interest rate risk management)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Investments)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Total maximum per counterparty)

	Min LT/ST credit rating	Max \$ per counterparty (\$m)	\$m per issuer	Actual Issuer % of total investment portfolio	Compliance
NZ Govt	NA	Unlimited	0.00	0%	Y
NZ registered bank	A-/A-1	35.00	108.58	98%	Y
NZ LGFA	AA-/A-1	40.00	1.84	2%	Y
Corporate	A-/A-1	5.00	0.00	0%	Y
SOE	BBB/A-2	5.00	0.00	0%	Y
NZ local authority	A+/A-1	10.00	0.00	0%	Y
NZ local authority unrated		5.00	0.00	0%	Y

	Short Term Rating	Long Term Rating	Credit Exposure -Total Investments (\$m)	FPCE Credit Exposure (Swaps) (\$m)	Compliance
Westpac	A-1+	AA-	22.00	0.00	Y
ANZ	A-1+	AA-	11.00	6.95	Y
ASB	A-1+	AA-	27.50	6.31	Y
BNZ	A-1+	AA-	34.08	6.77	Y
Kiwibank	A-1	A	14.00	0.00	Y
CBA	A-1+	AA-	0.00	0.00	Y
LGFA	A-1+	AA+	1.84	0.00	Y

Investment Interest Rate / Maturity Profile (General / Reserve):

Period	0 - 3 months	3 - 12 months	1 - 3 years
Policy Limits	30% - 80%	20% - 70%	0% - 50%
Actual	69%	31%	0%
Policy Compliance	Y	Y	Y