

ATTACHMENTS

Ordinary Council Meeting

30 June 2020

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Ordinary Council Meeting Minutes

26 May 2020

**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ
ON TUESDAY, 26 MAY 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 Economic Development and Business Transformation, Head of Communications and Customer Relations, Head of Democracy, Governance and Venues, Policy Manager, Policy Advisors, Economic Relationship Manager, Construction Programme Manager, Democratic Services Officer

MEDIA AND PUBLIC: Taupō Times

His Worship the Mayor, David Trewavas opened the meeting and welcomed everyone. Cr Tangonui Kingi recited an opening karakia.

1 APOLOGIES

Nil

2 CONFLICTS OF INTEREST

Nil

3 CONFIRMATION OF MINUTES

3.1 EXTRAORDINARY COUNCIL MEETING - 14 APRIL 2020

TDC202005/03 RESOLUTION

Moved: Cr Kathy Guy

Seconded: Cr John Boddy

That the minutes of the extraordinary Council meeting held on Tuesday 14 April 2020 be confirmed as a true and correct record.

CARRIED

3.2 EXTRAORDINARY COUNCIL MEETING - 5 MAY 2020

TDC202005/04 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Kylie Leonard

That the minutes of the extraordinary Council meeting held on Tuesday 5 May 2020 be confirmed as a true and correct record.

CARRIED

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4 POLICY AND DECISION MAKING**4.1 CONSIDERATION OF TAUPŌ RESERVES & ROADING COMMITTEE RECOMMENDATION - 10 MARCH 2020 - LICENCE TO OCCUPY - PAKEKE LIONS****TDC202005/05 RESOLUTION**

Moved: Cr John Williamson

Seconded: Cr Kylie Leonard

That Council adopts Taupō Reserves & Roothing Committee recommendation TRARC202003/07 and therefore 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**4.2 ENDORSEMENT OF COUNCIL OFFICERS' SUBMISSION TO THE PROPOSED NATIONAL POLICY STATEMENT FOR INDIGENOUS BIODIVERSITY**

The Policy Advisor summarised the main points of the officers submission to the proposed National Policy Statement for Indigenous Biodiversity. The submission had already been lodged, but additional comments could be forwarded to the Ministry for the Environment for consideration as part of their process.

Cr Kylie Leonard expressed concerns about the potential massive financial and environmental impact the National Policy Statement would have on the country and more particularly on farmers in the Taupō district. Of particular concern was health and safety and landowner access. She added that energy providers might find themselves excluded or the subject of special criteria.

The Policy Advisor answered questions of clarification. In relation to energy providers, she explained that officers supported the proposal to create specific framework within the National Policy Statement for indigenous geothermal ecosystems.

It was agreed that the concerns mentioned should be reinforced when confirmation of the submission was provided to the Ministry.

TDC202005/06 RESOLUTION

Moved: Cr Kylie Leonard

Seconded: Cr John Williamson

That Council endorses the TDC officers' submission to the proposed National Policy Statement for Indigenous Biodiversity (A2637720).

CARRIED**4.3 SUBMISSION ON PLAN CHANGE 2 TO THE WAIKATO REGIONAL PLAN**

The Policy Advisor summarised the main points of the draft submission on Plan Change 2 to the Waikato Regional Plan. She answered questions of clarification.

TDC202005/07 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Cr Kathy Guy

That Council adopts the submission on Plan Change 2 to the Waikato Regional Plan.

CARRIED

Note: Cr John Boddy requested his dissent to resolution TDC202005/07 above be recorded.

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4.4 COMMENCEMENT OF THE DISTRICT PLAN REVIEW

The Policy Manager advised that confirmation had been received from Raukawa Settlement Trust that morning that they were in the process of seeking support from Trust Board members. Elected members agreed to include reference in the resolution to Raukawa Settlement Trust's agreement in principle to the commencement of the District Plan review.

TDC202005/08 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Anna Park

That Council:

1. commences the review of the Taupō District Plan under section 79(1) of the Resource Management Act 1991.
2. instructs officers to incorporate the Natural Values sections of the Plan within the review under 79(1) due to these sections approaching 10 years of operation.
3. instructs officers to investigate remaining sections to which 79(1) does not apply (includes sections relating to Flood Hazard and sections changed through Plan Changes 28-33) as to whether these should be also incorporated within the review.
4. notes the recommendations from Tūwharetoa Māori Trust Board and Te Arawa River Iwi Trust, and the agreement in principle from the Raukawa Settlement Trust, to commence the review and instructs officers to work with the iwi partners on the content of the District Plan Review.

CARRIED

4.5 REVIEW OF DRAFT STATEMENTS OF INTENT

TDC202005/09 RESOLUTION

Moved: Cr Tangonui Kingi

Seconded: Cr Christine Rankin

1. The Council receives the draft SOIs and instructs staff to undertake a review of these documents for 2020 from the:
 - (i) Taupō Airport Authority (TAA)
 - (ii) Waikato Local Authority Shared Services (WLASS)
 - (iii) Bay of Plenty LASS (BOPLASS)
 - (iv) New Zealand Local Government Funding Agency Limited (NZLGFA)
2. That Council also extends the deadline for the board of the CCOs to consider Council's comments on the draft statements of intent from 1 May 2020 to 1 June 2020 in accordance with clause 4 of Schedule 8 of the Local Government Act 2002.

CARRIED

4.6 COUNCIL'S APRIL PERFORMANCE REPORT

The Chief Executive introduced the report, which was the first official performance report since the Covid-19 pandemic hit and the country went into lockdown. The following points were noted:

- Council had continued to maintain critical infrastructure and services throughout the lockdown.
- In addition to those services, Council had activated its Emergency Operations Centre (EOC) early on and had up to 50 staff working in the EOC per day over the period.

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- A number of staff had worked hard from home over Easter to prepare Council's application to Crown Infrastructure Partners for 'shovel-ready' projects. All but one of those projects had progressed to the next stage and were currently being considered by Cabinet.
- The Annual Plan 2020/21 was in the process of being re-written as a result of Covid-19.
- Staff were now catching up on work that could not be done during the lockdown period; working hard to bring the district back up to expected standards.
- As Chief Executive he was very proud of how the team had come together.

Cr Kevin Taylor suggested, and members agreed, to record a formal vote of thanks to the Chief Executive and all Council staff.

TDC202005/10 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Anna Park

That Council formally thanks the Chief Executive, Senior Leadership Team and all staff for their outstanding efforts during the Covid-19 pandemic lockdown period.

CARRIED

The Head of Finance and Strategy had circulated via email prior to the meeting an updated version of the two page Financial Statement Measures (A2693563).

Heads of department summarised their respective sections of the report and answered questions. The following additional points were noted:

- A forecast had been completed showing Council was on track to finish the financial year within budget. The organisation was in a strong position going into the 2020/21 financial year.
- Five councils had joined together to form a combined EOC in Taupō. Some costs would be recovered from Central Government agencies, otherwise costs would lie where they fall.
- The District Sportsground and Recreation Strategy work had been put on hold for the time being due to the Covid-19 pandemic.
- Theme-based consultation was underway to obtain community views on what type of equipment should be included in the Taupō destination playground design.
- The lockdown had affected the transportation capital expenditure programme and several projects would be delayed until after winter.
- Air New Zealand would be operating in Taupō from June.
- The Airport development project would be out to tender soon. A letter had been received confirming Central Government funding and this would be circulated to elected members.
- Council's recent investment in technology had enabled staff to move quickly to work from home during the lockdown and serve the community in different ways.
- A district recovery plan was an important work in progress, being led by His Worship the Mayor.

TDC202005/11 RESOLUTION

Moved: Cr John Williamson

Seconded: Cr John Boddy

That Council notes the information contained in the Council Performance report for the month of April 2020.

CARRIED**4.7 COUNCIL ENGAGEMENTS JUNE 2020**

The following engagements were added to the list:

- Workshop – draft Transport Strategy – 2 June

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- Turangi/Tongariro Community Board public forum prior to the meeting – 3 June
- Rangitaiki River Forum meeting – 5 June
- Extraordinary closed Council meeting – 16 June

TDC202005/12 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Anna Park

That Council receives the information relating to engagements for June 2020.

CARRIED

4.8 MEMBERS' REPORTS

The following reports were received from members:

Cr John Williamson advised that he had attended a Lakes and Waterways Action Group meeting. He referred to the closed Lake Taupō Protection Project workshop held on 22 May 2020 and thanked colleagues who had attended that. He also advised that the Turangi wastewater treatment plant mitigation consultation was progressing.

Cr Anna Park reported that in addition to supporting the district's emergency management response to the Covid-19 pandemic, she was pleased to be a part of the project to regenerate Taupō. She commended Anamata Café for the fantastic job they had done engaging with the youth of the district over the lockdown period.

Cr Kirsty Trueman advised that the Pouakani Marae had done a great job supporting families in the Mangakino community during lockdown.

Cr John Mack reported that along with Cr Tangonui Kingi he had met with Tūrangitukua representatives the day prior to the meeting. He looked forward to continuing to meet regularly with Tūrangitukua.

Cr Kylie Leonard reported that an informal catch up had been held over Zoom with members of the Taupō East Rural Representative Group; it was good to get underway. She advised that the rural sector was facing a nationwide feed shortage and this would have a huge effect over the next few months.

Cr Tangonui Kingi advised that the Police had done a wonderful job in Tūrangī during lockdown. The first Safe Taupō meeting would be held in the near future.

Cr Kathy Guy's economic development portfolio work had included supporting businesses and the regenerate Taupō project. An informal catch up had been held over Zoom with members of the Kinloch Representative Group; Cr Guy was looking forward to the next meeting which would be 'face to face'.

Cr John Boddy advised that some older people in the community had had no access to banking during lockdown; and doing the supermarket shopping had also been challenging, especially as online grocery bookings had been taken by others less in need.

TDC202005/13 RESOLUTION

Moved: Cr Yvonne Westerman

Seconded: Cr Kirsty Trueman

That Council receives the reports from members.

CARRIED

5 CONFIDENTIAL BUSINESS

TDC202005/14 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Tangonui Kingi

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RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Agenda Item No: 5.1 Destination Great Lake Taupo Draft Statement of Intent	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7
Agenda Item No: 5.2 Destination Great Lake Taupo Board - Continuation of Appointments	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7
Agenda Item No: 5.3 Appointment of External Representatives to the Mangakino/Pouakani Representative Group	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7

CARRIED

The meeting closed at 2.38pm.

The minutes of this meeting were confirmed at the ordinary Council meeting held on 30 June 2020.

.....
CHAIRPERSON



Waikato Regional Council
Lake Taupo Protection Project Joint Committee
OPEN MINUTES

Date: 24 April, 2020, 1:11 pm

Location: Virtual Meeting Via Teams

Members Present: Cr K Hodge - Deputy Chair (Waikato Regional Council)
Cr K White (Waikato Regional Council)
Cr K Leonard (Taupo District Council)
Cr J Williamson (Taupo District Council)
M Nepia (Tuwharetoa Maori Trust Board)
L-K Petersen (Crown Representative - Ministry for Primary Industries)

Also Present: Cr S Husband (Waikato Regional Council)
Cr F Lichtwark (Waikato Regional Council)
Cr P Storey (Waikato Regional Council)
Cr A MacPherson (Waikato Regional Council)

Staff Present: N Williams (Director – Community and Services)
T Woods (Taupo District Council)
T Bennett - Ministry for the Environment
P Chantrill – Ministry for Primary Industries
L Bartley (Democracy Advisor)
J Cox (Democracy Advisor)

Doc # 16202201

Minutes – Lake Taupo Protection Project Joint Committee – 24 April 2020

The meeting opened with a karakia from Cr Stu Husband, Waikato Regional Council

1. Apologies

LTJC20/7

Moved By Cr K Hodge

Seconded By M Nepia

That the apologies of Tangonui Kingi and Martin Workman be received.

The motion was put and carried

2. Confirmation of Agenda

LTJC20/8

Moved By Cr K White

Seconded By M Nepia

That the agenda of the Lake Taupo Protection Project Joint Committee of 24 April 2020, as circulated, be confirmed as the business for the meeting.

The motion was put and carried

4. Confirmation of Minutes

4.1 Lake Taupo Protection Project Joint Committee Meeting held 21 February 2020

It was noted that Cr White did not move the confirmation of minutes of 5 December as she had not been in attendance at that meeting. The motion was moved by Cr K Hodge.

LTJC20/9

Moved By Cr K Leonard

Seconded By M Nepia

That the minutes of the Lake Taupo Protection Project Joint Committee meeting held on 21 February 2020, as amended, be confirmed as a true and correct record.

The motion was put and carried

5. Future Governance and Management of the Lake Taupo Protection Project

Presented by Director Community and Services - N Williams and was taken as read. A short overview of the contents was outlined by Mr Williams.

In summary, the decision made by the Lake Taupo Project Protection Joint Committee was presented to both Taupo District Council and Waikato Regional Council. Both Councils considered the recommendations and largely agreed however there were some additional conditions determined by the parties. The report outlined the synergies between both parties

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and the differences in decisions made. It was acknowledged that there were apparent conflicts between the decision of Waikato Regional Council and Taupo District Council.

Ultimately however it is the expectation of both parties that the Lake Taupo Protection Trust provide performance measures and a budget that includes reduced funding over time that is acceptable to Taupo District Council, Waikato Regional Council and the joint committee. Waikato Regional Council additionally required the budget to conform with the lowest cost option that was calculated and presented to the joint committee by the Officials Working Party. As a result of the apparent conflict, the staff from Taupo District Council and Waikato Regional Council will work together to provide a recommendation on a way forward and that recommendation will be presented to the May meeting of Waikato Regional Council for consideration.

Comments/Questions from Members:

Members expressed their frustration that this joint committee and the officials working party had spent many months working on the proposal to move this project forward and it now appeared that this process may have to be repeated. It was noted that this was not an effective or efficient use of members resources and time and a member asked for direction as to how to progress this matter.

Members acknowledged the areas of alignment between both the Waikato Regional Council and Taupo District Councils resolutions but also raised strong concerns with regard to section 5 of the Waikato Regional Councils resolution and wished to understand what had motivated the inclusion of that section. Members voiced their strong concerns about the requirement in Waikato Regional Councils resolution to review the role of the Trust in 12 months' time and also the view that this could compromise the status and integrity of the Trust and the project itself.

Mr Williams responded that the intention of Waikato Regional Councils resolution is that provided the Trust retained management responsibilities of the consents post July 2021, that the next review would be undertaken within the 12-month period following the transition and not before.

Mr Williams noted that he would advise the Waikato Regional Council of the apparent conflict, seek Council's feedback and make recommendations on what changes or amendments, if any, may be required to resolve the issue. It was acknowledged that the timeline that was currently being worked to for the transition was tight and that provided the issue is resolved before the end of May there should be no impacts to the timeline.

Mr Williams reiterated that Waikato Regional Councillors felt that the costs were high in relation to the level of service being provided and wanted to ensure that the most cost effective option was provided to ratepayers for the ongoing management of the Lake. There was a concern around the costs for the running of the Trust in the way it had been done historically and the reductions detailed in the model provided by the Officials Working Party in regard to the preferred option were insufficient in Council's view, for undertaking the operation in the long term.

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Within Waikato Regional Council recent discussions there was agreement for governance under a joint committee continuing, and also noted that the role of the Trust had changed to one of maintenance and therefore, the amount of work now required may require the Trust to consider making some changes to its operation to reflect these changes. Waikato Regional Council did not wish to have a preferred management option in its Long Term Plan consultation process as they wanted to hear from the public what they thought to be the best option. Feedback from the consultation process would provide guidance around what entity should continue and at what cost.

Some members noted that it was unfair to put this responsibility on the community and felt it was up to the partners to agree on the preferred option as they are in the best position to determine future governance and funding requirements. Mr Williams clarified that reduced funding is important to both territorial partners.

The Crown noted that it was very important to protect the Lake and that has been the primary purpose of the project all along. The Crown noted its concerns that given the work of the officials working party over the last 18 months that, it is hard to understand the feasibility of pursuing a management option based upon lowest costs. Was it feasible that the lowest cost option was going to be able to deliver what was needed?

Members reiterated their frustration at Waikato Regional Councils resolution as they felt that the work undertaken by the officials working party over the past 18 months to identify the most efficient and effective options for the future of the project had been wasted. Members further noted that the real value of the Trust was independence, and that the Trust was doing a great job and was free of politics.

Members noted that the Crown partners need to have a conversation and be in a position to give some input into the ongoing direction of the project. The Crown noted that it would be useful to understand if territorial authorities could deliver the same level of service as the Trust at a lower cost.

LTJC20/10

Moved By M Nepia

Seconded By Cr J Williamson

That the report Decisions of the Waikato Regional Council and Taupo District Council (Regarding the ongoing Governance and Management of the Lake Taupo Protection Project - April 2020) be received.

The motion was put and carried

6. Lake Taupo Protection Trust - 6 monthly reporting

Report presented by Trust Chairman Clayton Stent and Executive Officer Marion Stent and was taken as read.

Members queried the total cost of Administration Expenses of \$159,000 on page 21 of the report. This includes salaries and Trustee fees and lease and office costs, travel, insurance,

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ACC levies, office expenses such as telephones, health and safety, audit fees and legal fees. This was for a six month period.

LTJC20/11

Moved By M Nepia

Seconded By Cr J Williamson

That the report "Six monthly reporting requirements on Trust operations" dated 25th February 2020 be received.

That the Trust's "six monthly report on operations and the financial statements for the period ended 31.12.189 be received.

The motion was put and carried

7. Lake Taupo Protection Trust - Annual Statement of Intent

Report presented by Lake Taupo Trust Chairman Clayton Stent who explained that the purpose of the report was to get the joint committees feedback and a decision on the Trust's future. The Trust is very concerned with section 5 of the Regional Council's resolution. The Trust understands that the Council's need to undertake consultation via their long term plans but that this was a funding issue.

The Trust also had compliance deadlines it needed to meet, discuss and sign off with its auditors in the coming weeks in regard to the Trust's future beyond June 2021. The Trust needed a decision by 1 May 2020 for these items.

Mr Williams noted that this matter is still subject to consultation through long term plan process and that until that process is concluded would the future role of the Trust be confirmed.

Mr Stent emphasised that the Trust needed to have clarity of its future and whether it was a going concern in order that it remained a good employer. There had not been any consultation between the Trust and Waikato Regional Council. The members of the Trust were very upset at the situation and how it left the Trust in limbo.

Mr Williams responded that the next report in the agenda related to the proposed timeline and that the future of the Trust post July 2021 would be subject to the outcome of the consultation process required to be undertaken that is aligned with both councils long term plans. Members accepted the timeline of the Trust regarding the requirements of its auditors as previously outlined by Mr Stent.

Mr Stent noted the comments of staff but sought clarification as to the further review of the role of the Trust. Staff noted that the further review would commence from July 2021 - following one year of the maintenance phase of operations. Noting that in the funding models presented, by 2022/23 the forecasted cost of utilising the Trust would be \$120,000 more on average than if the service was provided by one of the partner authorities. A significant part of the review will be to determine whether the Trust is able to reduce its costs to equal those forecasted if the partners were responsible for the management of the agreements.

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The resolution of the joint committee was the one that gave direction to the Trust and the Trust implored the joint committee to consider the issues that the Trust had been raising over the last 4 years about its ongoing future with regard to its obligations to third parties and as an employer.

Some members noted their disappointment in how the process was unravelling and the lack of communication between the Trust and Waikato Regional Council.

Mr Stent noted the deadline of 1 May as set in statute under the Local Government Act and that the joint committee had till that date to make comment on the draft Statement of Intent which then goes back to the Trust for consideration. The final version was required to be presented to the Joint Committee before 30 June 2020. The Trust required the feedback on the draft statement of intent and needed to know if the Trust is operating under "business as usual" or winding up. It was noted that this affected the Statement of Intent and would also affect the incoming year's budget which has yet to be prepared due to lack of clarity of whether or not they were going to be a going concern or not.

The Tuwharetoa Trust Board member noted that they had a high level of trust and respect for the Trust and consider that it should be continue as business as normal and that there is no wind up and asked for clarification from the Crown as to their opinion. The Crown noted, from this conversation, that their understanding is that the Trust would continue for 12 months and that a further review would be undertaken to determine the role of the Trust beyond 1 July 2021.

Mr Williams noted that the proposed Statement of Intent is subject to approval by the Committee but provided this occurred would see the role of the Trust continuing until 30 June 2021. A new statement of intent would then be required for the subsequent 12 month period subject to the Trust being selected as the ongoing manager of the nitrogen reduction agreements following the public consultation, deliberations and council decision making processes.

LTJC20/12

Moved By M Nepia

Seconded By Cr J Williamson

- 1. That the report "Annual Statement of Intent reporting requirements, dated 26th February 2020 be received.**
- 2. That the Lake Taupo Joint Committee endorses the Statement of Intent for the period to June 2021 and advises the Trust of this endorsement.**

The motion was put and carried

8. Lake Taupo Protection Project Indicative Timeline - April 2020

Report presented by Director: Community and Services N Williamson. The report taken as read.

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It was noted that the timeframes were still tight. The Joint Committee was updated that the streamlined process was now approved for plan change 2. The schedule is still on track to meet timelines.

LTJC20/13

Moved By Cr K White

Seconded By Cr K Hodge

That the report Lake Taupo Protection Project Key Milestones 2018 - 2021 - Update April 2020 (Lake Taupo Protection Project Joint Committee, 24 April 2020) be received.

The motion was put and carried

9. Taupo Overseer / Streamlined Planning Process

Presentation made by Principal Policy Advisor Urlwyn Trebilco.

Mr Trebilco provided an overview on the changes on the plan change 2 - change to allow updated versions of Overseer to be used. The streamlined process has been approved by Minister for the Environment. Draft Plan Change has been out for consultation since late last year. An update on the timeline was provided. Due to Covid-19 pandemic and lockdown, staff were asked for notification to be delayed for 4 weeks. The Plan Change will now be notified on 30 April.

There will be a 4 week period for submissions closing 28 May 2020 with a summary of submissions to be prepared by approximately 23 June 2020. There will not be a hearing but a disputes resolution process will be offered. This will be an independent process for up to 60 days. Report will go to the Minister with submissions and responses by Mid-July unless significant disputes noted. Minister for the Environment is scheduled to make final decision by mid-September.

Minister has noted the requirement for Waikato Regional Council to work with technical staff from Tuwharetoa Maori Trust Board on the final documents.

LTJC20/14

Moved By L-K Petersen

Seconded By Cr K White

That the presentation be received.

The motion was put and carried

The meeting closed with a karakia from Cr Hodge.

3.13 pm The meeting closed.

Chair

Extract from the minutes of the Taupō Airport Authority Committee meeting held on 22 June 2020

4.2 PROPOSED AMENDMENT TO TAUPŌ AIRPORT AUTHORITY COMMITTEE TERMS OF REFERENCE

The Airport Safety Committee and Airport User group both provide advice to the airport management of an operational nature rather than at a governance level.

Consistent with 'best practice' those aspects that are of an operational nature should instead be reported via TAA management to the TAA committee rather than by a representation on the Committee.

Therefore, members agreed to request Council amend the Terms of Reference to include an additional business representative on the Committee, to ensure that there is a spread of skills and knowledge at a governance/strategic level. This position to replace the representatives from the Airport Safety Committee and Airport User group.

TAA202006/01 RESOLUTION

Moved: Cr Christine Rankin

Seconded: Mr Chris Johnston

That the Taupō Airport Authority Committee recommends to Council the following amendments to the Terms of Reference to the Taupō Airport Authority.

- The removal of representatives from the Taupō Airport Safety Committee (1) and the Taupō Airport User Group (1) and include an additional business representative.

CARRIED

Tūwharetoa Māori Trust Board and Taupō District Council Committee

OBJECTIVE To provide governance and oversight for drafting and finalising a joint management agreement between TMTB and TDC under sections 43 to 57 of the Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010 (Act).

MEMBERSHIP Three (3) elected members appointed by Taupō District Council (TDC); and three (3) Trustees appointed by Tūwharetoa Māori Trust Board (TMTB).

The Governance Committee is to be chaired jointly; the chairs are to be known as the Co-Chairs. TMTB is to nominate one of its members as a Co-Chair and TDC is to nominate one of its members as a Co-Chair. TMTB and TDC may also each nominate a Deputy Co-Chair or an alternate who may stand in for their nominated Co-Chair as or when required.

Both organisations have the ability to appoint alternate members to the Governance Committee. The alternates will have full voting rights in the absence of the member they are representing.

QUORUM Four made up of two members from each organisation

MEETING FREQUENCY Twice a year and more often as required

REPORTING TO: Taupō District Council and Tūwharetoa Māori Trust Board

SCOPE OF ACTIVITY:

1. To provide governance oversight of the process of developing the JMA, including making recommendations to Council and TMTB on the scope and content of the JMA.
2. To ensure the JMA is finalised within legislative timeframes and requirements and satisfaction of both the Council and TMTB.
3. To be the kaitiaki of the development of the JMA and to:
 - a) Ensure the drafting of the draft JMA and final recommendation to the respective organisations is appropriate to achieve the requirements under the legislation and the desires of both parties.
 - b) Discuss issues of interest to both parties as they relate to the development of the Joint Management Agreement.
 - c) Provide strategic guidance to the Joint Working Party (JWP) for the development of and finalisation of the JMA.
 - d) Review and make recommendations on matters brought before it by the JWP.
 - e) Make recommendations to Council and TMTB on the final draft JMA.
 - f) Undertake any other tasks as agreed between the Parties

PRINCIPLES FOR WORKING TOGETHER

In working together to develop the joint management agreement, the Council and TMTB must act in a manner consistent with the following guiding principles:

- a) they must promote the overarching purpose of this Act to restore and protect the health and wellbeing of the Waikato River for present and future generations:
- b) they must respect the mana whakahaere rights and responsibilities of the iwi:
- c) they must promote the principle of co-management:
- d) they must reflect a shared commitment to:
 - i. working together in good faith and a spirit of co-operation:
 - ii. being open, honest, and transparent in their communications:
 - iii. using their best endeavours to ensure that the purpose of the joint management agreement is achieved in an enduring manner:
- e) they must recognise that the joint management agreement operates within statutory frameworks and that complying with those statutory frameworks, meeting statutory timeframes, and minimising delays and costs are important.

POWER TO ACT

The Governance Committee has the power to resolve only on matters relating to

- 1. Formulate and agree upon meeting procedures for the smooth operation of meetings.
- 2. Formulate and agree upon a communications process

POWER TO RECOMMEND

- 1. The Committee shall make recommendations to Council and TMTB on matters relevant for the development and finalisation of the JMA in accordance with the Act.
- 2. Final approval of the JMA will be the responsibility of the respective governance boards of the Trust and the Council following recommendation from the Governance Committee.

COMMITTEE SUPPORT FOR THE CO-GOVERNANCE COMMITTEE:

- 1. The meetings are to be hosted by TMTB and TDC on an alternating basis.
- 2. TDC will provide secretariat support for the Governance Committee. This includes agenda preparation and minute taking.

COMMUNICATIONS:

Communications with the media and the wider public will accord with agreed communications process formulated by the Committee.

DELEGATION OF POWERS:

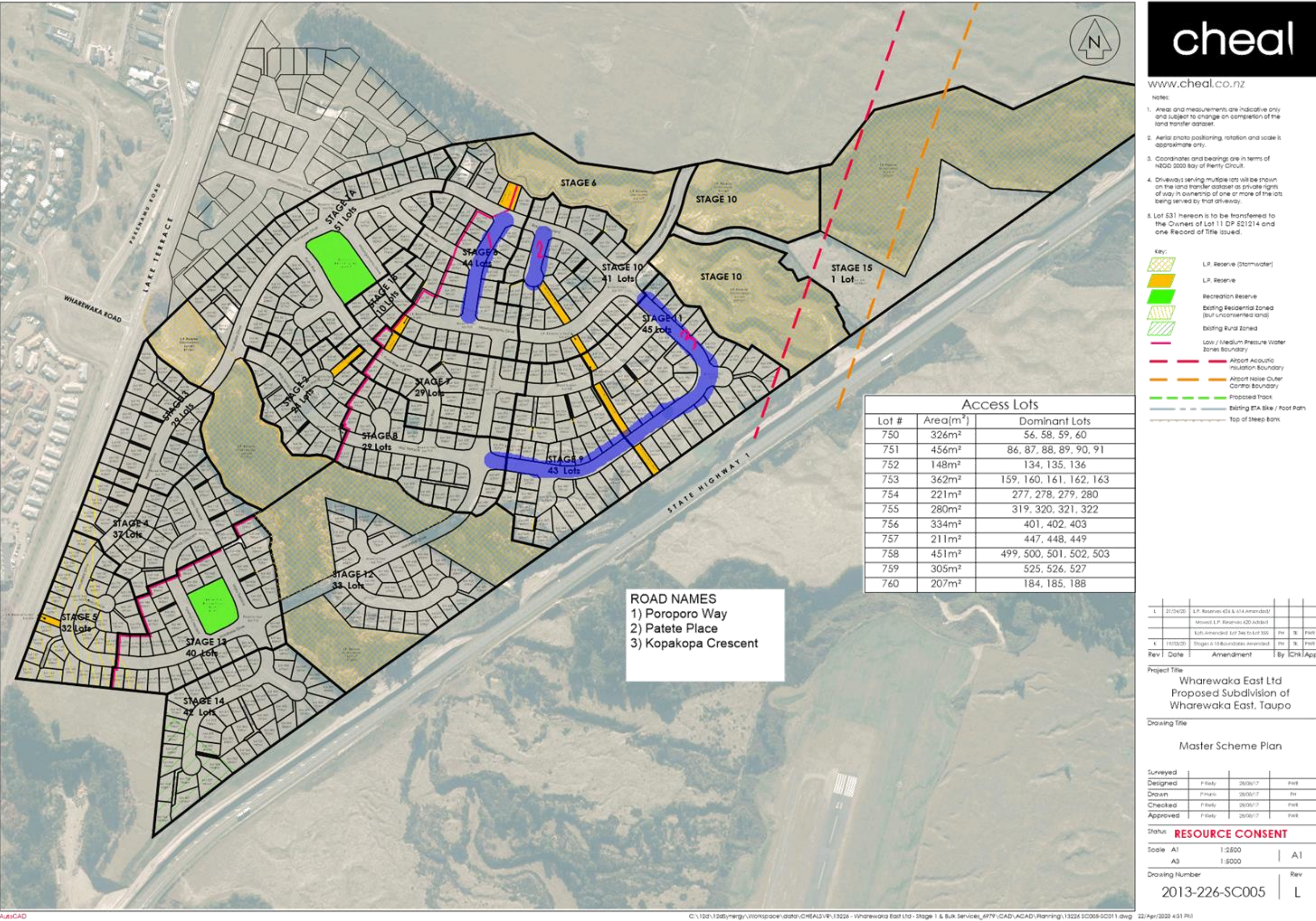
No powers to sub-delegate.

REFERENCE DOCUMENTS:

- 1. Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010

NOTE:

Pending approval of the Joint Management Agreement by the respective organisations these Terms of Reference will be revised to reflect the implementation and monitoring work required under the operative JMA.



**Sweetman Planning
Services**

Memo

To: Nick Carroll and Tanya Wood
From: Gina Sweetman
Date: 11 June 2020
Re: Appeals to Healthy Rivers Plan Change 1

Introduction

You have asked me to:

1. review the Waikato Regional Council notified decision on the Healthy Rivers Plan Change and how it impacts on the submission points raised by Taupo District Council;
2. provide written advice outlining the implications of the decision for Taupo District Council; and
3. provide written advice, (in conjunction with the Council's legal advisor¹) on how the Council might approach the appeals phase, including advice on whether to lodge primary appeals or section 274 notices.

Healthy Rivers – Plan Change 1 (PC1)

In summary, the focus of PC1 is to reduce the contaminant load from nitrogen, phosphorus, sediment and microbial pathogens (contaminants) entering the rivers within the Waikato and Waipā catchments, and in doing so, to give effect² to Te Ture Whaimana o Te Awa o Waikato³, the National Policy Statement for Freshwater Management 2014 and the Waikato Regional Policy Statement.

PC1 introduced controls to require better management of farming and horticulture to reduce contaminant loss and to halt further land use change to more intensive farming activities, as an

¹ TDC has instructed barrister Lachlan Muldowney to advise it in respect of any appeals to PC1. Mr Muldowney has reviewed the content of this memorandum and supports the recommendations.

² But not fully give effect

³ The Vision and Strategy for the Waikato River

interim step. As such, it is identified as being the first of what will likely be a number of plan changes to restore and protect the rivers; with the intent that the information that is gathered through its implementation will assist to develop new approaches. It signals that there will need to be significant changes in land use farming practices and land use change over time.

PC1 is step one of a staged approach, with the intent to achieve defined targets within a 80-year timeframe (by 2096). Its aim was to achieve 10 percent of the required change between current water quality and the 2096 target.

It included a hierarchy of rules, summarised as:

Permitted activities:

- Small and low intensity farming activities (based primarily on area and stocking rates)
- Other farming activities (based on registration, area, Farm Environment Plans (FEPs), stock exclusion and compliance with nitrogen reference point)
- Farming activities with a FEP under a Certified Industry Scheme

Controlled activities:

- Farming activities with a FEP not under a Certified Industry Scheme
- Existing commercial vegetable production (based on compliance with nitrogen reference point, stock exclusion, information required, FEP, and other matters)

Restricted discretionary activity:

- The use of land for farming activities that do not comply with the permitted and controlled activity conditions

Non-complying activity:

- Land use change, where the area of land being changed exceeds 4.1 hectares and involves:
 - o Woody vegetation to farming
 - o Any livestock farming or arable cropping to dairy farming; and
 - o Any land use change to commercial vegetable growing, unless provided for as a controlled activity

The rules would come into effect within a defined period depending on the priority of the catchment the farm is located in.

While the rules in PC1 solely relates to farming and commercial vegetable growing, it also includes four new policies relating to the consideration of resource consents for point source discharges. This would capture point source discharges from Council infrastructure as well as industry. The focus of these policies is on recognizing the importance of regionally significant infrastructure⁴ and regionally significant industry, while ensuring that any point source

⁴ This includes Council's wastewater and water networks, but not stormwater.

discharges adopt the best practicable option and assist to achieve the 80-year water quality target. One policy indicated that a consent term of over 25 years may be achieved if it demonstrated that staged improvements to water quality would be achieved.

Council's submissions on PC1

The Council made a comprehensive submission to PC1, both in support of some aspects and in opposition to others. While overall the Council supported the intent of PC1, and taking a staged approach in particular to reduce the disruption and negative impact on communities, the primary concerns raised included:

- The socio-economic impacts of PC1 on the communities affected by it
- Clarification about what the staged approach means to achieve the 2096 target
- That the nitrogen reference point system encourages grandparenting; where biggest polluters are rewarded and those demonstrating good behaviour and actions are not
- There should be an allowance for those who are below an acceptable level of discharge to increase their discharge
- Whether the Regional Council would provide funding to enable the effective implementation of PC1, particularly for sub-catchment community initiatives
- That stormwater infrastructure is not covered by the definition of regionally significant infrastructure, and would therefore be penalized by the new point source discharge policies
- The point source discharge policies should recognize the monitoring undertaken during the operation of wastewater operations when assessing and renewing resource consents
- That offsetting be considered as a mitigating measure, rather than being considered only when all other options have been considered
- That offsetting be provided for in the Lake Taupō catchment as the FMU above the Waikato River
- Providing for a 35-year consent term for point source discharges from council infrastructure
- The need for a new policy that allows for urban growth, as required under the National Policy Statement for Urban Development Capacity (NPS-UDC)⁵
- The requirement for FEPs will generate significant compliance costs for landowners. There should be funding available
- That the rules be simplified
- There is a large burden on landowners to provide information and evidence, some of which the Regional Council already has
- Clarity on the interpretation of many of the rules, including the need for definitions
- The availability of skilled people to implement the provisions (Farm Environment Plans, determining nitrogen reference point)
- Desire to see the location of monitoring sites on a map

⁵ I note that there is also a requirement in s31 for Councils to ensure that there is another land available for growth.

In evidence, the planner for WARTA⁶ also raised concerns about whether point source discharges would allow for reasonable mixing, as PC1 was largely silent on it.

Summary of changes to PC1

The key changes are set out in the Waikato Regional Council Officer's report to the Council meeting of 18 March 2020. I have appended a summary of this as Appendix 1. There were significant changes made as a result of submissions and a substantial rewrite of the provisions. However, the overall intent of PC1 remains the same.

From my perspective, the key changes for the Councils to be aware of are:

Diffuse discharges:

- A change of focus for Objective 1 to achieve rivers, springs, lakes and wetlands that are both restored over time and protected, and are safe for people to swim in and take food from by 2096
- Objective and supporting policies that encourage collective community action in reducing contaminant discharges in a staged approach that provides for the wellbeing of the Waikato and Waipā communities
- Providing for offsetting and compensation
- Encouraging sector schemes
- Generally not granting farming or vegetable production consents beyond 2035
- The removal of the nitrogen reference point using Overseer and its replacement with actual Nitrogen Leaching numbers for each Freshwater Management Unit (catchment/sub-catchment)
- Allowance to use a different tool than Overseer for measuring actual nitrogen leaching rates
- The activity status for any farming operation now being based on the actual Nitrogen Leaching numbers for each Freshwater Management Unit
- Moving from achieving the 10-year targets by 2026⁷ to 20% of the target within 10 years of PC1 being made operative
- More scope for farming as a permitted activity, for small and very low intensity farming and low intensity farming
- Changes to the requirements for Farm Environment Plans (FEP), so that permitted activities can provide a simplified FEP and those requiring consent needing to provide a more comprehensive FEP, certified by a Certified Farm Environment Planner
- Changes to the stock exclusion rules, so that these are linked to the slope of the land and the number of stock⁸

⁶ A collaborative presentation on behalf of various local authorities comprising Taupo District Council, South Waikato District Council, Otorohanga District Council, Waitomo District Council, Waipa District Council; Hamilton City Council, Waikato District Council, Matamata-Piako District Council, Hauraki District Council, Thames-Coromandel District Council.

⁷ Ten years after PC1 was notified.

⁸ I note that the Government has indicated that a new National Environmental Standard for stock exclusion will be out later in 2020. Stock would need to be excluded from certain waterbodies with a slope of up to 15 degrees or with a slope over 15 degrees where there are more than 18 stock units in any adjoining paddock

- A new schedule which sets out minimum farming standards, which covers stock exclusion, fertilizer application, sacrifice paddocks and winter forage crop grazing and cultivation
- The removal of most of the methods, including those relating to funding and implementation
- Allowance to increase or establish new commercial vegetable growing activities in particular catchment areas, where there are suitable land conditions
- Slightly more scope / leeway to change land use, albeit still as a non-complying activity;
- Allowance for existing farming activities to remain a permitted activity until specified application dates; which are the date PC1 is made operative, plus a defined number of years. The parts of the Taupō District within the PC1 area would fall within the three to five year application dates.
- Focusing priority action on farming activities that reduce contaminants in a sub-catchment, with priority contaminants being identified for each sub-catchment.

Point-source discharges

- Allowance for offsetting to occur upstream, including within another Freshwater Management Unit, where there are residual adverse effects
- Allowance for consideration of reasonable mixing as a consideration for point source discharges
- Removal of the reference to a 25-year consent term, and rather reference to "an appropriate duration", which takes into account the magnitude of investment made or proposed to be made to reduce contaminants and improve water quality and the desirability of providing certainty of investment for any contaminant reduction measures, and not compromising a steady improvement in water quality.

Overall, I consider that the decisions-version of PC1 is much improved to the notified version and meet a number of the Councils' concerns. However, there are aspects to PC1 that have not met the Council's concerns and which may impact on the Council directly. Without the benefit of freshwater science, economic and farming advice, there may also be aspects of the decision version that may be of concern.

Recommended areas for appeal

In my opinion, the point-source discharge policies contained in PC1 will have most direct impact on the Council and appeals should be considered for the following matters:

- That reasonable mixing should be provided for in policy 13, rather than being a consideration as to whether it is acceptable or not. Reasonable mixing is conventional practice in the context of point source discharges where water quality targets only need to be achieved after the discharge has been assimilated into the water body; as the policy applies now, water quality targets would need to be met at the point of discharge, which is far more onerous
- That a 30-year consent term should be pursued for regionally significant infrastructure, as the policy is now less certain about what terms may be achievable, impacting on certainty and investment for the Councils

- Clearer reference in policy 13 to the requirements of the NPS-UDC to provide for growth; or at least recognition and consideration of growth requirements under s31 of the RMA. As it stands, territorial authorities would be faced with needing to improve the quality of their discharges while also accommodating further growth in their districts
- That the stormwater network be included in the definition of regionally significant infrastructure within PC1⁹ and therefore subject to policy 11, which requires that the continued operation and development of regionally significant infrastructure is provided for.

I also recommend that any appeal should include discussion on the removal of the methods on funding and implementation and question the support that Waikato Regional Council will provide to the Council and sub-catchment groups in implementing PC1.

Recommended areas for joining appeals

As noted above, in the absence of freshwater science, economic and farming advice, I recommend that the Council keeps a watching brief for appeals and consider joining appeals in respect to the following matters, as they relate to matters that may have significant impacts on the Council's community:

- The use of the nitrogen leaching rate in lieu of the nitrogen reference point
- The socio-economic implication of moving to 20% within 10 years of becoming operative
- The stock exclusion provisions
- Options for alternatives to reduce the amount of burden on farmers and the wider community
- Ensuring that the ability for offsetting for point source discharges is retained
- Any toughening up on the policy criteria for point source discharges
- The overall timeframe for achieving the water quality targets (2096)
- Improving clarity on how land use change may occur
- How the wider context of the Vision and Strategy is considered in resource consent decision making.

Conclusion

I recommend that Council lodge an appeal against PC1 which addresses the areas for appeal identified in the section headed "Recommended areas for appeal", and that it lodge a s274 interested party notice in respect of any other appeals against PC1 which address the areas identified in the section headed "Recommended areas for joining appeals".

⁹ Regionally significant infrastructure is defined in PC1 as having the same meaning as in the Regional Policy Statement; however, an amendment to the Regional Policy Statement is beyond the scope of PC1.

Appendix 1: Summary of key changes to PC1

Key policy issues identified by the Panel:

- The establishment of the Nitrogen Reference Point (NRP) using Overseer as the decision support tool (DST) (unless approval of the Waikato Regional Council CEO is obtained to use an alternative DST), despite the well-documented shortcomings of Overseer.
- The lack of certainty other DSTs could be used where they were 'fit for purpose'.
- Having to establish the NRP over the specified reference years.
- Once the NRP is established, having to farm either at or below that NRP, which 'penalises' low emitter farms (and those early adopters of good farm practices to reduce diffuse contaminant leaching) and 'rewards' higher emitter farms. This was seen as inequitable and would severely impact the ability of many farmers to remain economically viable. It was referred to as 'grandparenting'.
- The perverse incentive PC1 creates to establish and retain a higher NRP, as this enables greater farm intensity and flexibility, translating to a higher capital value for the farm.
- The focus on nitrogen as the 'key contaminant' in PC1, when in many cases nitrogen is not the most significant contaminant.
- Flaws in the 75th percentile nitrogen leaching rate rule as it is based on an entire FMU, and logistical issues because it could not be calculated until all the dairy NRPs had been established for the FMU.

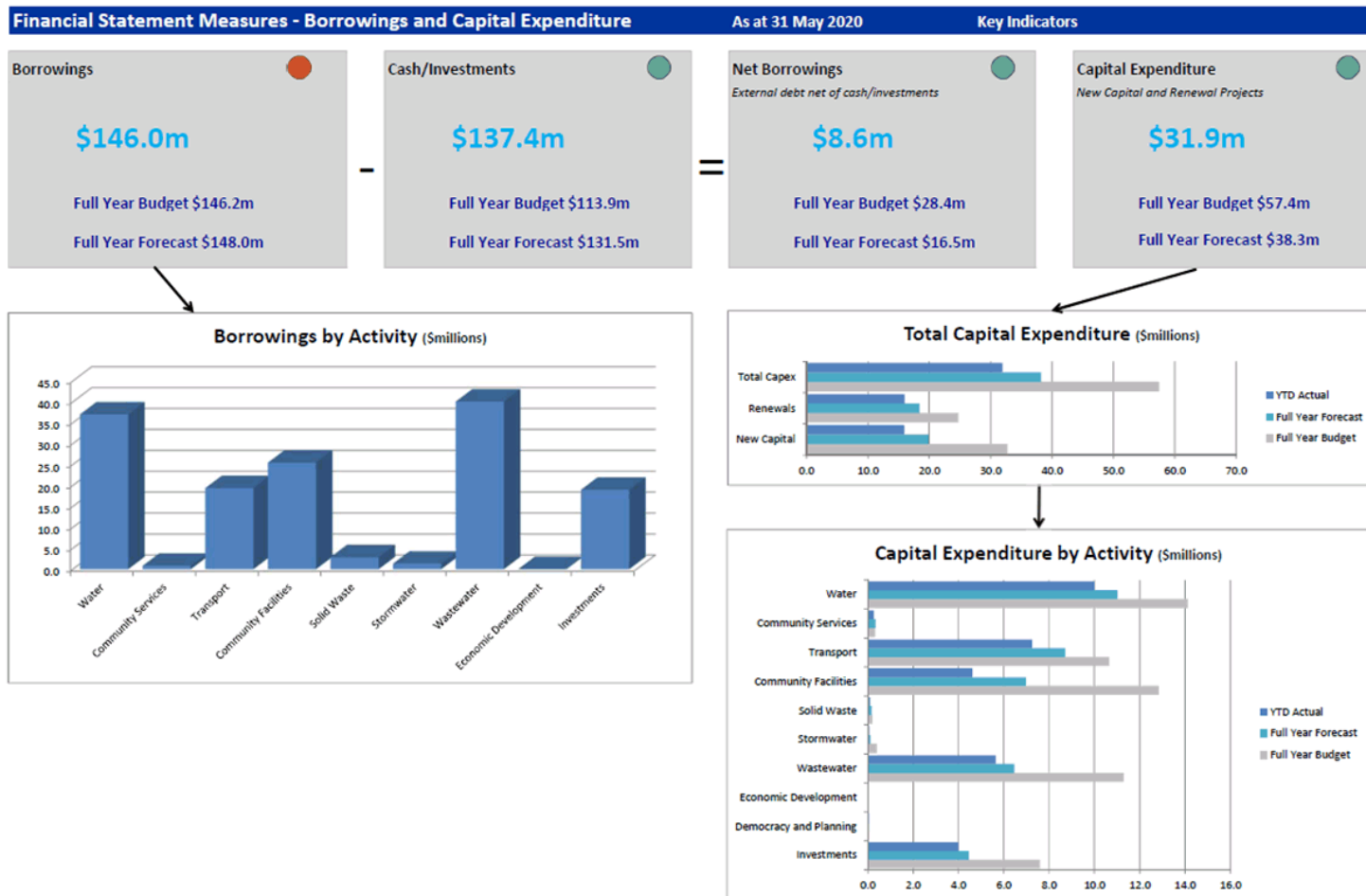
Key changes to PC1:

- The need to establish an NRP be removed, replaced with a set of actual nitrogen leaching numbers for each Freshwater Management Unit (FMU). This also removes the need to rely on the 'reference years' as the basis for establishing the NRP.
- The nitrogen leaching numbers form activity status triggers (permitted activity or requiring a consent) rather than fixing the level at or below which farming must occur.
- Improvements in farming practices (to reduce the diffuse discharge of contaminants) should largely be achieved through the Farm Environment Plans (FEPs).
- Deletion of the 75th percentile provisions in their current form.
- Higher emitters of diffuse discharges will be under greater scrutiny as to whether they should be required to do proportionally more to reduce the level of their discharges through resource consents and their FEPs.
- The 'grandparenting' aspect of PC1 is removed as there is no longer a need to establish an NRP.
- The rule regime will incentivise farming activities to have a lower nitrogen leaching rate to be a permitted activity.
- Overseer is not the only DST able to be used. The provisions will enable any 'fit for purpose' DST 'certified' by a 'suitably qualified person'.
- Greater recognition of the lakes and wetlands in the PC1 catchment from an objective, policy and rules perspective.
- Acknowledgment of the Whangamarino Wetland as an outstanding water body.
- Deletion of Table 3.11-2 – List of Sub-catchments showing Priority, 2 and 3 sub-catchments, and its replacement with Table 3.11-3: Sub-catchment Application Date. The 'Application date' in this case is the date PC1 is made operative, plus the number of

years shown in the 'year' column of the table. This table prioritises those sub-catchments which in the Panel's view require action more quickly than others.

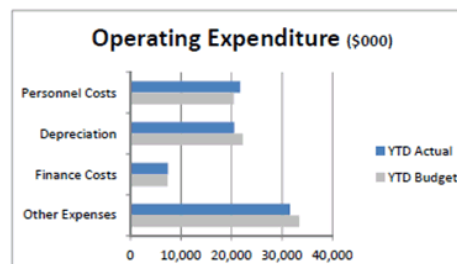
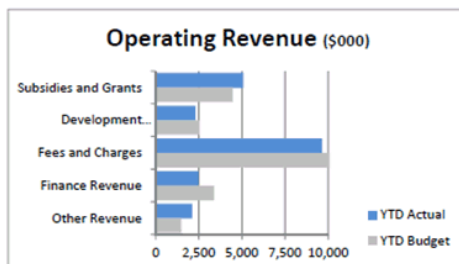
- Adding a new Table 3.11-2 to assist prioritisation of contaminant reduction actions in particular sub-catchments.
- Linking the stock exclusion rules from water bodies to slope and the number of stock units;
- Making greater use of stock unit tests to provide for low intensity drystock farming, including flexibility to 'follow the grass curve'.
- Provision for the expansion of Commercial Vegetable Production (CVP) as a discretionary activity in some (limited in number and areal extent) identified sub-catchments.
- FEPs remain as a key tool in reducing the diffuse discharge of contaminants, but two FEP schedules are provided: one as a permitted activity standards-based FEP for 'low intensity farming', and the second based on goals and principles for all other farming activities, including CVP, that require a resource consent.
- Provision for Certified Sector Schemes (CSS; previously Certified Industry Schemes) is retained, but membership of a CSS does not give rise, of itself, to different activity status. A CSS can prepare and review FEPs.
- Not including LUC-based allocation or foreshadowing its adoption in the next Plan Change, but acknowledging the potential for an allocation framework to be put in place and ensuring decisions made under PC1 do not compromise the Council's future flexibility in that regard.





Statement of Comprehensive Revenue and Expense
For the period ending 31 May 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	64,475	63,974	502	1%	69,801	70,325	524	1%
Subsidies and Grants	5,073	4,455	618	14%	5,033	5,578	544	11%
Development Contributions	2,303	2,515	(211)	-8%	2,743	2,484	(259)	-9%
Fees and Charges	9,633	10,043	(410)	-4%	10,913	10,550	(363)	-3%
Finance Revenue	2,478	3,369	(891)	-26%	4,317	2,700	(1,617)	-37%
Other Revenue	2,110	1,472	638	43%	8,003	8,003	0	0%
Total Revenue	86,072	85,827	244	0%	100,811	99,640	(1,170)	-1%
Operating Expenditure								
Personnel Costs	21,698	20,500	(1,198)	-6%	22,303	23,500	(1,196)	-5%
Depreciation	20,537	22,222	1,685	8%	24,242	22,721	1,522	6%
Finance Costs	7,437	7,405	(32)	0%	8,078	8,014	64	1%
Other Expenses	31,521	33,345	1,823	5%	36,253	35,261	992	3%
Total Operating Expenditure	81,194	83,473	2,279	3%	90,877	89,496	1,381	2%
Net Surplus/Deficit	4,878	2,355	2,523		9,934	10,144	211	
Group of Activities								
Water	702	621	81		1,326	1,480	154	
Community Services	(62)	(36)	(26)		(0)	(140)	(140)	
Transport	(934)	(566)	(368)		2,125	1,218	(906)	
Community Facilities	1,155	177	979		972	1,618	646	
Solid Waste	98	(0)	98		0	267	267	
Stormwater	88	0	88		902	949	47	
Wastewater	1,368	911	457		1,678	2,219	541	
Economic Development	12	(0)	12		(0)	(92)	(92)	
Democracy and Planning	(28)	(454)	426		(495)	(134)	362	
Investments	2,479	1,702	776		3,426	2,758	(668)	
Net Surplus/Deficit	4,878	2,355	2,523		9,934	10,144	211	



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 \$2,523k ahead of the planned surplus.

• Subsidies and grants are ahead of plan due to unbudgeted subsidies of 1,155k. However, this is offset by operational and capital grants that are lagging due to the COVID-19 lockdown.

• The unfavourable variance of \$410k in fees and charges is mainly a result of reduced activity in April and May as a result of the COVID-19 Lockdown.

• Finance revenue \$819k below budget as a result of unrealised losses on TEL fund investments.

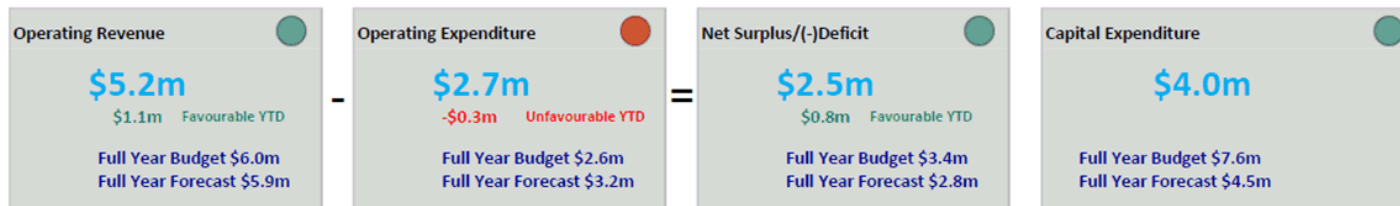
• The favourable variance in other revenue is mainly due to the sale of property.

• 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



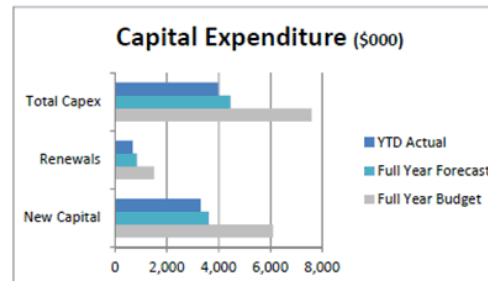
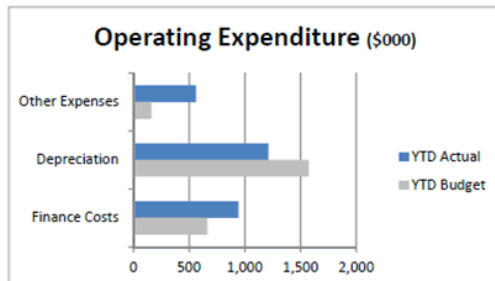
Cost of Service Statement

For the period ending 31 May 2020

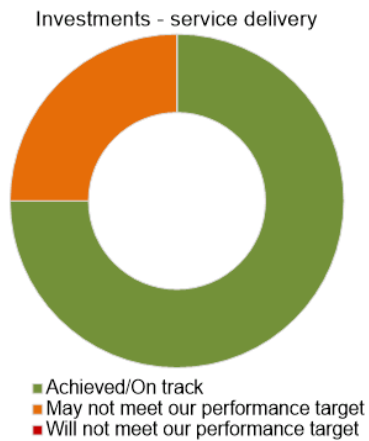
\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	154	(297)	451	-152%	(356)	168	524	-147%
Subsidies and Grants	1,023	0	1,023	0%	0	1,023	1,023	0%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	881	841	40	5%	918	918	0	0%
Finance Revenue	2,478	3,369	(891)	-26%	4,317	2,700	(1,617)	-37%
Other Revenue	661	186	475	256%	1,124	1,124	0	0%
Total Revenue	5,197	4,099	1,098	27%	6,002	5,933	(70)	-1%
Operating Expenditure								
Other Expenses	563	161	(402)	-249%	138	836	(698)	-506%
Depreciation	1,211	1,572	361	23%	1,715	1,330	385	22%
Finance Costs	944	663	(281)	-42%	723	1,009	(285)	-39%
Total Operating Expenditure	2,718	2,397	(321)	-13%	2,577	3,175	(598)	-23%
Net Surplus/Deficit	2,479	1,702	777		3,426	2,758	(668)	


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"> The average 90 day bill rate calculation for the months of February 2020 and May 2020 = 0.72% Target return is 0.72% + 1% = 1.72% Actual Investment Yield TEL at May 2020 YTD total return basis is 1.36% <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.

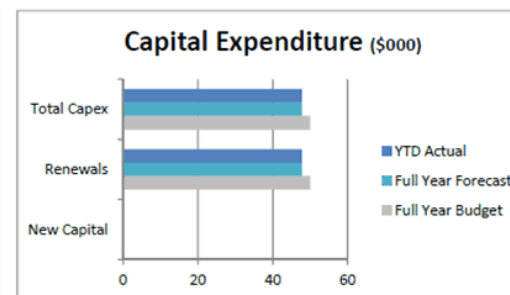
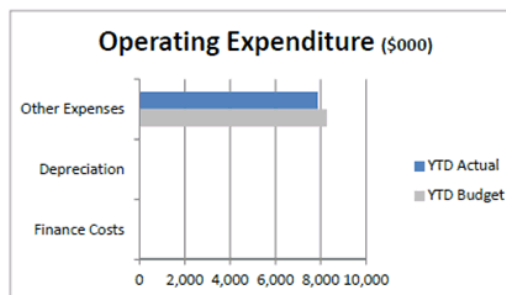
Democracy and Planning

Operating Revenue \$7.8m \$0.0m Favourable YTD Full Year Budget \$8.5m Full Year Forecast \$8.5m	-	Operating Expenditure \$7.9m \$0.4m Favourable YTD Full Year Budget \$9.0m Full Year Forecast \$8.7m	=	Net Surplus/(-)Deficit -\$0.1m \$0.4m Favourable YTD Full Year Budget -\$0.5m Full Year Forecast -\$0.1m	Capital Expenditure \$0.0m Full Year Budget \$0.1m Full Year Forecast \$0.0m
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Cost of Service Statement For the period ending 31 May 2020

	Year to Date				Full Year			
\$000	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	7,742	7,742	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	85	8	10%	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	7,835	7,827	9	0%	8,539	8,539	1	0%
Operating Expenditure								
Other Expenses	7,859	8,268	409	5%	9,020	8,658	362	4%
Depreciation	4	13	9	72%	14	14	(1)	-5%
Finance Costs	0	0	0	0%	0	0	0	0%
Total Operating Expenditure	7,863	8,281	418	5%	9,033	8,672	362	4%
Net Surplus/Deficit	(28)	(454)	426		(495)	(133)	362	

Explanation of variances to budget



Democracy and Planning

Democracy and Planning - service delivery



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. Council has received agreement to formally commence the review process from Te Arawa River Iwi Trust, Tuwharetoa Maori Trust Board and the Raukawa Charitable Trust.
Prepare the Annual Plan 2020/21		Adoption 30 June 2020.
Prepare the Transport Strategy		Drafting of the strategy is almost complete and will be tested with Council through a workshop in June.

Project	Status	Comments or risks
Advocate on the Healthy Rivers Plan Change		Decision on whether to lodge an appeal to be made 30 June 2020.
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 has been rescheduled for 26 June 2020. The working group has been meeting often to start the development of the Kaupapa Kaitiaki (Taupo 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. A workshop will be held with Council later in 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

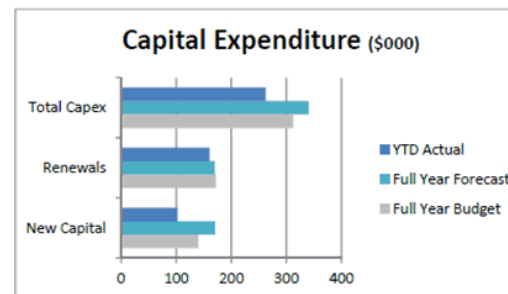
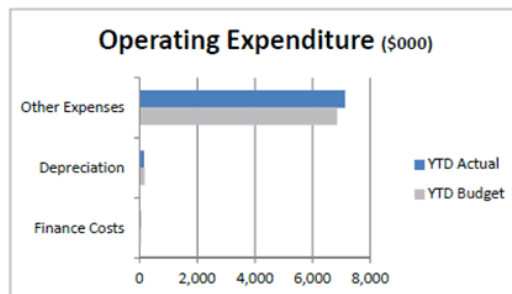
Operating Revenue ● \$7.3m \$0.2m Favourable YTD Full Year Budget \$7.7m Full Year Forecast \$7.8m	-	Operating Expenditure ● \$7.3m -\$0.3m Unfavourable YTD Full Year Budget \$7.7m Full Year Forecast \$7.9m	=	Net Surplus/(-)Deficit ● \$0.0m -\$0.1m Unfavourable YTD Full Year Budget \$0.0m Full Year Forecast -\$0.1m	Capital Expenditure ● \$0.3m Full Year Budget \$0.3m Full Year Forecast \$0.3m
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Cost of Service Statement For the period ending 31 May 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	4,149	4,133	16	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	2,657	2,503	154	6%	2,731	2,818	87	3%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	433	392	41	10%	428	428	0	0%
Total Revenue	7,260	7,028	232	3%	7,667	7,776	108	1%
Operating Expenditure								
Other Expenses	7,130	6,846	(283)	-4%	7,430	7,679	(249)	-3%
Depreciation	150	175	26	15%	191	190	1	1%
Finance Costs	43	42	(0)	-1%	46	46	(0)	0%
Total Operating Expenditure	7,322	7,064	(258)	-4%	7,667	7,916	(248)	-3%
Net Surplus/Deficit	(62)	(36)	(26)		(0)	(140)	(140)	

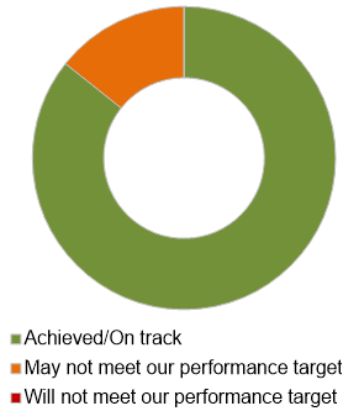
Explanation of variances to budget


- 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"> Social Services Grants close at the end of March with 21 applications requesting \$93,822.00. There is \$50,679.00 available to distribute. Council is managing the administration and process functions for this grant and Waiora Community Trust is completing the distribution function. This is working well. <p>The Social Service grants had to wait until alert level 2 to be able to form a quorum to allocate grants. They did try via zoom however could not make a quorum.</p> <p>Of the 21 applications 18 applications were granted a total of \$49,400.00 with a remaining \$1,279.00. Three applications were declined.</p> <p>Current issues</p> <p>Due to Covid-19 distributors experienced challenges with convening and deliberating. Council continues to support distributing agencies through any issues and challenges with administration, IT and process advise which includes.</p> <p>Grant distribution options via email, Zoom, Teams or phone.</p> <p>Sport Advisory Council cancelled their funding round in May and requested in writing to carry forward the \$14,000 grant monies to the 2020/21 distribution year.</p> <p>Council granted an amendment to the Distribution agreement to reflect this request. In addition, the SAC will consider the applications submitted to the cancelled May round at their next scheduled funding round 20/21.</p>

	Dog control – percentage of initial response within 24 hours for dog control complaints. (100 per cent per year / year)	<p>Highlights</p> <ul style="list-style-type: none"> 72 requests for dog control service received during May. 97% of requests responded to within the required timeframe. <p>Current issues</p> <ul style="list-style-type: none"> Two requests for service exceeded the response time due either to the request not being updated before the deadline, or a technical issue with the way the Council's after-hours service recorded the initial request.
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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

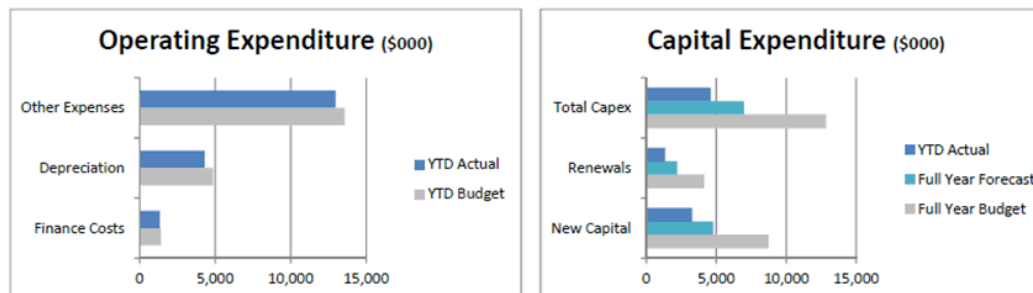


Cost of Service Statement For the period ending 31 May 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	16,642	16,642	0	0%	18,155	18,155	0	0%
Subsidies and Grants	387	47	339	719%	152	307	155	103%
Development Contributions	111	288	(176)	-61%	314	121	(192)	-61%
Fees and Charges	2,355	2,939	(584)	-20%	3,207	2,607	(600)	-19%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	269	90	179	198%	778	778	0	0%
Total Revenue	19,764	20,006	(242)	-1%	22,605	21,968	(637)	-3%
Operating Expenditure								
Other Expenses	12,985	13,568	584	4%	14,802	14,370	432	3%
Depreciation	4,287	4,856	570	12%	5,297	4,526	772	15%
Finance Costs	1,338	1,405	68	5%	1,533	1,454	79	5%
Total Operating Expenditure	18,609	19,830	1,221	6%	21,633	20,350	1,283	6%
Net Surplus/Deficit	1,155	177	979		972	1,618	646	

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	\$1,622,234	<p>Camex progressing well on site they have poured app 2.3kms</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 and in front of the millennium hotel and opposite Tremaine Ave.</p> <p>Communication to the immediate neighbours and general public is under way.</p>
Erosion control		\$1,485,000	\$819,100	<p>GL Shared Path 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 • 'living wall' between sea Scouts den and Lowell place; 290lm of living wall – signed off by Engn • Section in front of Millennium hotel. Installed 170lm of rock revetment – signed off by Engn

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
				Currently working on: <ul style="list-style-type: none"> section opposite Tremaine ave <p>Kuratau offshore breakwaters - Tender documents being prepared, project timing has slipped and is approximately 2 months behind schedule.</p>
District Sportsground and Recreation strategy		No capital budget.	n/a	On hold.
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.
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	\$97,560	Demolition work is underway again, programme has been amended due to lockdown, expected to be complete by the end of September.
Upgraded reception area at Taupō Events Centre		\$264,000	\$117,320	Project to be carried out over May and June as agreed with Scott Attenborough (project sponsor). This work has now commenced and is progressing well.
Destination playground		\$850,000	\$24,090	Survey closed and feedback has been assessed. Detailed design is currently underway.

Water

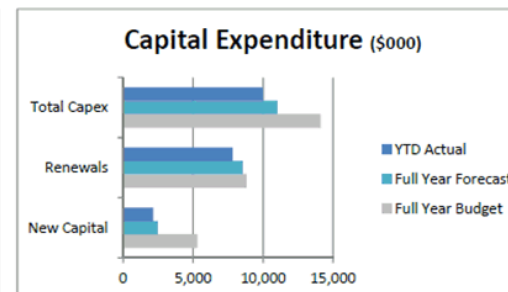
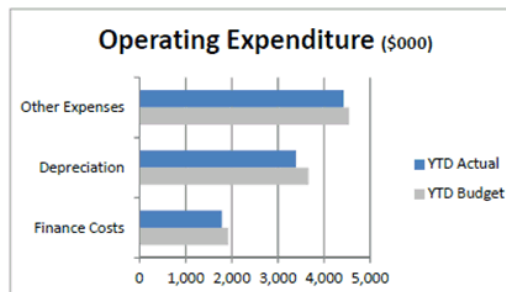
Operating Revenue \$10.3m -\$0.4m Unfavourable YTD Full Year Budget \$12.4m Full Year Forecast \$12.0m	-	Operating Expenditure \$9.6m \$0.5m Favourable YTD Full Year Budget \$11.0m Full Year Forecast \$10.5m	=	Net Surplus/(-)Deficit \$0.7m \$0.1m Favourable YTD Full Year Budget \$1.3m Full Year Forecast \$1.5m		Capital Expenditure \$10.0m Full Year Budget \$14.1m Full Year Forecast \$11.0m
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Cost of Service Statement For the period ending 31 May 2020

	Year to Date				Full Year			
\$000	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	9,937	9,966	(29)	0%	10,916	10,916	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	335	672	(337)	-50%	733	366	(368)	-50%
Fees and Charges	14	102	(88)	-86%	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	10,299	10,740	(442)	-4%	12,352	11,984	(368)	-3%
Operating Expenditure								
Other Expenses	4,426	4,540	114	3%	4,939	4,939	(0)	0%
Depreciation	3,388	3,659	271	7%	3,991	3,678	313	8%
Finance Costs	1,784	1,921	138	7%	2,096	1,887	209	10%
Total Operating Expenditure	9,597	10,120	522	5%	11,027	10,505	522	5%
Net Surplus/Deficit	702	621	81		1,326	1,480	154	

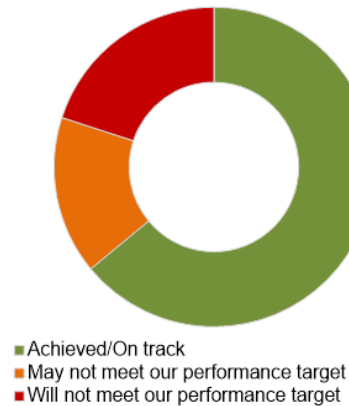
Explanation of variances to budget

- 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 31st of May 2020 for the following:</p> <p>a) Drinking water quality = 2 (<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 = 81 (<i>high, low, or very low pressure complaint</i>) $\frac{81}{20} = 4.1$</p> <p>e) Continuity of supply = 136 (<i>no water complaint</i>) $\frac{136}{20} = 6.8$</p> <p>f) Council response to these issues = 0 $\frac{0}{20} = \text{not currently measured (review underway)}$</p> <p>Total complaints = $\frac{233}{20} = 11.7$ per 1000 connections after 11 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 June report.
	Motutere	Bacterial Compliance: Failed due to turbidity spike during underwater landslide
	River Road	Bacterial Compliance: Failed - Turbidity spike above DWSNZ levels, average once per month. Will be resolved with automatic plant shutdown project planned for completion this year.
	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	UV compliance proven for April and May 2020. Reporting will be completed for June 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



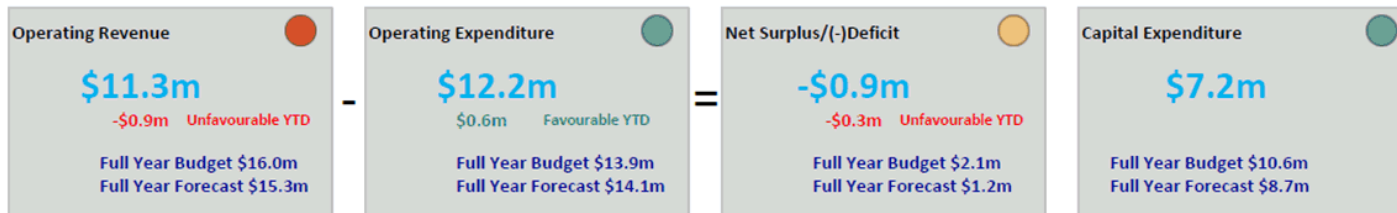
Will not meet our target

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	\$1,596,333	<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 several 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	\$423,168	<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		\$163,290	\$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	\$252,500	<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. Network design is now underway. A key decision to enable completion of the network designs is the location of future low zone treated water storage. Our design team are currently assessing options before a preferred location is settled on.</p> <p>The treatment plant site location and treatment process has 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	\$60,365	<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. Completion of detail design is expected in June with tendering to occur in July and August 2020 in conjunction with the 5 Mile Bay pipeline project. Construction is expected during the 2020/21 financial year.</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 in July 2020 with construction later in the year.</p> <p>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. A Council workshop is planned for 16th June 2020.</p>

Transport

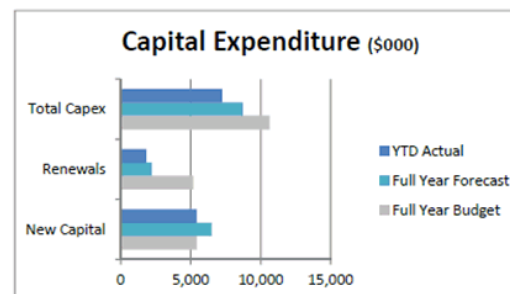
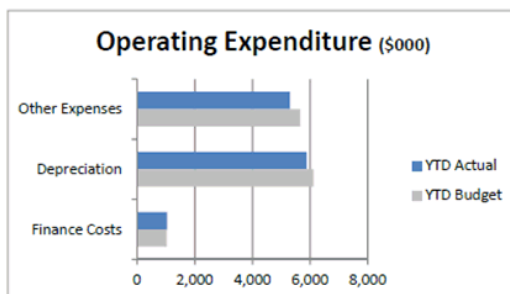


Cost of Service Statement For the period ending 31 May 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	6,366	6,366	0	0%	6,945	6,945	0	0%
Subsidies and Grants	3,514	4,289	(775)	-18%	4,752	4,047	(704)	-15%
Development Contributions	654	628	26	4%	685	685	0	0%
Fees and Charges	64	128	(64)	-50%	140	140	0	0%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	694	804	(110)	-14%	3,461	3,461	0	0%
Total Revenue	11,292	12,215	(923)	-8%	15,983	15,279	(704)	-4%
Operating Expenditure								
Other Expenses	5,302	5,649	347	6%	6,077	6,042	35	1%
Depreciation	5,885	6,114	229	4%	6,670	6,879	(209)	-3%
Finance Costs	1,039	1,018	(21)	-2%	1,111	1,139	(28)	-3%
Total Operating Expenditure	12,226	12,781	555	4%	13,858	14,060	(202)	-1%
Net Surplus/Deficit	(934)	(566)	(368)		2,125	1,218	(906)	

Explanation of variances to budget

- Transit subsidy is lagging due to the impact of the COVID-19 lockdown.
- Other expenses are below budget as a result of the COVID-19 lockdown.



Transport

Transport - service delivery



All the Transport service delivery measures are currently on track.

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



Achieved







On track



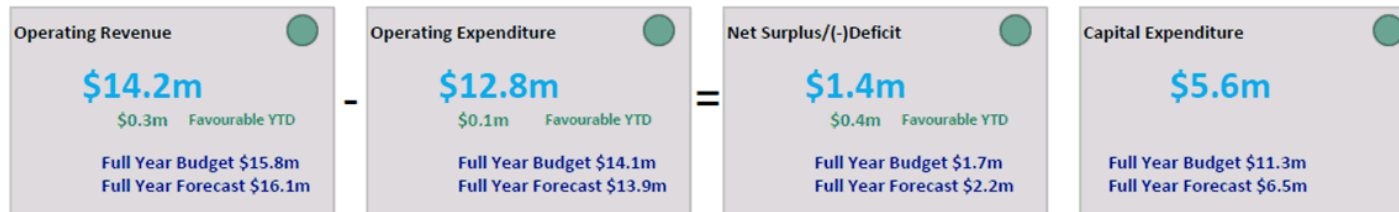
May not meet our target



Will not meet our target

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Minor safety improvements		\$398,484	\$320,760	Safety improvements completed to date, associated improvements on Poihipi Road, pedestrian refuge islands, installation of flag light on Tirohanga. Whites Road and Te Uranga Place minor improvements still to occur.
Complete construction of Huka Falls footpath <i>(Multi year project)</i>		\$685,735	\$157,846	Some delay this month due to Covid-19. Contractors commenced on site at the Clearwater Lane end of the site at the 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. Start of works delayed due to Covid-19 but commenced early June.
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 has been finalised for "V" cat lights preparation of tender documents underway.

Wastewater

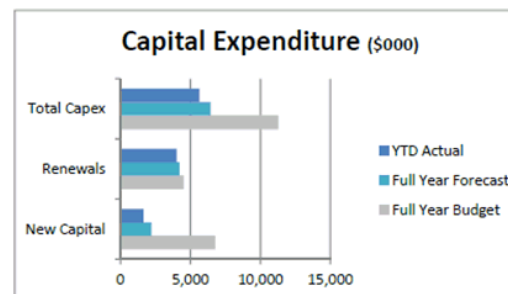
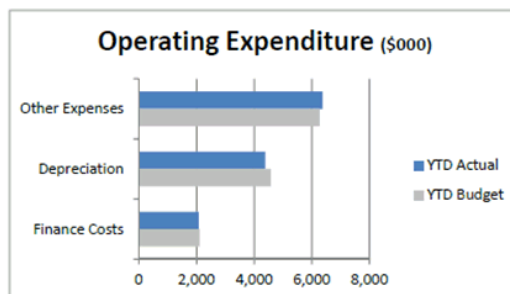


Cost of Service Statement For the period ending 31 May 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	12,281	12,223	58	0%	13,334	13,334	0	0%
Subsidies and Grants	0	0	0	0%	0	0	0	0%
Development Contributions	1,203	926	276	30%	1,011	1,312	302	30%
Fees and Charges	691	717	(26)	-4%	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	14,179	13,866	312	2%	15,802	16,104	302	2%
Operating Expenditure								
Other Expenses	6,368	6,267	(102)	-2%	6,827	6,875	(48)	-1%
Depreciation	4,381	4,574	193	4%	4,990	4,780	210	4%
Finance Costs	2,062	2,115	53	2%	2,307	2,229	78	3%
Total Operating Expenditure	12,811	12,955	144	1%	14,124	13,884	239	2%
Net Surplus/Deficit	1,368	911	457		1,678	2,219	541	

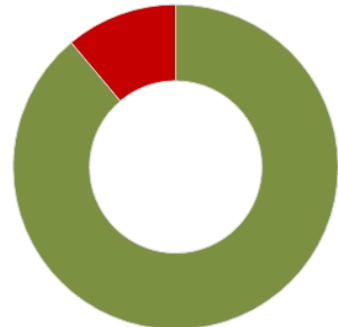
Explanation of variances to budget

- 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

Status	Performance Measure	Performance
●	Number of abatement notices received by the District Council in relation sewerage system resource consents. (≤ 1 / year)	Highlights <ul style="list-style-type: none"> Two abatement notices received. Current issues <ul style="list-style-type: none"> Both notices relate to the same issue but technically two notices. One related to the late delivery of Kinloch WWTP upgrades and therefore non-compliance with consent conditions <p>The second is the same issue but sets the requirement to report on progress.</p>



Achieved



On track






May not meet our target



Will not meet our target

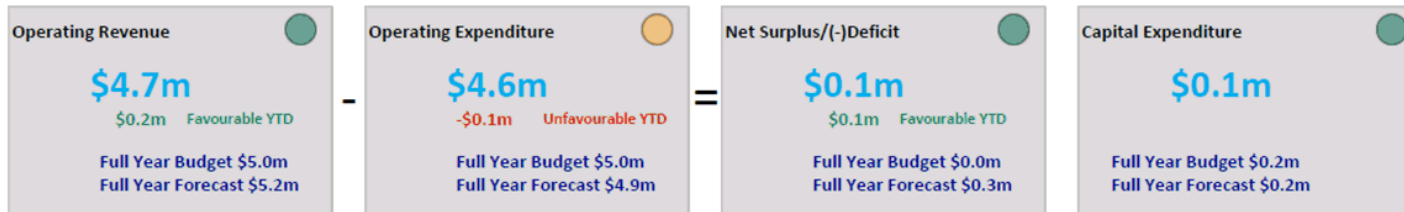
Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Kinloch Wastewater land disposal system	●	\$3,995,118	\$1,978,885	Complete projects Site Access and Flood Protection Works, Effluent Holding Tank (commissioning required), process review. Land disposal to Golf Course The contract has been awarded to Envirowater. This work resumed under Level 2. Installation of drip line equipment has begun on the WWTP and golf course site and good progress is being made.

Project	Status	Life Budget to 30/06/20 (\$)	Actual (\$)	Comments or risks
Turangi wastewater balance pond		\$2,260,724	\$605,564	<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>We expect to be commissioning the new plant in July.</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	\$629,783	<p>WWTP MBR Upgrade 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> <p>Tenders received for Inlet Works and Membranes have been more expensive than expected. A paper was brought to Council on 16th June.</p>
Taupō wastewater southern trunk main upgrade stage 1		\$100,000	\$40,855	<p>The 2019/20 budget is 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 was held on 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 as been shared informally with WRC already. This information is being also being provided thought he 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	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.

Solid Waste

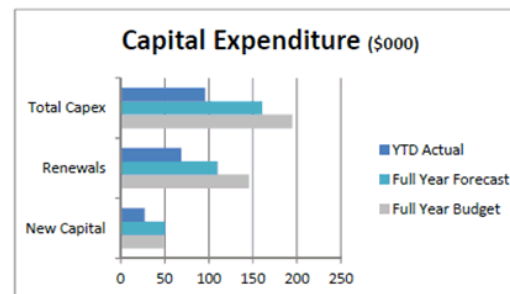
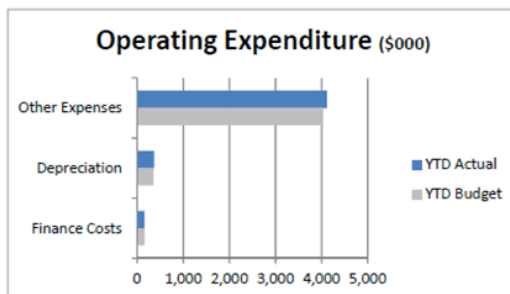


Cost of Service Statement For the period ending 31 May 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	1,706	1,700	6	0%	1,855	1,855	0	0%
Subsidies and Grants	124	119	5	4%	130	175	45	35%
Development Contributions	0	0	0	0%	0	0	0	0%
Fees and Charges	2,877	2,728	149	5%	2,976	3,126	150	5%
Finance Revenue	0	0	0	0%	0	0	0	0%
Other Revenue	22	0	22	0%	0	0	0	0%
Total Revenue	4,729	4,547	182	4%	4,960	5,155	195	4%
Operating Expenditure								
Other Expenses	4,109	4,030	(79)	-2%	4,397	4,339	58	1%
Depreciation	367	358	(9)	-2%	391	378	12	3%
Finance Costs	155	159	3	2%	173	170	3	2%
Total Operating Expenditure	4,631	4,547	(84)	-2%	4,960	4,888	72	1%
Net Surplus/Deficit	98	(0)	98		0	267	267	

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.	<div><h3>Highlights</h3><p>The total waste tonnage to landfill 18/19 was 24573</p><div><h4>Yearly Waste tonnages Broadlands Rd Landfill</h4><table><caption>Yearly Waste tonnages - Broadlands Rd Landfill</caption><thead><tr><th>Year</th><th>Tonnage (approx.)</th></tr></thead><tbody><tr><td>2009/10</td><td>20000</td></tr><tr><td>2010/11</td><td>18000</td></tr><tr><td>2011/12</td><td>18000</td></tr><tr><td>2012/13</td><td>18000</td></tr><tr><td>2013/14</td><td>18000</td></tr><tr><td>2014/15</td><td>18000</td></tr><tr><td>2015/16</td><td>20000</td></tr><tr><td>2016/17</td><td>22000</td></tr><tr><td>2017/18</td><td>24000</td></tr><tr><td>2018/19</td><td>24573</td></tr></tbody></table></div><p>19/20 waste landfill tonnes</p><ul style="list-style-type: none">• 1042 tonnes April• 2307 tonnes May• Total tonnes to date 23157• Tracking Approximately 420 tonnes more than at same time 2018/19<div><h3>Current issues</h3><ul style="list-style-type: none">• Omori Transfer Station now operating Eftpos with a solar charging unit, the site is now fully operational• Undertook compactor maintenance in Mangakino• Reuse Shops at district facilities have reopened• Mulched a massive amount of green waste at Broadlands Rd landfill</div></div>	Year	Tonnage (approx.)	2009/10	20000	2010/11	18000	2011/12	18000	2012/13	18000	2013/14	18000	2014/15	18000	2015/16	20000	2016/17	22000	2017/18	24000	2018/19	24573
Year	Tonnage (approx.)																							
2009/10	20000																							
2010/11	18000																							
2011/12	18000																							
2012/13	18000																							
2013/14	18000																							
2014/15	18000																							
2015/16	20000																							
2016/17	22000																							
2017/18	24000																							
2018/19	24573																							

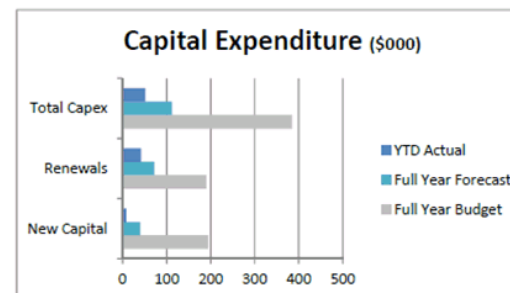
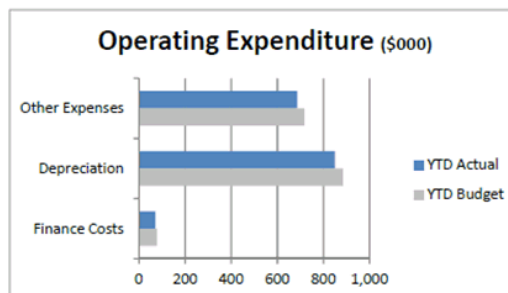
Stormwater

Operating Revenue \$1.7m \$0.0m Favourable YTD Full Year Budget \$2.7m Full Year Forecast \$2.7m	-	Operating Expenditure \$1.6m \$0.1m Favourable YTD Full Year Budget \$1.8m Full Year Forecast \$1.8m	=	Net Surplus/(-)Deficit \$0.1m \$0.1m Favourable YTD Full Year Budget \$0.9m Full Year Forecast \$0.9m		Capital Expenditure \$0.1m Full Year Budget \$0.4m Full Year Forecast \$0.1m
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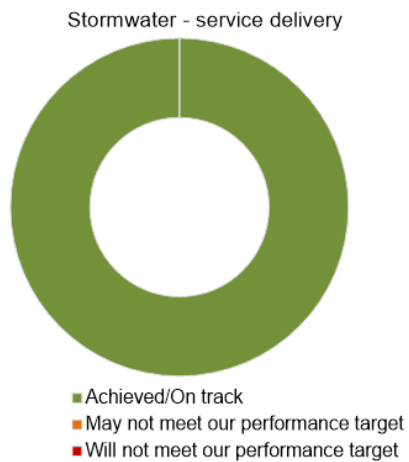
Cost of Service Statement For the period ending 31 May 2020

\$000	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	1,680	1,680	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	1,695	1,680	15	1%	2,734	2,734	0	0%
Operating Expenditure								
Other Expenses	686	716	30	4%	782	782	0	0%
Depreciation	850	884	35	4%	965	927	38	4%
Finance Costs	71	79	8	10%	86	77	9	10%
Total Operating Expenditure	1,606	1,680	73	4%	1,833	1,785	47	3%
Net Surplus/Deficit	88	0	88		902	949	47	

Explanation of variances to budget



Stormwater



All the Stormwater service delivery measures are currently on track.



Achieved





On track



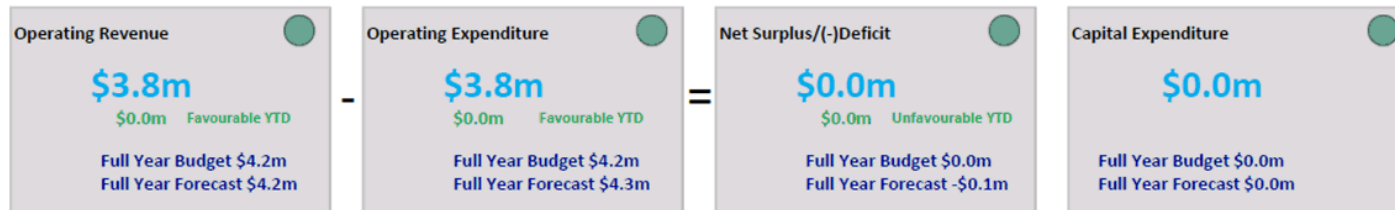
May not meet our target



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



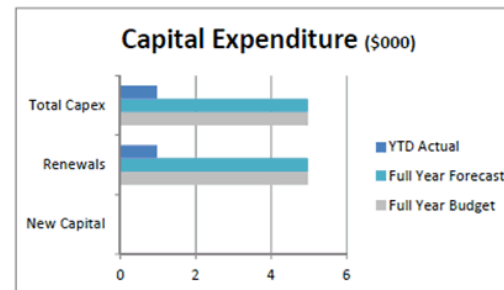
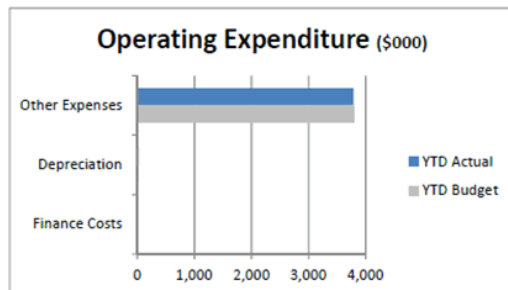
Cost of Service Statement

For the period ending 31 May 2020

	Year to Date				Full Year			
	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Budget	Full Year Forecast	Variance	Variance %
Revenue								
Rates	3,819	3,819	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	3,822	3,819	4	0%	4,166	4,170	4	0%
Operating Expenditure								
Other Expenses	3,792	3,800	8	0%	4,145	4,241	(95)	-2%
Depreciation	16	16	1	5%	18	18	(0)	-2%
Finance Costs	2	2	0	1%	3	3	0	1%
Total Operating Expenditure	3,810	3,819	8	0%	4,166	4,261	(96)	-2%
Net Surplus/Deficit	12	(0)	12		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



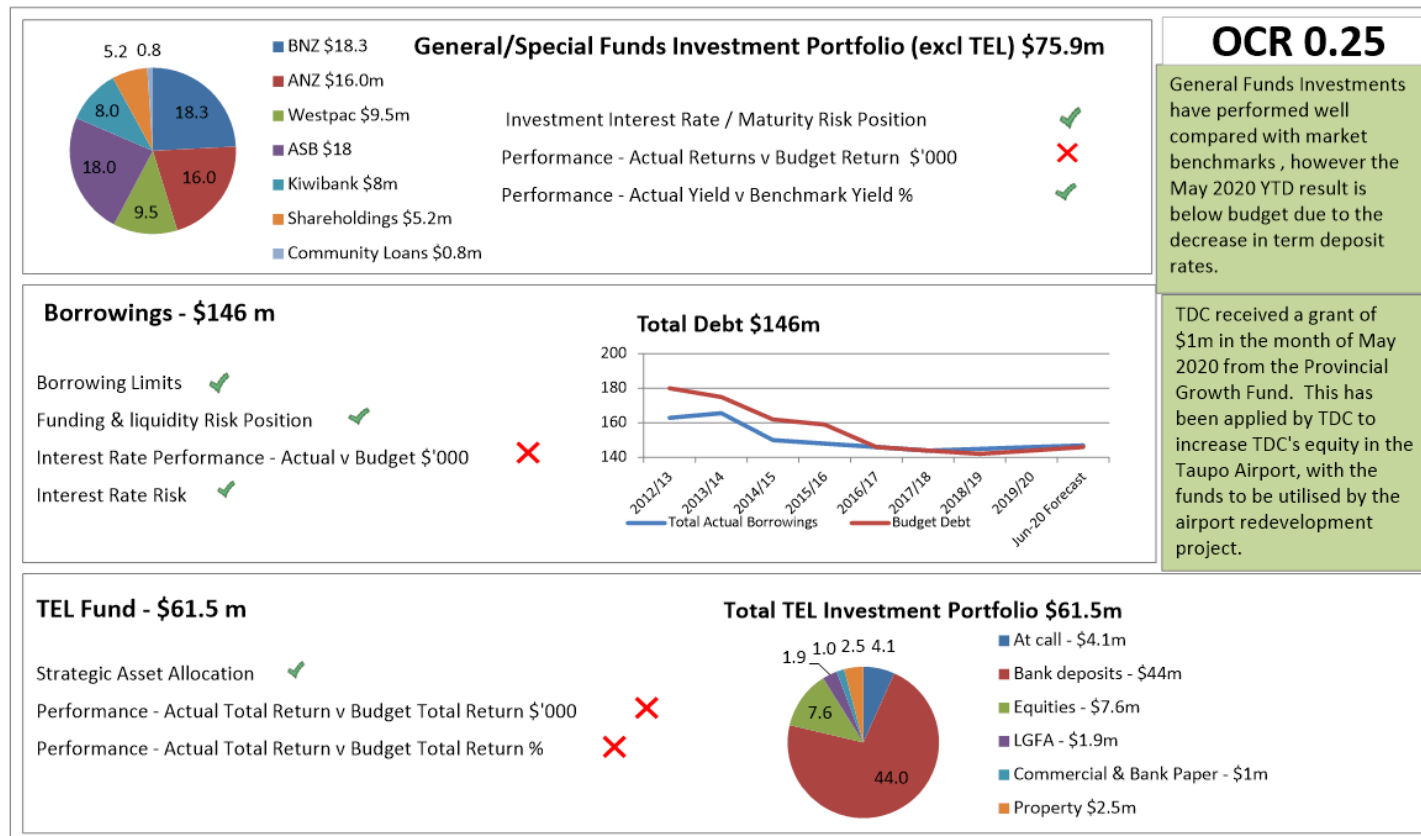
- Achieved/On track
- May not meet our performance target
- Will not meet our performance target

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

Taupo District Council - Treasury Report

Month Ended: 31 May 2020

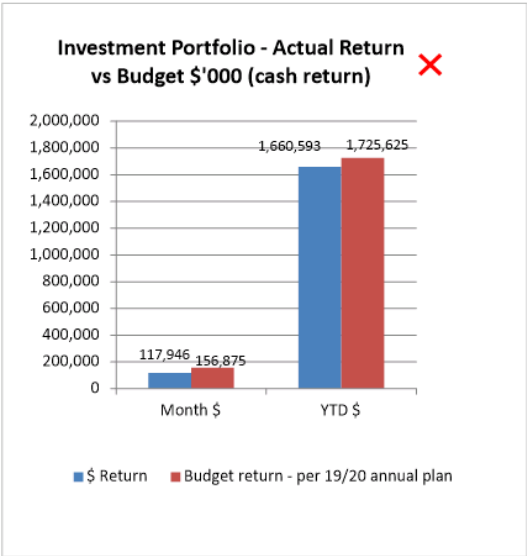
Summary



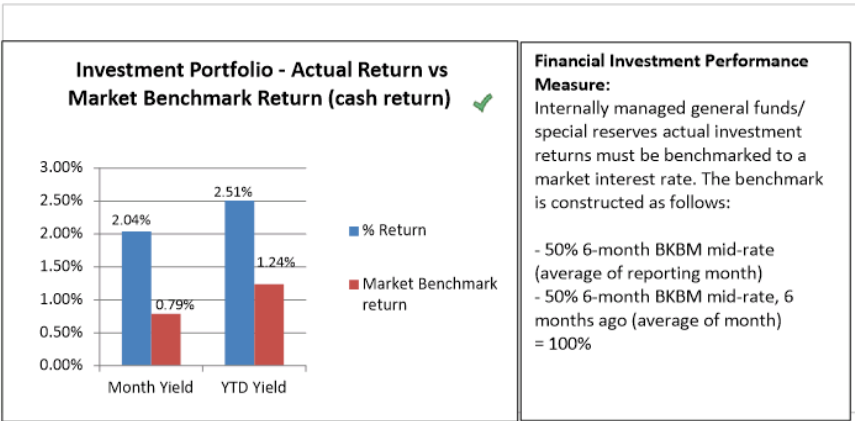
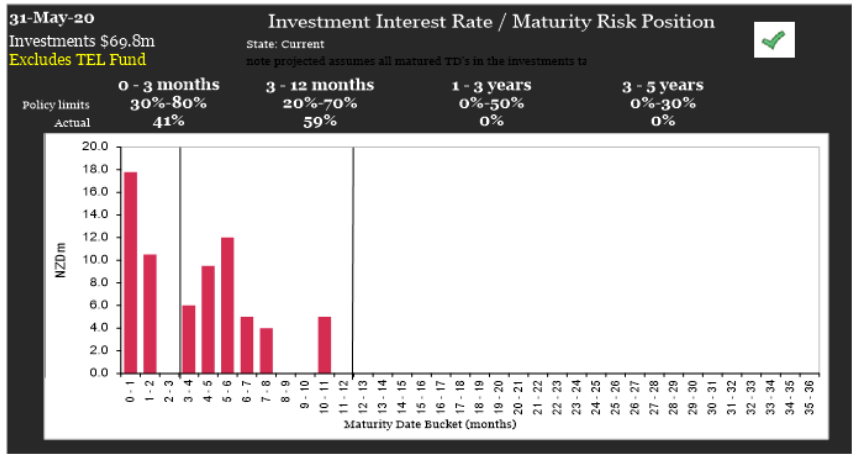
Month Ended: 31 May 2020

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 below budget. Performance against market benchmarks continues to be favourable for the month and year to date.



General / Special Fund Investments - \$70m (excl \$6m shareholding & loans)



Month Ended: 31 May 2020

Borrowing - \$146m

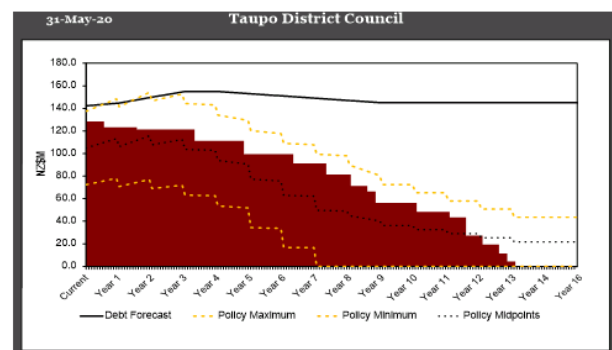
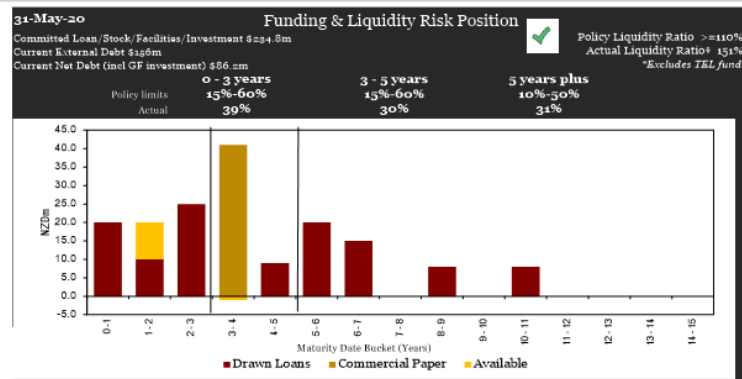
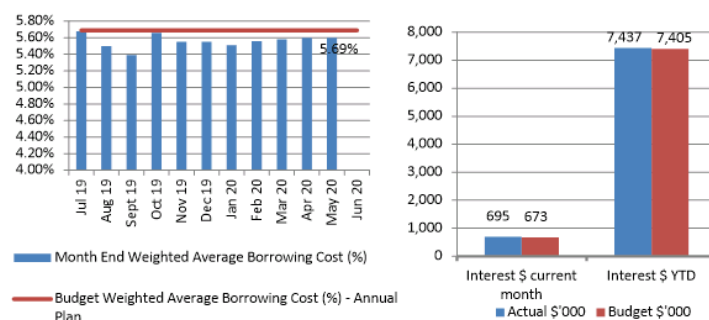
Current Standard & Poors Rating: AA

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%	87%	✓
Net Interest on External Debt / Total Revenue (TMP)	< 20%	7.2%	✓
Net Interest on External Debt / Annual Rates Income (TMP)	< 25%	8.7%	✓
Liquidity (External, term debt + committed bank facilities + liquid investments to existing internal debt)	> 110%	161%	✓

**Borrowing Cost Performance****Borrowing Costs**

Borrowing costs in the month of April & May 2020 were in excess of budgeted borrowing costs. 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: 31 May 2020

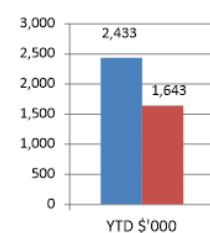
TEL Portfolio - \$61.5m

TEL Investment Portfolio - Performance - Total Return

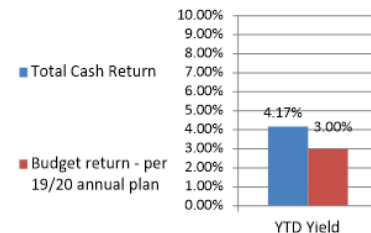


There was an increase in the market value of the equity portfolio of \$0.3m in the month of May 2020. Unrealised losses on the share portfolio at 31 May 2020 are (\$1.8m) compared to (\$2.9m) at 31 March 2020 and (\$1.6m) at February 2020. The TEL investment portfolio shows a YTD return of \$0.8m and a yield of 1.36% on a total return basis (including the unrealised equity losses). On a cash basis, the investment return is a healthy \$2.4m with a yield of 4.2%.

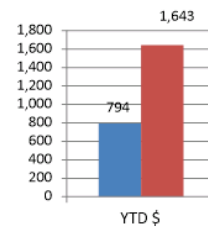
TEL Investment Portfolio - Actual vs Budget \$'000 (cash return basis)



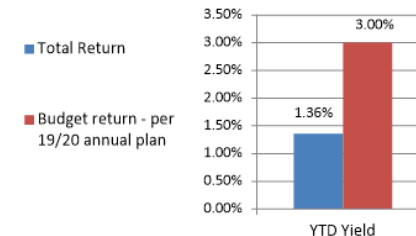
TEL Investment Portfolio - Actual vs Budget Yield (cash return basis)



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



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

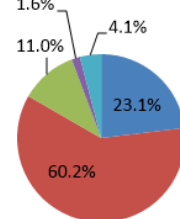


TEL Investment Portfolio - Strategic Asset Allocation - Policy Compliance

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.



% Allocation



- Cash - Actual 23%, Policy limits 0 - 35%
- Diversified Fixed Interest - Actual 60%, Policy limits 25 - 75%
- Australasian Equities - Actual 11%, Policy limits 0 - 35%
- International Equities - Actual 2%, Policy limits 0 - 40%
- Property - Actual 4%, Policy limits 0 - 40%

Equities - transactions May 2020

There were no equity transactions in the month of May 2020

Month Ended: 31 May 2020

Counterparty Credit Exposure - Policy Compliance

Counterparty Credit Exposures are within limits for all transaction types at 31 May 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	117.88	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-	24.50	0.00	Y
ANZ	A-1+	AA-	21.00	6.88	Y
ASB	A-1+	AA-	31.50	6.26	Y
BNZ	A-1+	AA-	28.88	6.69	Y
Kiwibank	A-1	A	12.00	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	41%	59%	0%
Policy Compliance	Y	Y	Y