

Agenda for a meeting of the Strategy & Finance Committee to be held via audio visual conference on **WEDNESDAY, 30 MARCH 2022** commencing at **9.30am**.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

3. DISCLOSURES OF INTEREST

The register of interests is no longer included on agendas; however, members still have a duty to disclose any interests under this item.

4. CONFIRMATION OF MINUTES

Meeting held on Wednesday, 16 February 2022

5. ACTION REGISTER

6. REPORTS

6.1	Draft Annual Plan 2022/23 Consultation (Year Two – Long-Term Plan 2021/2031)	19
6.2	Update on Objections received to the 2020 District Valuation	57
6.3	Approved Counterparty Review, February 2022	60
6.4	Local Government Funding Agency Draft Statement of Intent	62
6.5	Local Government Funding Agency Half Year Report	78
6.6	Draft Statement of Intent for 2022 - 2023	113
6.7	Council Controlled Organisations' Interim Accounts	166
6.8	Raglan Holiday Park Papahua Special Purpose Financial Report for the period 1 July 2021 to 31 January 2022	206
6.9	Hamilton & Waikato Tourism - Six Monthly Report, 1 July to 31 December 2021	222

6.10	Economic and Community Led Development Update	238
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7. EXCLUSION OF THE PUBLIC

GJ ION
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	Cr Janet Gibb
Deputy Chairperson:	Cr Aksel Bech
Membership:	The Mayor, all Councillors and Mrs Maxine Moana-Tuwahangi (Maangai Maaori)
Meeting frequency:	Six-weekly
Quorum:	Majority of members (including vacancies)

Purpose:

The Strategy & Finance Committee is responsible for:

1. Monitoring of Council's strategy, and performance (both financial and non-financial) against the Long Term Plan and Annual Plan.
2. Setting the broad vision and direction of the District, determine specific outcomes that need to be met to deliver on that vision, and develop and monitor strategies to achieve those goals.
3. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
4. Guiding and monitoring Council's interests in Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

In addition to the common delegations on page 10, the Strategy & Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference - Strategy:

1. Develop and agree strategy and plans for the purposes of consultation.
2. Recommend to Council strategy and plans for adoption, including community plans (e.g Blueprints).
3. Monitor and review adopted strategies and plans.
4. To monitor and provide advice on the development and implementation of growth and development strategies, land use, and spatial plans in line with national policy requirements.
5. To enhance the District's economic position by promoting it as a business-friendly and business-enabled location and providing direction on strategic initiatives, plans, projects and potential major developments relating to economic and business development.
6. To monitor and provide direction on engagement with the District's communities in relation to the Council's strategies and plans.

7. To monitor and make decisions on environmental management and sustainability within the District.
8. To receive and consider presentations and reports from stakeholders, government departments, organisations and interest groups on development and wellbeing issues and opportunities within the District.

Terms of Reference – Finance:

9. To monitor Council's financial strategy, and performance against that strategy.
10. To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
11. To receive six-monthly reports of Council's CCOs and COs, including on board performance.
12. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for full Council's approval.
13. To monitor Council's investments and Local Government Funding requirements in accordance with Council policy and applicable legislation.

The Committee is delegated the following powers to act:

- Approval of:
 - a. appointments to, and removals from, CCO and CO boards; and
 - b. a mandate on Council's position in respect of remuneration proposals for CCO and CO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO and CO.
- Approval of statements of intent for each CCO and CO.
- Approval of proposed major transactions of CCOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO or CO.
- Monitor work on Future Proof, Waikato Plan, Growth & Economic Development Strategy and cross-boundary issues.
- Approval of any process for making decisions where additional opex or capex funding, or deferred capex, is required.
- Review and make recommendations to Council in relation to Fees & Charges (after consultation with relevant community boards or committees).
- Review and recommend to Council the adoption of the Annual Report.
- Review and recommend to Council the approval of Development Agreements.
- Approval of transactions in relation to investments in accordance with Council policy.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which exceed the Chief Executive's delegations, but exclude contracts or arrangements

that are reserved for the Council or another committee's approval.

- Approval of rating issues where these exceed the delegated authority of officers, or are an appeal against officer decisions. For clarity, this excludes decisions that are required, by law, to be made by the Council.
- Approval to write-off outstanding accounts that exceed officer delegations.
- Approval of funding applications for the Heritage Assistance Fund and Conservation Fund as recommended to the committee by officers or relevant assessment bodies.

To	Strategy and Finance Committee
Report title	Confirmation of Minutes

1. Purpose of the report **Te Take moo te puurongo**

To confirm the minutes for a meeting of the Strategy and Finance Committee held on Wednesday, 16 February 2022.

2. Staff recommendations **Tuutohu-aa-kaimahi**

THAT the minutes for a meeting of the Strategy and Finance Committee held on Wednesday, 16 February 2022 be confirmed as a true and correct record.

3. Attachments **Ngaa taapirihanga**

Attachment 1 – S&F Minutes, Wednesday, 16 February 2022.

Date:	21 March 2022
Report Author:	Grace Shaw Democracy Advisor
Authorised by:	Gaylene Kanawa Democracy Team Leader

Minutes for a meeting of the Strategy & Finance Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 16 FEBRUARY 2022** commencing at **9.30AM**.

Present:

Cr JM Gibb (Chairperson)
 His Worship the Mayor, Mr AM Sanson
 Cr AD Bech
 Cr JA Church
 Cr CA Eyre
 Cr SL Henderson
 Cr SD Lynch
 Cr FM McNally
 Ms M Moana-Tuwhangai
 Cr RC McGuire
 Cr EM Patterson
 Cr JD Sedgwick
 Cr NMD Smith
 Cr CT Woolerton

Attending:

Mr G Ion (Chief Executive)
 Mr T Whittaker (Chief Operating Officer)
 Ms A Diaz (Chief Financial Officer)
 Mr R MacCulloch (General Manager Service Delivery)
 Mrs S O’Gorman (General Manager Customer Support)
 Mr C Morgan (General Manager Community Growth)
 Mr V Ramduny (Strategic Projects Manager)
 Mr J Ebenhoh (Planning & Policy Manager)
 Mr R Turner (Customer Support Manager)
 Mr V Ramduny (Strategic Projects Manager)
 Mr C Bailey (Finance Manager)
 Ms M Russo (Corporate Planning Team Leader)
 Ms L Hood (Corporate Planner)
 Ms E Symes (Reserves Planner)
 Ms R Law (Reserves Planner)
 Ms J de Abreu (Financial Accountant)
 Ms G Shaw (Democracy Advisor)
 Mrs G Kanawa (Democracy Team Leader)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Cr Eyre/ Cr Church)

THAT the Strategy & Finance Committee accepts:

- a. the apology for non-attendance from Cr Thomson; and
- b. the apology for lateness from Cr McNally.

CARRIED

S&F2202/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Cr Patterson/Cr Woolerton)

THAT:

- a. the agenda for a meeting of the Strategy & Finance Committee held on Wednesday, 16 February 2022 be confirmed;
- b. all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be considered with the public excluded; and
- c. all reports be received.

CARRIED

S&F22022/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Cr Bech/Cr McGuire)

THAT the minutes for a meeting of the Strategy & Finance Committee held on Monday, 29 November 2021 be confirmed as a true and correct record.

CARRIED

S&F2202/03

REPORTS

Action Register – February 2022

Agenda Item 5

The report was received [*S&F2202/02 refers*] and the following discussion was held:

- It was agreed that Cr Eyre will forward the library map/s to all other councillors.
- Cr Bech enquired how many applications had been received for the position of 'Halls Officer'.
- Crs requested an updated staff contact list. The Chief Financial Officer reminded Councillors that requests be directed via an Executive Leadership Team member and copied to the democracy email.

Financial Performance Summary for Period Ending 31 December 2021

Agenda Item 6.1

The report was received [*S&F2202/02 refers*] and the following discussion was held:

- Financial position was as forecasted. However, recorded revenue is lower than anticipated as a result of COVID-19 restrictions faced by the Consents and Building Quality teams. Payment for projects within these areas have been received, but have yet to be recorded as income. This will be resolved once the Building Quality and Consents teams catch up on their backlog.
- Cash flow is strong. The second rates instalment in January provided a good cash take, showing an increase of 10 percent on the previous year.
- Cr Bech raised a point that the rates income had increased and capital spending was lower than usual (due to project delays). This leaves Council in a strong position from a cash point of view and, from a ratepayer perspective, does this mean that rate increases may not need to be at the forecast level.
- The Finance Manager responded that the capital expenditure work which had not been undertaken was delayed, but is still in the Council work programme, and the underspend to date is basically reducing deficit reserves which will increase once those projects are underway. He also stated that rates increases are smoothed over the long-term planned period, which takes into account the Council's capital programme over a 10-year period. Therefore, rates are unaffected.

Treasury Risk Management Policy – Compliance Report at 31 December 2021
 Agenda Item 6.2

The report was received [*S&F22021/02 refers*] and the following discussion was held:

- There was an area of non-compliance regarding the actual borrowing costs being higher than budget, which is a phasing issue. It didn't phase quite correctly in the budget, but overall, will be in line with budget by the end of the year.
- Perennial debt is at \$95 million, Council has borrowed a further \$ 5 million this in February 2022.
- The borrowing is all budgeted, and Council is currently borrowing less than has been budgeted.

2021/22 Second Quarter Non-Financial Performance Results
 Agenda Item 6.3

The report was received [*S&F2202/02 refers*] and the following discussion was held:

- 65% monthly and quarterly KPI targets were achieved, while 8 percent were within 5 percent of their target. There was a 99% satisfaction score for Libraries.
- Non-achieved KPIs sit at 27 percent.
- Commentary indicates COVID-19 has had a significant impact on KPIs, but it also indicates optimism in increasing results as restrictions ease.
- Concern raised with regard to the Governance results and noted that poor results in this area cannot be remedied unless Councillors have specific detail around dissatisfaction scores.
- COVID-19 restrictions have also impacted building inspections and other areas of core business. The related survey results can be viewed as a snapshot in time arising from COVID-19 restrictions, and not necessarily as an ongoing trend.
- The opportunity for Council to undertake remote building inspections is being investigated. In the Building category, there has been an increase in customer satisfaction and a reduction in the customer effort score.
- Suggested that business continuity needs to be considered and ensured across the entire district.
- A large percentage of complaints and issues regarding buildings and consents appear to be as a result of a disconnect between building firms and the expectations they have provided to their clients, rather than Council non-delivery.

Update on objections received to the 2020 District Valuation

Agenda Item 6.4

The report was received [S&F2202/02 refers] and the following discussion was held:

- There had been a significant increase in rural valuations for those that have multiple titles and enquired how many rural property owners have been affected in this category.
- Mr Bailey provided an answer, stating that those property owners who hold multiple titles in rural valuations make up the majority of objections Council has received to date.

Civic Financial Services Limited Statement of Intent for 2022

Agenda Item 6.5

The report was received [S&F2202/02 refers] and no discussion was held.

Resident Perception Survey – Half Yearly Results

Agenda Item 6.6

The report was received [S&F2202/02 refers] and the following discussion was held:

- 800 data fields are received on a quarterly basis.
- Significant increase in the category of financial management; how residents perceive their fees and charges are being utilised.
- Decrease in resident satisfaction around cycleways, footpaths and road maintenance, graffiti control, litter, animal management and community halls. An action group has been set up to analyse and discuss these categories.
- Suggested that Council has constructed significant cycleways and shared paths in recent years, so there should be a question around why these scores have decreased. The lockdowns, in addition to the long summer, has seen greater interest in cycling, walking, and outdoor recreation, therefore, there is increased awareness of what is and isn't available. Evidence from Council resident surveys be provided to NZTA for further consideration (this will be raised with NZTA by Cr Patterson).
- The decreased satisfaction in regard to community halls is likely linked to the Council vaccine mandate policy.
- Important that Council maintains a consistent focus on footpath maintenance as poor maintenance can cause long-term injuries.

- Councillors requested more information on the questions within the survey, particularly in regard to the governance performance.

ACTION: Staff to provide Councillors with the full details of the governance question results by ward under separate cover.

ACTION: Staff to look into reviewing the Governance survey questions.

ACTION: Cr Patterson to discuss resident survey results (cycleways and walkways) with the NZTA.

Submission on the WEL Energy Trust Draft 2022 – 2023 Annual Plan
Agenda Item 6.7

The report was received [S&F2202/02 refers] and the following discussion was held:

- The wording of the letter could have been stronger, but understood that the Council has to balance their feedback, whilst maintaining an ongoing relationship with the WEL Energy Trust.
- Further joint submission could be proposed with Hamilton City Council. Mayor Sanson will look into discussing this with HCC.
- **ACTION:** Mayor Sanson to initiate discussions with HCC regarding a joint submission.

Resolved: (Cr Sedgwick/Cr Bech)

THAT the submission on the WEL Energy Trust Draft 2022 – 2023 Annual Plan be received.

CARRIED

S&F22022/04

Approval for consultation on Raglan Food Waste Collection
Agenda Item 6.8

The report was received [*S&F2202/02 refers*] and the following discussion was held:

- Most current residents already have caddies and bins, therefore, the purchase of new caddies will mainly go towards new users going online that may want/need them.

Resolved: (Cr Patterson/His Worship the Mayor)

THAT the consultation on Raglan Food Waste Collection be received.

CARRIED

S&F22022/05

EXCLUSION OF THE PUBLIC

Agenda Item 8

The report was received [*S&F2202/02 refers*] and no discussion was held.

Resolved: (Cr Patterson/Cr Woolerton)

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
Item number 1 – Confirmation of Public Excluded Minutes	Good reason to withhold exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
Item 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.

CARRIED

S&F2202/06

Resolutions S&F 2202/06 – S&F2202/08 are contained in the public excluded section of these minutes.

There being no further business the meeting was declared closed at 10.39am.

Minutes approved and confirmed this day of 2022

Cr J Gibb
CHAIRPERSON

To	Strategy and Finance Committee
Report title	Action Register – March 2022

1. Purpose of the report

Te Take moo te puurongo

Update on actions arising from the previous meeting and works underway.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Action Register report from the General Manager Community Growth be received.

3. Attachments

Ngaa taapirihanga

1. Strategy and Finance Committee's Action Register – March 2022
2. Council Update 08.03.2022 - Community Connections Strategies

Date:	30 March 2022
Report Author:	Sandy Mason, Personal Assistant to Clive Morgan
Authorised by:	Clive Morgan, General Manager Community Growth

Strategy and Finance Committee's Action Register – March 2022

Meeting Date	Item and Action	Person / Team Responsible	Status Update
16 February 2022	Agenda Item 6.3 2021/22 Second Quarter Non-Financial Performance Results Action Confirmation of where the results for the satisfaction of cemeteries KPI comes from, including complaints, as it was noted that two complaints had been forwarded by Cr Eyre that were not noted in the commentary.	Leisa Hood – Corporate Planner	<p>The Open Spaces KPI results are sourced from the Resident's Satisfaction Survey with commentary provided by the Venues and Events team.</p> <p>In the recent quarter, the cemetery complaints received by Cr Eyre were dealt with by the Open Spaces team directly and the Venues and Events team were not aware of these to include in their commentary.</p> <p>In future, any requests received outside of the service request process will be sent to both teams to ensure oversight.</p>
	Agenda Item 6.6 Resident Perception Survey – Half Yearly Results Actions <ol style="list-style-type: none"> Staff to provide Councillors with the full details of the governance question results by ward under separate cover. Staff to look into reviewing the Governance survey questions. 	Reece Turner – Customer Experience Manager / Cr Patterson	<ol style="list-style-type: none"> Staff will provide a detailed report as soon as practical, which can then be provided either on a regular basis or when requested. The results of the second wave will be distributed to all Councillors by the end of March. The Communications and Engagement team, plus Democracy, will review the survey questions to ensure that they are sufficiently targeted to obtain quality data for the Long Term Plan Key Performance Indicator's (LTP KPIs). We will be unable to review the LTP KPI's until the next LTP is developed.

	3. Cr Patterson to discuss resident survey results (cycleways and walkways) with the NZTA.		3. Verbal update to be provided at the meeting.
	Agenda Item 6.7 Submission on the WEL Energy Trust Draft 2022 – 2023 Annual Plan Actions Mayor Sanson to initiate discussions with HCC regarding a joint submission.	Mayor Sanson	It has been actioned, we have had a discussion with Hamilton City Council and no further action required.
	Agenda Item Councillors information - Walking and Cycleway Strategy review Action Update request from Cr Church.	Rebecca Law– Service Delivery	Refer to Attachment 2 - Council Update 08.03.2022 - Community Connections Strategies

Community Connections Strategies

The Community Connections Strategic review resulted in an approved future streamlined portfolio. The proposed portfolio will be achieved by combining and reviewing existing strategies together and utilising a consistent template. The new portfolio will consist of the following strategies, all of which have elements underway:

- Connectivity (trails) Strategy
- Open Spaces Strategy
- Events Strategy
- Community Facilities Strategy

All four strategies will follow a similar communication plan with community engagement tailored to our key stakeholders. The general communication plan format will involve a Councillor workshop between each milestone. One strategy will be discussed per workshop with key staff also present. Where possible a full Councillor workshop is staff's preferred option to engage with all elected members with representation across the district. Where the Significance and Engagement Policy is triggered, a report will also be presented to Council prior to wider community engagement.

The projected timeframes and key stages of the strategy portfolio is proposed below (Figure 1). Two of our strategies, Open Spaces and Events, are in an initial investigations stage, creating supporting documentation and internal process improvement. The Community Facilities and the Connectivity Strategy have progressed to the content review and data collation stage, which builds the foundation of the strategy. During this stage the 'problem statement' is created. Our first Councillor workshop will provide the findings of the content review and data collation phase, detailed communication plan and tailored stakeholder engagement method. We will also discuss the transformation of the 'problem statement' into the 'vision statement'.

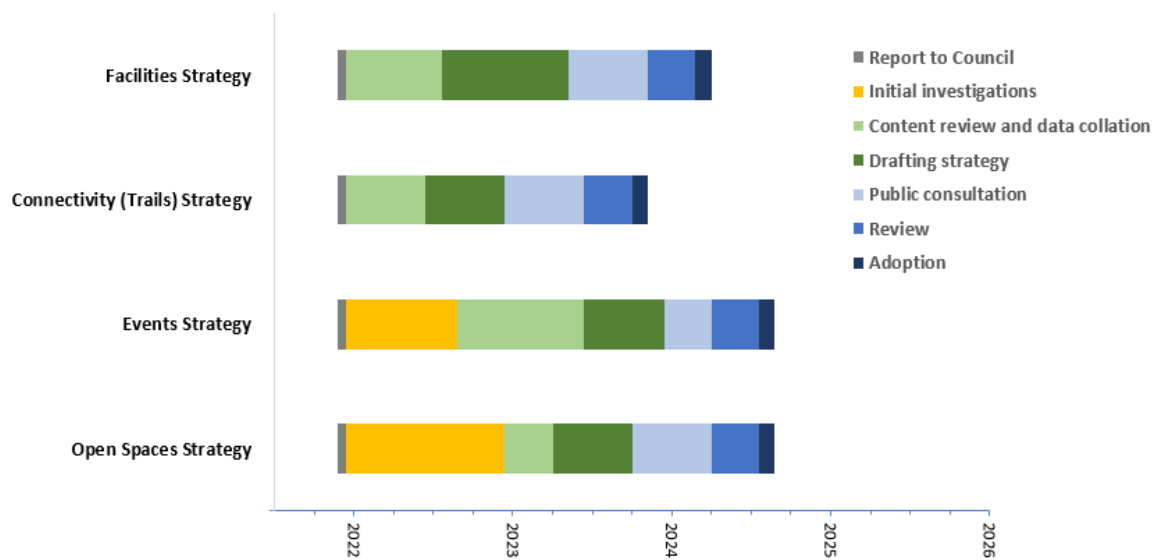


Figure 1: Projected timeframes and key stages of the Community Connections strategy portfolio

To **Strategy and Finance Committee**
Report title **Draft Annual Plan 2022/23 Consultation (Year two – Long Term Plan 2021/2031)**

1. Purpose of the report
Te Take moo te puurongo

To seek confirmation that the proposed amendments in the Annual Plan 2022/23 (Year 2 – Long Term Plan 2021-31 (LTP)) do not trigger the need for consultation.

2. Executive summary
Whakaraapopototanga matua

A workshop was held on 18 February to present information on the proposed changes to include in the Annual Plan 2022/23. The most significant changes proposed are to the roading budget which are a result of the changes to the Waka Kotahi subsidy.

Amendments to budgets across the organisation have resulted in a \$1.4m deficit which is proposed to be funded through the Gearing for Growth and Greatness Reserve, and the General Accounting Reserve Fund (GARF). As a result, there is no change to the general rate increase of 3.5% included in the LTP. It is proposed that targeted rate reserves will absorb minor changes to target rate funded budgets.

None of the proposed changes trigger the Significance and Engagement Policy, therefore staff recommend to not consult on the Draft Annual Plan 2022/23, but to inform the public about any projects of interest and rates increases for the 2022/23 financial year.

3. Staff recommendations
Tuutohu-aa-kaimahi

THAT the Strategy and Finance Committee:

- a. confirms that Council will not be consulting on a draft Annual Plan for the 2022/23 financial year.**

4. Background
Koorero whaimaarama

The Local Government Act 2002 (Act) requires Council to prepare and adopt an Annual Plan every financial year. Where the proposed Annual Plan does not have significant or material differences from the LTP, formal public consultation is not required.

A workshop was held on 15 December 2021 to discuss the options for the general rates strike. At this meeting Council chose option 3 to maximise Waka Kotahi funding. This option maximises the funding available from Waka Kotahi and results in a small increase in cost to Council.

A Council workshop was held on 18 February 2022 to present the financials of the draft Annual Plan 2022/23. The workshop report and appendices are attached hereto.

Council discussed and examined the proposed budget for the 2022/23 financial year. The workshop focused on proposed changes to budgets for year 2 of the LTP and Council agreed that the changes were minor, and consultation will not be required for the Annual Plan 2022/23.

5. Discussion Matapaki

Staff have assessed that at this stage Council needs only to inform the public on matters of significant interest contained in the Annual Plan 2022/23. This is in line with Council's Significance and Engagement Policy and sections 82 and 95 of the LGA.

6. Next steps Ahu whakamua

Staff will continue to update budgets over the coming months, and the Draft Annual Plan 2022/23 will be presented at the Strategy and Finance Committee meeting on 22 June 2022, with Council approval sought at an extraordinary meeting before 30 June 2022.

7. Confirmation of statutory compliance Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Committee's Terms of Reference and Delegations.	Confirmed
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The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (<i>Section 5.1</i>).	Confirmed
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Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (<i>Section 6.1</i>).	Low
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The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (<i>Section 6.2</i>).	Confirmed
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As required by the Local Government Act 2002, staff confirm the following:

The report considers impact on Maaori (*Section 5.5*)

Not
applicable

The report and recommendations are consistent with Council's plans and policies (*Section 5.4*).

Confirmed

The report and recommendations comply with Council's legal duties and responsibilities (*Section 5.3*).

Confirmed

8. Attachments

Ngaa taapirihanga

1. Activity variances (2022/23)
 - a. Capital project variances (2022/23)
2. Finance strategy prudence benchmarks
3. Rating examples
 - a. Rating examples
4. Annual Plan 2022/23 workshop presentation
5. Draft Annual Plan 2022/23 Council workshop memo

Date:	30 March 2022
Report Author:	Colin Bailey, Finance Manager Melissa Russo, Corporate Planning Team Leader
Authorised by:	Alison Diaz Chief Financial Officer

Draft Annual Plan 2022/2023 - Activity Summary - All Activities

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1100	Salaries	37,542,037	40,045,834	-2,503,797	G4GG new roles
1101	ACC Levy	100,672	107,650	-6,978	G4GG new roles
1102	Employment Related Expenses	136,616	137,116	-500	G4GG new roles
1103	Superannuation	0	0	0	
1104	Holiday Pay	0	0	0	
1106	Membership Expenses	6,174	6,174	0	
1107	Fringe Benefit Tax	146,709	146,709	0	
1108	Mileage Reimbursement	85,281	85,281	0	
1113	KiwiSaver Employer's Contribution over ETC	1,083,787	1,165,451	-81,664	G4GG new roles
1114	Standby Allowance	0	0	0	
1115	Overtime	0	0	0	
1118	Vacant Positions	-512,279	-512,279	0	
1130	Training Costs	565,125	727,125	-162,000	Takitaki Leadership programme
1132	Conferences	15,810	15,810	0	
1135	Corporate Training	122,400	122,400	0	
1142	Disputes Resolution Fund	5,100	5,100	0	
1150	Recruitment Expenses	155,040	155,040	0	
1151	Travel	0	0	0	
1200	Solicitors	206,455	456,455	-250,000	Requested by Legal for increased Consents workload
1201	Consultants - staff shortages	38,817	38,817	0	
1202	General Consultants	6,982,220	6,689,220	293,000	Reduction in costs to offset partially against increase in Salaries.
1203	Recoverable Consultants	626,519	626,519	0	
1204	Consultants non-recoverable	122,400	122,400	0	
1205	Department of Courts Charges	38,355	38,355	0	
1206	Solicitors - Monitoring	29,256	29,256	0	
1207	Solicitors - Animal Control	42,226	42,226	0	
1209	Solicitors - Employment Related	23,405	23,405	0	
1210	Design Consultants	5,100	5,100	0	
1212	Surveying Consultants	36,720	36,720	0	
1213	Valuation Consultants	108,120	106,680	1,440	

Draft Annual Plan 2022/2023 - Activity Summary - All Activities

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1214	Resource Consent Consultants	5,925	5,925	0	
1220	Recoverable consultants planning	0	0	0	
1221	Recoverable consultants engineering	0	0	0	
1222	Recoverable consultants others	0	0	0	
1226	Consultants - Review	75,844	75,844	0	
1227	Consultants - Appeals	0	0	0	
1228	Solicitors - RMA	0	0	0	
1400	Resource Consents	7,184	7,184	0	
1401	Power/Gas	819,642	819,642	0	
1402	Lab Tests	93,783	93,783	0	
1404	Excessive Noise	92,305	100,305	-8,000	
1405	Water	736,467	819,535	-83,068	In line with 2021/2022 usage
1407	Burials	144,200	144,200	0	
1408	Rental/Hireage	110,139	110,139	0	
1409	Refuse Bags/Bins	1,004,560	1,004,560	0	
1410	Conservation Fund Grants	35,107	0	35,107	
1411	Depreciation	34,948,654	35,663,715	-715,061	Revaluation gain on assets realised higher than anticipated in LTP.
1412	Profit/Loss on Sale of Assets	-4,036	0	-4,036	
1415	Consent Monitoring	56,100	56,100	0	
1421	Amortisation	629,415	344,345	285,070	Lower than planned Capex spend. Projects put on hold.
1427	Tree Maintenance	562,275	562,275	0	
1429	Notable Tree Maintenance	25,750	25,750	0	
1430	Shared Services	0	0	0	
1435	Wastewater volume charge from Watercare	3,357,277	3,903,804	-546,527	Revised charges per the contract. Recovered from customers.
1440	Minor IT/Comms purchases	58,496	58,496	0	
1450	Dog Pound Expenses	49,980	49,980	0	
1452	Euthanasia	41,820	41,820	0	
1453	Vet Costs	1,975	1,975	0	
1454	Stock Pound Expenses	2,600	2,600	0	

Draft Annual Plan 2022/2023 - Activity Summary - All Activities

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1455	Carcass Disposal	5,913	5,913	0	
1457	Engagement & Education	37,222	37,222	0	
1458	Specialized minor equipments	11,730	11,730	0	
1464	Kerb Sweeping	131,283	131,283	0	
1469	Roadmarking	773,250	773,250	0	
1471	Signs & Signals	424,001	424,001	0	
1474	Sump Cleaning	391,946	391,946	0	
1476	R&M General	14,216	14,216	0	
1480	Fuel & Oil	277,200	277,200	0	
1481	Road User Charges	51,000	51,000	0	
1482	Registration	38,949	38,949	0	
1483	Minor Plant Purchases	0	0	0	
1484	Bridge Asset Management	357,000	357,000	0	
1485	Improvement Initiatives	204,000	204,000	0	
1489	Efficiency Savings	-526,320	-526,320	0	
1490	Repairs and Maintenance	4,600,229	4,600,229	0	
1491	R&M Buildings	426,935	426,935	0	
1492	R&M Grounds	695,250	695,250	0	
1493	R&M Minor Plant	0	0	0	
1495	R&M Mowing	1,354,502	1,354,502	0	
1496	Pest plant spraying	267,823	267,823	0	
1499	R&M Contractors	5,798,454	6,019,476	-221,022	
1500	Debt Collection	88,613	88,613	0	
1502	EFTPOS Fees	15,300	15,300	0	
1503	Bank Fees	48,960	48,960	0	
1505	Under/Over Bankings	0	0	0	
1506	External Interest	5,463,242	5,752,147	-288,905	Fluctuation in borrowing margin higher than anticipated.
1507	Payments to Agencies	365,429	312,954	52,475	Reset to 2020/21 actuals.
1508	Audit Fees	306,765	306,765	0	
1510	Restricted Reserve Payments	890	890	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1517	Hall Community Loan Repayments	0	0	0	
1580	Statute Barred	103,500	103,500	0	
1582	Rates Adjustments	510	510	0	
1585	Penalty Write-off Prior Year	181,125	181,125	0	
1586	Instalment Penalty Write-off	155,250	155,250	0	
1588	6 Mth Penalty Write-off	24,840	24,840	0	
1589	Rate Remission Grants	796,773	796,773	0	
1600	Insurance	973,852	973,852	0	
1601	Printing/Stationery	190,151	160,151	30,000	
1602	Advertising	88,089	98,089	-10,000	
1604	Rates	1,306,464	1,306,451	13	
1605	Phones	521,371	392,178	129,193	In line with 2021/22 actuals
1606	Functions	0	0	0	
1607	Postage/Courier	195,029	210,000	-14,971	
1608	Zero Harm	183,222	183,222	0	
1609	Rent	202,672	442,672	-240,000	Solid Waste lease costs and running expenses for the Huntly RRC. 137 Rotowaro Rd
1610	Copier Leases	135,437	135,437	0	
1611	Cleaning	245,037	245,037	0	
1613	Software Support	59,558	59,558	0	
1614	Software Upgrades	84,583	84,583	0	
1615	Software Maintenance	1,812,690	1,817,616	-4,926	
1616	Subscriptions & Journals	288,252	288,252	0	
1617	Title Searches	7,292	7,292	0	
1619	Watercoolers	567	567	0	
1620	Coffee Machine	19,502	19,502	0	
1621	Catering Expenses	56,686	56,686	0	
1622	Valuation Service Provider	459,000	459,000	0	
1625	Revaluation Costs	3,060	3,060	0	
1626	Magazines & Periodicals	10,179	10,179	0	
1629	Work Safe Home Safe	10,200	10,200	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1630	Waikato Regional Council Rates	104,391	104,393	-2	
1640	Disposal Costs	0	0	0	
1680	Uniforms	47,739	47,739	0	
1681	Expenses subject to FBT	2,888	2,888	0	
1682	National dog database levy	9,762	9,762	0	
1683	Rewards and Recognition	0	0	0	
1687	Book Processing	0	0	0	
1688	General Expenses	897,665	897,665	0	
1689	Admin Expenses	110,354	112,354	-2,000	
1699	Communication	21,128	21,128	0	
1700	General Grants	412,337	760,897	-348,560	Partially offset 1700 and 1802.
1701	Creative Communities	58,564	58,564	0	
1704	Discretionary Funds	126,509	126,509	0	
1705	Mayoral Fund	8,000	8,000	0	
1707	Other Grants	306,042	92,589	213,453	Partially offset 1700 and 1802.
1801	Ramm Costs	408,000	408,000	0	
1802	Stock Underpasses	113,410	0	113,410	
1830	Alliance Network Asset Management	510,000	570,000	-60,000	
1831	Routine Pavement Repairs	4,124,000	4,124,000	0	
1833	High Pressure Water - Cutting	0	0	0	
1834	Other Pavement Maintenance	257,750	257,750	0	
1835	Grading Unsealed Roads	2,798,804	2,798,804	0	
1836	Street Cleaning	7,733	7,733	0	
1837	Drainage Maintenance	2,403,261	2,403,261	0	
1838	Bridge Maintenance	1,237,200	1,237,200	0	
1840	Litter, Debris & Graffiti Control	0	0	0	
1841	Other Environmental Maintenance	2,042,015	2,042,015	0	
1842	Lighting Maintenance	333,013	333,013	0	
1845	Cut Trees - WEL Network Trees	79,040	79,040	0	
1848	Renewal of existing devices	51,550	51,550	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
1849	Network Management (Including Inspections)	306,000	306,000	0	
1853	Resources for Speed	62,891	62,891	0	
1854	Resources for Alcohol	88	88	0	
1856	Resources for Motorbikes	16,496	16,496	0	
1857	Resources for Young Drivers	28,558	28,558	0	
1858	Fatigue	25,775	25,775	0	
1860	Resources for Heavy Vehicles	40,209	40,209	0	
1865	Resources for Restraints	41,240	41,240	0	
1922	Pest control	89,438	89,438	0	
1923	Hardware/Fittings/Tools	510	510	0	
1924	Plants	21,991	21,991	0	
1925	Aquatic Centre Contract	583,693	583,693	0	
1926	Cleaning Contract	483,727	483,727	0	
1927	Refuse/Recycle contract	6,890,304	7,487,960	-597,656	Current contract volumes updated to a match targeted rate quantities
1929	Traffic Management	97,850	97,850	0	
1931	Cattle Trading Expenses	103,000	103,000	0	
1932	Building Security/Fire Alarms	329,337	329,337	0	
1933	Garden Maintenance	787,950	787,950	0	
1939	Watercare Operational Charges	17,498,994	18,317,394	-818,400	WGB agreed cost increases
3100	Dog Registration	-927,770	-927,770	0	
3101	General Fees & Charges	-7,045,462	-8,499,670	1,454,208	Increase in fees recovered which partially offset against increase income generating FTE's and other cost increases
3102	LIMS	-444,426	-444,426	0	
3103	PIMS	-16,440	-16,440	0	
3104	Health Licenses	-172,121	-172,121	0	
3106	Dog Infringements	-71,950	-71,950	0	
3108	Infringements	-104,547	-104,547	0	
3109	Financial Contributions	-3,729,586	-3,729,586	0	
3110	Rents & Leases	-309,218	-309,218	0	
3111	Rent - Residential	0	0	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
3112	Huntly Camp Income	-201,403	-201,403	0	
3113	Microchipping Fee	-2,174	-2,174	0	
3114	Development Contributions	-2,538,693	-2,538,693	0	
3115	Tamahere Contributions	-214,888	-214,888	0	
3116	Lorenzen Bay Development Contributions	-48,506	-48,506	0	
3117	Raglan SP contributions	-80,792	-80,792	0	
3118	Te Kauwhata SP contributions	-9,171	-9,171	0	
3121	Horotiu SP contributions	-398,759	-398,759	0	
3123	DW Community Facilities DCL	-1,113,645	-1,113,645	0	
3124	Te Kauwhata Water DCL	-16,436	-16,436	0	
3126	Utility New Connections	-207,549	-207,549	0	
3130	DC - Huntly Water	-62,719	-62,719	0	
3132	DC - Huntly SW	-1,367	-1,367	0	
3134	DC - Sthn Districts Water	-84,214	-84,214	0	
3135	DC - Ngaruawahia Water	-152,091	-152,091	0	
3137	DC - Ngaruawahia Stormwater	-32,288	-32,288	0	
3138	DC - Raglan Water	-17,234	-17,234	0	
3139	DC - Raglan WW	-19,859	-19,859	0	
3141	DC - Te Kauwhata WW	-21,585	-21,585	0	
3142	DC - Te Kauwhata Stormwater	-678	-678	0	
3144	DC - Horotiu Water	-11,611	-11,611	0	
3145	DC - Raglan Stormwater	-2,241	-2,241	0	
3146	DC - Tuakau	-302,425	-302,425	0	
3147	DC - Hopuhopu Taupiri Water	0	0	0	
3148	DC - Pokeno	-4,467,073	-4,467,073	0	
3150	Cemeteries Ashes Interment	-20,635	-20,635	0	
3151	Cemeteries Ashes plot	-28,341	-28,341	0	
3153	Cemeteries Interment	-177,130	-177,130	0	
3154	Cemeteries Plot - Adult	-231,217	-231,217	0	
3155	Cemeteries plot - Child	-2,408	-2,408	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
3156	Cemeteries Re-interment	-42,783	-42,783	0	
3160	Refuse and recycling	-1,440,658	-1,440,658	0	
3167	Cemeteries - Memorial Permit	-522	-522	0	
3168	Cemeteries - Locate Plot	-22	-22	0	
3170	MoE Waste Levy	-500,000	-500,000	0	
3175	Raglan Aerodrome fees	-31,029	-31,029	0	
3180	Trade Waste	-510,100	-510,100	0	
3183	Wastewater volume income	-2,545,318	-3,091,063	545,745	Revised charges per the contract, refer to 1435. Recovered through fees charged.
3185	Septage	-61,524	-61,524	0	
3190	Disconnections	-1,633	-1,633	0	
3191	Meter Readings	-104,793	-104,793	0	
3201	General Rate	-64,105,989	-65,128,457	1,022,468	Based on 2020/21 year end position.
3202	Targeted Rate	-28,597,131	-29,266,560	669,429	Based on 2020/21 year end position.
3203	Uniform Annual General Charge	-11,819,970	-12,041,733	221,763	Based on 2020/21 year end position.
3204	Water by Meter	-6,962,143	-6,962,143	0	
3205	Rates Penalties	-931,500	-931,500	0	
3206	Capital Works Targeted Rate	-76,860	-76,860	0	
3301	NZTA	-27,623,822	-23,292,791	-4,331,031	Change in approved NZTA funding as per Option 3 presented in December 2021
3302	Petrol Tax	-561,000	-561,000	0	
3310	Miscellaneous subsidies	-84,207	-84,207	0	
3401	Resource Consent Recoveries	-3,742,213	-4,131,170	388,957	Increase in fees recovered which partially offset against increase income generating FTE's.
3402	Stock Pound	-1,252	-1,252	0	
3403	Dog Pound	-37,043	-37,043	0	
3404	Title Searches/Photos/Maps	-5,174	-5,174	0	
3405	Copying Recoveries	0	0	0	
3406	Miscellaneous Recoveries	-4,948,840	-4,657,247	-291,593	DA and other cost recovery increases
3408	Cafeteria Lunch Orders	-13,002	-13,002	0	
3409	Cattle Trading income	-144,536	-144,536	0	
3410	Lake Puketirini key	-4,261	-4,261	0	

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Activity		LTP - 2023	AP - 2023	Difference	Comments
3411	Lake Kainui Keys	-7,096	-7,096	0	
3415	Plan Change Recoveries	0	0	0	
3416	Animal Trap Recoveries	0	0	0	
3418	Alcohol Licensing	-96,667	-103,317	6,650	
3422	Consultant costs recovered	-624,570	-624,570	0	
3427	VAMS Recoveries	-51,000	-51,000	0	
3440	Freedom Camping	0	0	0	
3501	Grants	0	0	0	
3502	Creative NZ	-61,647	-61,647	0	
3504	Partnership Funding	0	0	0	
3600	Interest received - bank deposits	-50,000	-50,000	0	
3605	Interest received -- community loans	0	0	0	
3704	Roading Vested Assets	-613,085	-613,085	0	
	Total	-15,504,636	-9,376,320	-6,128,316	

Appendix 1a: Capital Project excluding vested assets				31	
		LTP 2022-23	Annual Plan 2022-23	Variance	Comments
	Water Supply				
1WA10500C	District Wide water supply treatment plant renewals	873,600	873,600	0	
1WA11210C	Huntly water supply reticulation extensions	131,040	131,040	0	
1WA11230C	Raglan water supply reticulation extensions	218,400	218,400	0	
1WA11254C	Rangiriri (Mid Waikato) New Rangiriri Watermain	960,960	960,960	0	
1WA11295C	Tuakau water supply reticulation extensions	546,000	546,000	0	
1WA11500C	District Wide water supply reticulation renewals	1,092,000	1,092,000	0	
1WA11620C	Ngaruawahia water supply reticulation upgrades	1,092,000	1,092,000	0	
1WA11641C	Southern DistrictsEureka network zone boundaries modificatio	1,638,000	1,638,000	0	
1WA11690C	Pokeno Network Improvement incl NMIT Crossing	109,200	109,200	0	
1WA12500C	District Wide water supply pump station renewals	54,600	54,600	0	
1WA12551C	Te Kauwhata water supply pump station renewals	109,200	109,200	0	
1WA13230C	Raglan Hills Reservoir No.2	1,092,000	1,092,000	0	
1WA13290C	Pokeno water supply reservoir extensions	1,638,000	1,638,000	0	
1WA13500C	District Wide water supply reservoir renewals	163,800	163,800	0	
1WA14500C	District Wide water supply connection renewals	327,600	369,200	41,600	Smart Meters Proof of concept meter purchases
	2022/23 TOTAL	10,046,400	10,088,000	41,600	
	Wastewater				
1WW10400C	District Wide wastewater treatment plant planning and manage	764,400	764,400	0	
1WW10500C	District Wide wastewater treatment plant renewals	873,600	873,600	0	
1WW10600C	District Wide treatment plant upgrades	327,600	327,600	0	
1WW10630C	Raglan wastewater treatment plant upgrades	4,935,000	4,935,000	0	
1WW10642C	Matangi wastewater treatment plant upgrades	218,400	218,400	0	
1WW10651C	Te Kauwhata wastewater treatment plant upgrades	21,840,000	21,840,000	0	
1WW11500C	District Wide wastewater reticulation renewals	2,730,000	2,730,000	0	
1WW11527C	Wainagro reticulation renewal	327,600	327,600	0	
1WW12200C	Wastewater pump station LOS impr - emrgncy storage	709,800	709,800	0	
1WW12500C	District Wide wastewater pump station renewals	327,600	327,600	0	
1WW12543C	Tauwhare Pa Low Pressure WW Pump Scheme	163,800	163,800	0	
1WW12620C	Ngaruawahia wastewater pump station upgrades	709,800	709,800	0	
1WW12622C	Horotiu wastewater pump station upgrades	1,233,960	1,648,920	414,960	Timing of the delivery of the Washer Road pump station.
1WW12690C	Pokeno wastewater pump station upgrades	5,241,600	5,241,600	0	
1WW12695C	Tuakau wastewater pump station upgrades	3,931,200	3,931,200	0	
	2022/23 TOTAL	44,334,360	44,749,320	414,960	
	Stormwater				
1SW10200C	District Wide Treatment Plant Proprietary Devices	6,224	6,224	0	
1SW10290C	Pokeno -DHLPON-F1 Construct stormwater pond F1	202,089	202,089	0	
1SW11200C	District Wide storm water extension	163,800	163,800	0	
1SW11500C	District Wide Storm Water Network Renewals	218,400	218,400	0	
1SW11610C	Huntly stormwater reticulation upgrades	791,702	791,702	0	
1SW11620C	Ngaruawahia stormwater reticulation upgrades	81,902	81,902	0	
1SW11622C	Horitiu WQ, waterway and capacity upgrades Dist	218,400	218,400	0	
1SW11623C	Houpuhoupu Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11625C	Glen Massey Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11626C	Taupiri Various WQ, waterway and capacity upgrades Dist	163,800	163,800	0	
1SW11630C	Raglan stormwater reticulation upgrades	109,200	109,200	0	
1SW11641C	Eureka Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11642C	Matangi Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11646C	Tamahere stormwater reticulation upgrades	109,200	109,200	0	
1SW11651C	Te Kauwhata stormwater reticulation upgrades	27,302	27,302	0	

Appendix 1a: Capital Project excluding vested assets				32	
		LTP 2022-23	Annual Plan 2022-23	Variance	Comments
1SW11653C	Meremere Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11671C	Whatawhata Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11673C	Te Kowhai Various WQ, waterway and capacity upgrades Dist	109,200	109,200	0	
1SW11682C	Mercer Various WQ, waterway and capacity upgrades Dist	27,300	27,300	0	
1SW11690C	Pokeno stormwater reticulation upgrades	163,800	163,800	0	
1SW11695C	Tuakau stormwater reticulation upgrades	300,302	300,302	0	
1SW12500C	District Wide Pump Station Renewals 3 storm water PS renewal	87,360	87,360	0	
	2022/23 TOTAL	2,943,781	2,943,781	0	
	Roading				
7AD70008C	Total station survey equipment	103,100	103,100	0	
7BC70001C	Bridge renewals		103,100	103,100	Structure Component Replacements, refer to BR73316 below
7BC70662C	Te Akau road 4313 bridge	360,850	360,850	0	
7BC73317C	River road Onewhero bridge	206,200	206,200	0	
7BR70485C	Fullerton road bridge	360,850	360,850	0	
7BR73060C	Harrisville Road Bridge Replacement	973,264	973,264	0	
7BR73316C	Buckland road bridge	103,100	0	-103,100	BUCKLAND RD 6201 BRIDGE. Bridge Replacement. (Not approved by NZTA as not end of life project)
7EW70002C	Emergency works - future events	824,800	824,800	0	
7MI70176C	Gordonton road minor improvements	231,975	0	-231,975	Remove projects Roding team don't want to proceed with or NZTA subsidy not approved.
7MI70242C	Piako road minor improvements	0	773,250	773,250	Piako Rd Puketaha Rd - Shewan Rd SNP. Safer Corridors - Reinstate at 51% FAR, refer to 70242 below
7MI72008C	Helenslee road minor improvements	2,062,000	2,062,000	0	
7MI73106C	Mangatangi road minor improvements	721,700	721,700	0	
7MI73132C	Pokeno road minor improvements	1,340,300	1,340,300	0	
7MI73310C	Great south road, Pokeno minor improvements	2,062,000	0	-2,062,000	Remove subsidised budget, refer to 73310 below
7NR70005C	District wide contribution to developments for new roads	2,062,000	2,062,000	0	
7PO72011C	Close ford/great south road intersection + cul-de-sac	115,936	115,936	0	
7PO72013C	Razorback off ramp intersection upgrade	52,581	52,581	0	
7PO72014C	Helenslee/pokeno signals	206,200	206,200	0	
7PO72015C	Dean road/great south road intersection upgrade	206,200	206,200	0	
7PO73310C	Great south road Pokeno structure plan	0	2,062,000	2,062,000	Reinstate as fully unsubsidised budget
7PR70001C	Area wide pavement treatment	0	729,701	729,701	Increase budget to match the NZTA approved budget - Local Roads
7PT78050C	Bus shelters	25,259	25,259	0	
7RE70472C	Saulbrey road roundabout	206,200	206,200	0	
7RI70930C	Highway 22 resilience improvements	515,500	515,500	0	
7RI72016C	Pokeno road resilience improvements	1,031,000	1,031,000	0	
7RI73046C	Ford street resilience improvements	515,500	515,500	0	
7SF70242C	Piako road safety network improvements	773,250	0	-773,250	Piako Rd Puketaha Rd - Shewan Rd SNP. Safer Corridors - Remove at 100% FAR
7SF73060C	Harrisville road safety network improvements	2,433,160	0	-2,433,160	Remove projects Roding team don't want to proceed with or NZTA subsidy not approved.
7UW70001C	Minor maintenance upgrade works	20,620	20,620	0	
8BC70001C	Bridge renewals	533,534	533,534	0	
8DR70001C	Drainage renewals district wide	1,239,778	1,239,778	0	
8FP70001C	District wide footpath cycleway improvement programme	1,031,000	102,000	-929,000	Reduce District Wide footpath cycleway improvements to match NZTA approved budget. Refer to 70002 below
8MI70189C	River road minor improvements	618,600	618,600	0	
8PR70001C	Area wide pavement rehabilitation	4,346,989	4,346,991	2	
8RE70013C	Safety improvements associated with rehabs	412,400	0	-412,400	Removal of subsidised budget not approved for Safety improvements associated with rehabs. Refer to 70001 below
8SR70001C	Thin asphalt surfacing	588,907	588,907	0	
8SR70002C	Chip sealing	4,333,305	4,333,305	0	
8TR79726C	Traffic services capital	556,740	556,740	0	
8UF70002C	New footpaths (community specified)	0	929,000	929,000	Create new unsubsidised budget for District Wide footpath cycleway improvements
8UW70001C	Minor maintenance upgrade works	0	412,400	412,400	Reinstate as fully unsubsidised budget
8ZR70001C	Periodic remetalling	1,082,550	1,082,550	0	

Appendix 1a: Capital Project excluding vested assets				33	
		LTP 2022-23	Annual Plan 2022-23	Variance	Comments
	2022/23 TOTAL	32,257,348	30,321,916	-1,935,432	
	Sustainable Environment				
1LF12500C	District Wide closed landfill renewals	20,600	20,600	0	
1RR10530C	Raglan refuse and recycling capital renewals	15,450	15,450	0	
1RR10630C	Raglan refuse and recycling capital upgrades	15,450	15,450	0	
1TS10000C	District Wide transfer stations capital work	103,000	103,000	0	
1TS10530C	Raglan transfer station capital renewals	257,500	257,500	0	
1WM10010C	Huntly resource recovery centre upgrade	103,000	103,000	0	
1WM10074C	North Waikato Resource Recovery Centre	2,472,000	2,472,000	0	
	2022/23 TOTAL	2,987,000	2,987,000	0	
	Sustainable Communities				
1AC10095C	Tuakau aquatic centre	30,900	30,900	0	
1BR10000C	District Wide boat ramps	187,380	187,380	0	
1CC10030C	Raglan community centre	515,000	515,000	0	
1CC10095C	Tuakau community centre	25,750	25,750	0	
1CG10011C	Lake Hakanoa camping ground	139,050	139,050	0	
1CM10000C	District Wide cemeteries	83,280	83,280	0	
1CM10098C	Whangarata Cemetery	988,950	988,950	0	
1DO10020C	Ngaruawahia dog pound	154,500	154,500	0	
1HE10047C	Woodlands heritage	780,750	780,750	0	
1LA10024C	Lake Kainui	5,205	5,205	0	
1NP10000C	District Wide neighbourhood parks	62,460	62,460	0	
1NP10095C	Tuakau neighbourhood parks	395,580	395,580	0	
1PG10000C	District Wide property general	61,800	61,800	0	
1PG10010C	Huntly property general	19,647	19,647	0	
1PG10030C	Raglan property general	3,926	3,926	0	
1PG10044C	Gordonton property general	28,955	28,955	0	
1PG10053C	Meremere property general	4,697	4,697	0	
1PL10000C	District Wide playgrounds	728,700	728,700	0	
1PL10044C	Gordonton playgrounds	104,100	104,100	0	
1PP10000C	DW Strategic Projects - Land Purchase	2,497,750	2,497,750	0	
1RC10026C	Taupiri Residential house 42 Great South Road Taupiri	36,050	36,050	0	
1RG10000C	District Wide parks and reserves	4,277,808	5,027,808	750,000	Construction & Remediation works for Wi Neera St Walkway brought forward
1RG10020C	Ngaruawahia parks and reserves	416,400	416,400	0	
1RO10095C	Tuakau Residential Rental 327B Whangarata Road Tuakau	41,435	41,434	-1	
1SG10000C	District Wide sports grounds	1,290,840	1,290,840	0	
1SG10051C	Te Kauwhata sports ground	62,460	62,460	0	
1SG10090C	Pokeno sports ground	1,561,500	178,000	-1,383,500	Delayed project - to be re-tendered.
1SP10030C	Raglan sports pavilion	98,895	98,895	0	
1TO10000C	District Wide toilets	484,100	484,100	0	
1WK10000C	District Wide walkways	545,495	545,494	-1	
1WK10020C	Ngaruawahia walkways	52,050	52,050	0	
1WK10030C	Raglan walkways	156,150	156,150	0	
1WK10046C	Tamahere walkways	199,739	199,739	0	
1WK10073C	Te Kowhai walkways	20,820	20,820	0	
4LB42000C	Library books - Council managed	74,339	74,339	0	
4LB42014C	Library books - Outsourced to Wheelers	385,607	385,607	0	
4LB42019C	Pokeno Community Facility	154,500	154,500	0	
	2022/23 TOTAL	16,676,568	16,043,066	-633,502	

Appendix 1a: Capital Project excluding vested assets					
		LTP 2022-23	Annual Plan 2022-23	34 Variance	Comments
	Organisational Support				
1CO10020C	Ngaruawahia council office	432,156	432,156	0	
1FL10000C	Fleet Replacement - New Vehicles cost	865,200	865,200	0	
1LI10010C	Huntly library	158,185	158,184	-1	
1LI10020C	Ngaruawahia library	15,291	15,292	1	
1LI10030C	Raglan library	37,080	37,080	0	
1OP10600C	Remote Telemetry Unit District Wide Implementation	1,499,680	1,499,680	0	
5IM51005C	Disk storage	46,493	46,493	0	
5IM51006C	Server replacement	77,250	77,250	0	
5IM51019C	CI proclaim upgrade	211,638	211,638	0	
5IM52010C	Mobile computers & tablets	223,166	223,166	0	
5IM53001C	1074 - Intranet Refresh		25,750	25,750	Bring budget forward
5IM53002C	Provide GIS data online	15,942	15,942	0	
5IM54014C	Urban Aerial Photography	159,650	159,650	0	
5IM54015C	Additional GIS data	49,477	49,477	0	
5IS51003C	IS Rmap - better together - Single sign on / identity Manage	25,750	25,750	0	
5IS51013C	IS Rmap - better together - Waisite - integrating online tra	51,500	51,500	0	
5IS51021C	IS Rmap - better together - External - online democratic pro	206,000	206,000	0	
5IS52001C	IS Rmap - district our office - Establish Customer Portal	103,000	103,000	0	
5IS52009C	IS Rmap - district our office - Convert online forms to work	51,500	51,500	0	
5IS52010C	IS Rmap - district our office - Customer digital Services Po	257,500	257,500	0	
5IS52012C	IS Rmap - district our office - Mobile network vendor speed/	52,633	52,633	0	
5IS52013C	IS Rmap - district our office - Mobility stream (Org wide)	51,500	51,500	0	
5IS52020C	IS Rmap - district our office - Public and partner service v	103,000	103,000	0	
5IS53012C	IS Rmap - information - BI Data Warehouse extension 2	92,700	92,700	0	
5IS53015C	IS Rmap - information - Future IoT initiatives for smarter a	54,974	54,974	0	
5IS55010C	IS Rmap - Platform - Other core app upgrades	154,500	154,500	0	
5IS55015C	Cyber Security Improvement	103,000	103,000	0	
5IS55017C	Mobile Phones [End User Device]	12,051	12,051	0	
5IS55026C	Global Provision for Increased Contractor Backfill		100,000	100,000	Global provision for increased contractor backfill
5IS55027C	Councillor/Board Platform		50,000	50,000	Addresses security risk, lifecycle replacement and manual workflow impacting Democracy team
	2022/23 TOTAL	5,110,816	5,286,566	175,750	
	TOTAL 2022/23	114,356,273	112,419,649	-1,936,624	

Appendix 2: Draft Annual Plan disclosure statement

For the year ending 30 June 2023

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information, including definition of some of the terms used in this statement.

Benchmark		Planned	Met?
Rates affordability benchmarks			
• total rates	\$265.4m	\$114.4m	Yes
• rates increases	8%	8%	Yes
Debt benchmark			
• limit on total debt	175%	105%	Yes
Balanced budget benchmark	100%	99%	No
Essential services benchmark	100%	238%	Yes
Debt servicing benchmark	15%	3.4%	Yes

Notes

1 Rates affordability benchmark

- (1) For this benchmark:
 - (a) Council's planned rates income for the year is compared with a quantified limit on total rates contained in the financial strategy included in Council's long-term plan; and
 - (b) Council's planned rates increases for the year are compared with a quantified limit on increases in total rates contained in the financial strategy included in Council's long-term plan.
- (2) Council meets the rates affordability benchmark if:
 - (a) its planned rates income for the year equals or is less than the quantified limit on rates; and
 - (b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark Council's planned borrowing is compared with a quantified limit on total debt contained in the financial strategy included in Council's long-term plan.
- (2) Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on total debt.
- (3) The quantified limit is calculated as follows: Net debt as a percentage of total revenue will not exceed 175%.

3 Balanced budget benchmark

- (1) For this benchmark, Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments and revaluations of property plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).
- (2) Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

- (1) For this benchmark, Councils planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) Council meets the essential services benchmark if its planned capital expenditure on network services

equals or is greater than expected depreciation on network services.

5. Debt servicing benchmark

- (1) For this benchmark, Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments and revaluations of property plant or equipment).
- (2) Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs are equal to or are less than 15% of its planned revenue.

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Appendix 3 - Main Zone Summary

	Residential						Lifestyle	Rural	Industrial	Commercial
	Huntly	Ngaruawahia	Pokeno	Raglan	Taupiri	Tuakau				
Capital Value	415,000	485,000	770,000	850,000	650,000	610,000	1,070,000	1,600,000	2,310,000	2,200,000
General Rates (Including UAGC)	1,321.01	1,470.93	2,081.28	2,252.61	1,824.29	1,738.63	2,723.76	3,858.81	5,379.35	5,143.77
General Rate	888.76	1,038.68	1,649.03	1,820.36	1,392.04	1,306.38	2,291.51	3,426.56	4,947.10	4,711.52
UAGC	432.25	432.25	432.25	432.25	432.25	432.25	432.25	432.25	432.25	432.25
Wastewater	1,260.09	1,260.09	1,260.09	1,260.09	1,260.09	1,260.09			1,890.14	1,260.09
Other Targeted Rates	1,395.86	1,378.86	1,353.86	1,314.25	1,377.86	1,399.99	245.62	1,115.87	1,163.24	1,163.24
Community Board	23.12	23.12	23.12	23.12	23.12	23.12			23.12	23.12
Community Facility/Hall	42.00	25.00	-	25.00	24.00	46.13	30.00		25.00	25.00
Stormwater	214.87	214.87	214.87	214.87	214.87	214.87			214.87	214.87
Water - Metered	344.35	344.35	344.35	344.35	344.35	344.35		344.35	344.35	344.35
Water - consumption (255m3)	555.90	555.90	555.90	555.90	555.90	555.90		555.90	555.90	555.90
Refuse/Recycling	215.62	215.62	215.62	151.01	215.62	215.62	215.62	215.62		
Total Rates \$	3,976.96	4,109.88	4,695.23	4,826.95	4,462.24	4,398.71	2,969.38	4,974.68	8,432.73	7,567.10
Weekly \$	76.48	79.04	90.29	92.83	85.81	84.59	57.10	95.67	162.17	145.52
Increase over 2021/22	246.22	251.28	248.92	279.15	263.23	260.33	98.25	207.56	428.74	369.29
Percentage increase	6.6%	6.5%	5.6%	6.1%	6.3%	6.3%	3.4%	4.4%	5.4%	5.1%

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ADD

[illegible]



Annual Plan 2022/23

Long Term Plan, Year 2

Council Workshop – 18 February 2022

Purpose

Information to support Annual Plan 2022/2023 adoption

- Process recap
 - Focus on changes to Year 2 LTP
- 2022/23 position
- Next steps



What is an Annual Plan?

- Plan for one year (of the LTP)
- Don't have to consult on it – if nothing significant
- Is not audited other than for legislative compliance



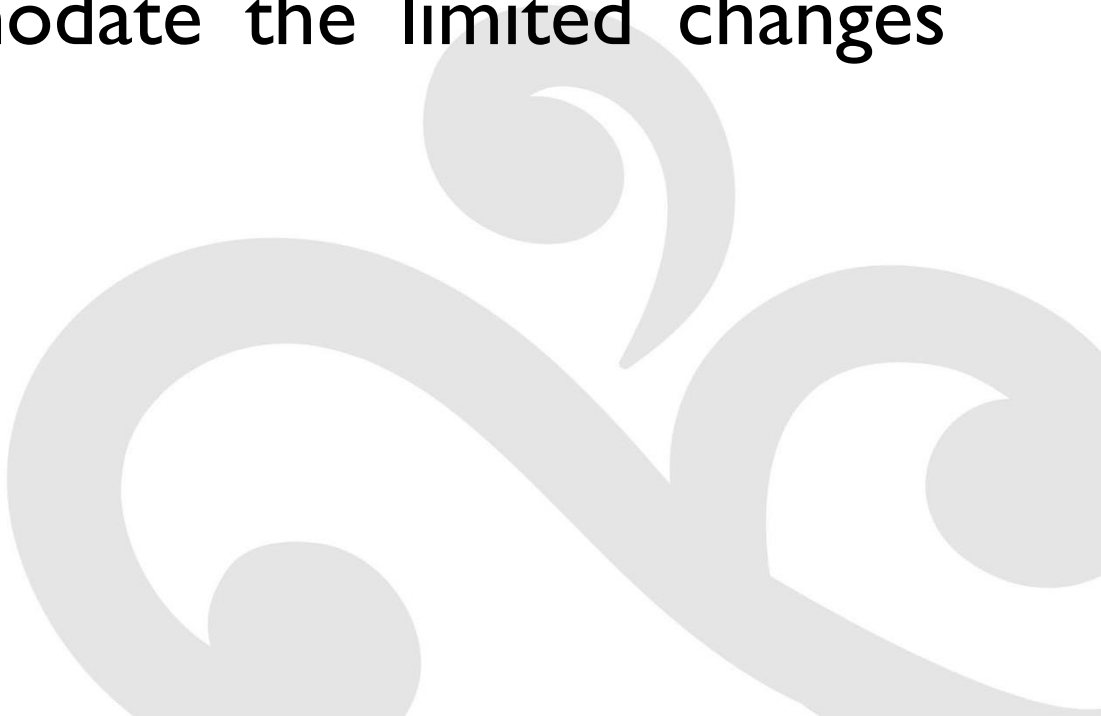
The journey so far⁴²

Assumptions

- Depreciation updated for 2021 valuations
- Opening balances updated
- Interest calculated on updated internal loan and reserve balances
- Flow through of Council decisions
- GARF replenished by general rate surplus in 2021/2022, carried forward to 2022/2023
- Updated revenue assumptions
- NLTP going ahead as planned
- Covid assumptions in the LTP hold firm, i.e. no changes in Annual Plan 2022/2023
- Inflation assumptions used for the LTP have also been used for Annual Plan 2022/2023
- Capital expenditure to support the Ohinewai development and changes to the 3 Waters programme are not included in Annual Plan 2022/2023
- NZTA final funding outcomes: Option 3 as presented in December 2021 is included in Annual Plan 2022/2023. Major impacts are in 2021/2022, with little impact in 2022/2023.

	LTP assumptions Unchanged for AP 2023
General	2.0%
Roading	3.1%
Property	3.0%
Water	3.4%
Pipelines	5.0%
Staff	2.4%

And the result is ...

- Proposed general rate increase of 3.5% as per the LTP leads to a deficit of \$1.4 million, funded from reserves
 - Targeted rate increases are as per the LTP, with reserves able to accommodate the limited changes required
- 
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Balancing the General Rate

■ Changes from the LTP:

	<u>\$000s</u>	<u>Notes</u>
Increased general rates income	1,244	Higher than LTP CVs
Other revenue increases	410	In line with 2021/2022 and cost recoveries
Less:		
Solid Waste cost increases	-235	Solid Waste lease costs for the Huntly RRC. 137 Rotowaro Rd - GR funded
Landfill	-108	Correction of loan interest funding LTP error on Landfill reserves - GR funded
Legal	-228	External solicitor costs to support Consents, Planning and Building Quality growth
Internal / external borrowing costs	-818	Higher external cost of borrowing plus effect of updated opening reserve balances
Roading costs	-413	NZTA funding shortfall
Service Delivery Management	-305	2 new FTE positions to support Water Reform activities - G4GG funded
Customer service cost increases	-372	3 new FTE positions. Part FTE positions have transitioned to full FTE positions - G4GG funded
Economic and Community Development	-127	2 new FTE positions created from LTP for Strategic purposes - G4GG funded
Civil Defence	-155	1 new FTE position created. 2 existing FTE positions salary adjusted to market related values - G4GG Funded
Monitoring and Bylaws	-141	2 new FTE position created. - GR funded
Animal Control	-121	1 new FTE position created. 1 existing vacancy filled, salary adjusted to market related values - G4GG Funded
	-1,370	

■ Funded from :

- 2021/22 GARF surplus (higher than plan general rate income) carried forward into 2022/2023 - \$0.2 million
- G4GG reserve - \$1.2 million covering additional FTEs


Targeted Rates

- Increases are as per LTP
- Unmetered water temporary targeted rate to continue as new meters have not yet all been installed
- Location specific (not district wide) targeted rate consultations that may take place before Annual Plan 2022/2023 is adopted:
 - Raglan food waste collection.
 - Tamahere Community Centre.
 - Whatawhata Community Centre

Capital Works Programme

- Planned capex to reduce from \$114M in the LTP to \$112M, due to the NZTA funding amendments:- Option 3 as presented in earlier workshop.
- Expected Carry Forwards amount to \$60M:
 - These projects remain in the work programme
 - The work programme is to be refined based on the detailed project planning currently underway
- Capex to support the Ohinewai development and changes to the 3 Waters programme are not included in Annual Plan 2022/2023

To Sum up

- General rate increase of 3.5% as per LTP
 - Targeted rates as per LTP
 - Changes from LTP are funded from reserves
 - Covid-19 assumed impacts covered by general rate growth and activity savings, i.e. LTP assumptions hold firm
- 

Next Steps

- Report to Council workshop on 18 February 2022
- Adoption of Annual Plan 2022/2023 in June 2022



• **LIVEABLE. THRIVING.** •
THE
CONNECTED COMMUNITIES

He noohanga aahuru, he iwi whai ora, he hāpori tuuhono tahi

Workshop Materials

To	Waikato District Council
Report title	Draft Annual Plan 2022/23 (Year two – Long Term Plan 2021/2031)

1. Purpose of the report Te Take moo te puurongo

This report explains the draft Annual Plan 2022/23 (Year Two - Long Term Plan 2021/2031 (LTP)) process and identifies the decisions for Council to make in adopting the work programme for the coming year.

The purpose of the workshop is to discuss the proposed changes Council requires relative to year 2 of the LTP. A paper will then be presented to the Council meeting in June 2022 incorporating the changes in the adoption of the Annual Plan 2022/23.

2. Executive summary Whakaraapopototanga matua

Planning for the 2022/23 financial year is challenging territory not only for Council but for the New Zealand economy.

Despite this uncertainty, the Draft Annual Plan presented for discussion envisages little change to the plan presented in the 2021/31 LTP process. The major changes included are those relating to the NZTA funded projects, the subject of a workshop in December 2021. There is a small impact on general rate requirement in the annual plan, with most of the funding impacts sitting in the current 2021/22 financial year.

The draft Annual Plan 2022/2023 indicates no change to the rates increases in the 2021/31 LTP. A general rate deficit of \$1.4 million is funded from transfers from reserves and targeted rate reserves are adequate to absorb other small changes included in the plan. Therefore, it is not envisaged that community consultation is required.

3. Staff recommendations Tuutohu-aa-kaimahi

That the Council provides guidance regarding assumptions and input for the Draft Annual Plan 2022/2023 (Year Two – Long Term Plan 2021/2031)

4. Background Koorero whaimaarama

The Local Government Act 2002 (the "Act") requires Council to prepare and adopt an Annual Plan every financial year. Where the proposed Annual Plan does not differ significantly or contain material differences from the LTP, this can be done without formal public consultation.

The Council must consider matters raised through the Annual Plan process bearing in mind the purpose for local government as per section 10 of the Act:

(l) The purpose of local government is –

- (a) To enable democratic local decision-making and action by, and on behalf of, communities, and*
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for households and businesses.*

The draft Annual Plan process will be discussed through a Council workshop to be held on 18 February 2022. This workshop will use year two of the LTP as the starting point and highlight proposed changes.

A workshop format is being used so all Councillors can fully participate in discussions prior to any formal decisions being made. The workshop is intended to enable Council to discuss and examine a proposed budget for the next financial year which would then be formally ratified at the Council meeting in June 2022.

A summary of the proposed process is as follows:

Date	Format	Content
18 February 2022	Annual Plan workshop	Review and explain budgets. To focus on proposed changes to the third year of the current LTP.
June 2022	Council meeting	Adoption of the 2022/23 Annual Plan

In line with the workshop process, this report is focused on the budgets which differ from those contained in the second year of the LTP.

Attached to this report are the following:

- Appendix 1 - Activity variances (including capital project variances)
-

- Appendix 2 - Financial strategy prudence benchmarks (including rates and debt limits)
- Appendix 3 - Rating examples

5. Discussion and analysis

Taataritanga me ngaa tohutohu

5.1 General Rates

The general rate increase proposed in the second year of the LTP is 3.5%. The changes to business and environmental assumptions articulated in this report have had both positive and negative impacts on the rating situation.

Appendix 1 shows an increase in general rate income of \$1,244,231 relative to that in the LTP. This increase is calculated by taking the actual rates strike for the current financial year, applying the 3.5% increase and incorporating actual growth since the 2021/22 rates strike. District capital values at the start of July 2021 were higher than anticipated providing additional rating income to that indicated in the LTP.

With the inclusion of these changes, the net general rate position is a deficit of \$1.4 million for the Annual Plan 2022/23 year. The drivers for this are as follows:

	\$000s	Notes
Increased general rates income	1,244	Higher than LTP CVs
Other revenue increases	410	In line with 2021/2022 and cost recoveries
Less:		
Solid Waste cost increases	-235	Solid Waste lease costs for the Huntly RRC. 137 Rotowaro Rd - GR funded
Landfill	-108	Correction of loan interest funding LTP error on Landfill reserves - GR funded
Legal	-228	External solicitor costs to support Consents, Planning and Building Quality growth
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Monitoring and Bylaws	-141	2 new FTE position created. - GR funded
Animal Control	-121	1 new FTE position created. 1 existing vacancy filled, salary adjusted to market related values - G4GG Funded
	-1,370	

This deficit has been funded from transfers from the following reserves:

- Gearing for Growth and Greatness (G4GG) Reserve: This reserve has a planned surplus of \$1.5 million at 30 June 2022 and \$1.2 million will be used to fund the cost additional roles in Annual Plan 2022/2023.
- General Accounting Reserve Fund (GARF): The expected 2021/2022 general rate surplus of \$1.2 million will be carried forward to 2022/2023 and \$0.2 million will be used to fund the remaining deficit.

A workshop was held in December 2021 to provide direction to staff regarding the final NZTA funding for 2022, 2023 and 2024, finalised after the LTP was adopted. Three options were discussed, and direction was given to go forward with Option 3: Maximise the NZTA funding available. The major negative impacts from Option 3 are in the 2021/2022 year

and with little impact in the following two years. Therefore, the Annual Plan 2022/2023 general rate impact from the changes to the NZTA funding is small.

5.2 Targeted Rates

Targeted rates are proposed to remain at LTP levels, including the continuation of the Temporary Water Usage Rate last charged in the 2021/22 year. The properties charged this targeted rate have water supplied without a meter and although the number of properties without a meter has reduced, this work is not complete.

There are several changes that impact on targeted rate reserves however, the impacts on the reserves are small enough to be accommodated within the LTP rate increases or additional revenue for higher growth late in 2021/22 (recognised after the LTP process).

The average rates per property are a key measure in Council's financial strategy. The changes proposed within this report are within the limits set in the LTP. Appendix 3 provides the benchmark detail as prescribed through regulations and the strategy.

5.3 Activity Variances (Appendix 1)

The operating budgets have been prepared based on costs and revenues which arise from normal Council operations, assuming Council continues to provide the same levels of service as at present. This is a requirement unless Council consults to amend the level of service. Budget changes relate to updating the assumptions (from 2021/22), incorporating decisions Council has made after the adoption of the LTP in 2021 and assumptions regarding the impact of Covid-19.

In summary, overall costs have increased \$1.4 million more than planned revenue increases from Building Consents, Resource Consents and Building Quality inspections as well as savings in other areas. Appendix 1 contains commentary on the major variances.

Further changes to operating budgets are possible, and any change needs to be made in the context of the impact this will have on levels of service. The approach taken in preparing this proposed Annual Plan for Council is that the focus progressing the capital works programme and Council's other business as usual activity will be Council's response to Covid-19 for its community.

5.4 Capital Projects (included in Appendix 1)

The detailed capital work programmes are included in Appendix 1a. The proposal is as follows:

- The capital works included in year 2 of the LTP have been revised down from \$114m to \$112m. The main changes relate to the Roding programme due to the changes required by the amended NZTA funding, the major of which impact the 2021/22 year.
 - Carry forwards have been estimated at approximately \$60m as of 30 June 2022. All these carry forwards remain in the work programme. This programme needs to be refined based on the detailed project planning currently underway.
 - No provision has been made to Council expenditure for the Ohinewai development or changes to the 3 Waters programme, neither of which are at the stage where definitive information is available.
-

5.5 Financial Strategy benchmarks (Appendix 2)

Council adopted a Financial Strategy as part of the LTP. This is a key document audited by Audit New Zealand as part of their audit of the LTP.

If Council were to deviate from the principles and disciplines outlined in the strategy, this could impact on the integrity of the Financial Strategy and LTP, and rather than undertaking an Annual Plan process, could instead trigger an LTP amendment. This would require consultation and an audit undertaken by our external auditors.

5.6 Rating Examples (Appendix 3)

A range of property classification and capital value scenarios have been provided to illustrate the impact of proposed rating changes for the coming year. The figures show the actual rates struck for the current year against the rates proposed to be struck for 2022/23. The figures for the general rate and uniform annual general charge (UAGC) are in line with the increases indicated in the LTP. Targeted rates are also as per year two of the LTP.

This appendix does not incorporate targeted rates levied for repayment of wastewater capital works.

5.7 Fees and Charges (Appendix 4)

Council adopted a three-year schedule of fees and charges in June 2021 as part of the LTP. Council also adopted Water and Wastewater Authorisation and Service Connection charges (Pokeno and Tuakau) in December 2021 to recover Infrastructure Growth Charges levied by Watercare. There are no other changes to fees and charges proposed for 2022/23.

5.8 Key Assumptions

The draft Annual Plan budgets have been put together based on the following key assumptions:

- Interest rates on internal and external loans of 4.47%.
- Rating growth of \$1,244,231 allowed.
- Remuneration increases for employees as included in the LTP.

6. Significance and engagement assessment **Aromatawai paahekoheko**

6.1 Significance **Te Hiranga**

The decisions and matters of this specific report are assessed as of low significance in accordance with the Council's [Significance and Engagement Policy](#). However, this report is part of a broader project or process that is, or may be in future, assessed as of moderate significance.

6.2 Engagement

Te Whakatuutakitaki

It has been established that the changes proposed in this report will not trigger the thresholds outlined in Council's significance and engagement policy.

Planned	In Progress	Complete	
<input type="checkbox"/>	✓	<input type="checkbox"/>	Internal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Community Boards/Community Committees
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Waikato-Tainui/Local iwi and hapuu
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Affected Communities
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Affected Businesses
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other (Please Specify)

7. Next steps

Ahu whakamua

The purpose of this report is to explain the changes being proposed to the Annual Plan work programme and budget relative to the second year of the LTP. The overall impact of changes and preferred option in 5.1 above allows Council to support the General Rate increase as proposed in year 2 of the LTP if they so choose.

8. Confirmation of statutory compliance

Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Terms of Reference and Delegations. Confirmed

The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (*Section Error! Reference source not found.*). Confirmed

Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (*Section 6.1*).

Low

The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (*Section 6.2*).

Confirmed

The report considers impact on Maaori (*Section Error! Reference source not found.*)

Confirmed

The report and recommendations are consistent with Council's plans and policies (*Section 0*).

Confirmed

The report and recommendations comply with Council's legal duties and responsibilities (*Section Error! Reference source not found.*).

Confirmed

9. Attachments Ngaa taapirihanga

Appendix 1 - Activity variances (including capital project variances)

Appendix 2 - Financial strategy prudence benchmarks (including rates and debt limits)

Appendix 3 - Rating examples

Appendix 4 – Annual Plan 2022 23 Workshop Presentation

Date:	17 February 2022
Report Author:	Colin Bailey
Authorised by:	Gavin Ion Chief Executive

To	Strategy and Finance Committee
Report title	Update on Objections received to the 2020 District Valuation

1. Purpose of the report

Te Take moo te puurongo

To inform the Strategy and Finance Committee on the status of the objections received to the 2020 District Valuation and the financial impacts from the valuation changes.

2. Executive summary

Whakaraapopototanga matua

The 2020 District Valuation was completed in April 2021, has an effective date of 1 October 2020 and for rating purposes applies from 1 July 2021. Property owners received notification of the update valuations and had twenty working days from notification to lodge an objection. All objections were lodged directly with the independent valuation service provider, Quotable Value Limited (QV).

A total of 469 objections were received within the stipulated time. 42 objections were withdrawn, and the remaining 427 objections have been settled and processed. Capital values have decreased by \$31 million, resulting in a General Rate reduction of \$64,100 this financial year.

QV had difficulties undertaking the District Valuation, achieving clearance from the Office of the Valuer General, and completing the objections within a reasonable period of time. The Valuation Service Provider (VSP) contract between WDC and QV is due to expire on 30 June 2022, and although there are very few valuers with the capacity to individually provide the required services, QV have been advised it is likely WDC will seek expressions of interest from the market. It should be noted that the current contract with QV is on very advantageous terms of a fixed price with minimal annual escalation. The higher than expected growth experienced in the district has not resulted in higher VSP costs.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Strategy and Finance Committee receives the Update on Objections received to the 2020 District Valuation report.

4. Background Koorero whaimaarama

District valuations are required to be undertaken at least every three years and usually have an effective date of 1 July. In this case the district valuation was delayed due to the Covid-19 lockdown earlier in 2020, resulting in the later effective date of 1 October 2020.

The number of objections received (469) is approximately double the number received after the 2017 District Valuation. QV had initially advised all objections would be settled by 30 November 2021 however this was not achieved due to delays caused by travel and access restrictions in place during the latter half of 2021. 47 objections were withdrawn, and the remaining 427 objections were settled by early March 2022.

A summary of the objections and Capital Value (CV) changes is as follows:

	#	Roll CV (\$m)	Settled CV (\$m)	CV Change (\$m)	General Rate Impact (\$000)
CV reductions	213	274.7	207.0	-67.6	-139.9
CV increases	153	203.4	240.1	36.6	75.8
No change to CV	61	39.5	39.5	0.0	0.0
Total settled objections	427	517.6	486.6	-31.0	-64.1

The CV increases are generally in line with the objectors' valuations of their properties. These increases are due in the main to timing issues regarding improvements and inconsistencies in values of similar properties in the same area.

Council was recently advised the maximum negative impact on General Rate income for this financial year would be no more than \$60,000. The final outcome is slightly above this due to valuation issues with 62 properties in Tuakau owned by one family. QV advise these valuations were not straight forward for the following reasons:

- Most of these properties were placed on the market and were going to auction on 16 December 2021.
 - The auction was cancelled at the last moment, but the properties remain on the market. The agent advised that the owner was awaiting the ratification of the Proposed District Plan, resulting in the zoning changing to Residential.
 - In addition, there has been problems obtaining a copy of the High Court Decision between the members of the family in which it is understood there are valuation issues raised.
 - The objection review revealed that the original values were overstated due to the higher cost of infrastructure – roading, wastewater, water etc. that would be required to develop the sections as a whole or in parts.
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5. Attachments

Ngaa taapirihanga

There are no attachments for this report.

Date:	14 March 2022
Report Author:	Colin Bailey
Authorised by:	Alison Diaz Chief Financial Officer

To	Strategy and Finance Committee
Report title	Approved Counterparty Review February 2022

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to inform the Strategy & Finance Committee of our Counterparties current credit rating.

2. Executive summary

Whakaraapopototanga matua

Treasury related transactions can only be entered into with organisations specifically allowed for under Council's Treasury Management Policy.

Counterparties and limits are approved on the basis of long-term and short-term credit ratings of A- and above and A2 or above respectively. Limits are spread across a number of Counterparties to manage credit exposure. Counterparty limits are reported quarterly, while credit ratings are reviewed on an ongoing basis with any material credit downgrades dealt with immediately. The Standard & Poors ratings are reported to the Committee every six months and any changes noted.

The current credit ratings (updated 16 November 2021) are shown in the table below:

	Long Term		Short Term		Within Policy?
	S&P	Policy	S&P	Policy	
ANZ Bank	AA-	A-	A-1+	A2	✓
ASB Bank	AA-	A-	A-1+	A2	✓
Bank of New Zealand	AA-	A-	A-1+	A2	✓
HSBC	AA-	A-	A-1+	A2	✓
Westpac	AA-	A-	A-1+	A2	✓

3. Staff recommendations Tuutohu-aa-kaimahi

That the Strategy and Finance Committee receives the report.

4. Attachments Ngaa taapirihanga

Nil

Date:	17 March 2022
Report Author:	Colin Bailey – Finance Manager
Authorised by:	Alison Diaz - Chief Financial Officer

To	Strategy & Finance Committee
Report title	Local Government Funding Agency draft Statement of Intent

1. Purpose of the report

Te Take moo te puurongo

To provide a copy of the Local Government Funding Agency's draft Statement of Intent to the Committee.

2. Executive summary

Whakaraapopototanga matua

The Local Government Funding Agency (LGFA) sends all participating councils information pertaining to intended performance, via the Statement of Intent, and actual performance, through the half year report.

While not a shareholder of the LGFA, Council is a guaranteeing local authority and should be aware of the strategy, objectives, and related performance of the agency.

The attached cover letter frames up the objectives for each participating council. For guarantors the focus is on:

“Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.”

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Strategy & Finance Committee:

- a. receives the Local Government Funding Agency draft Statement of Intent; and**
 - b. notes that the attached Statement of Intent is in draft form and is subject to adjustment based on shareholder feedback.**
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4. Attachments

Ngaa taapirihanga

Attachment 1 – Draft Statement of Intent Cover letter

Attachment 2 – Local Government Funding Agency draft Statement of Intent

Date:	30 March 2022
Report Author:	Alison Diaz, Chief Financial Officer
Authorised by:	Gavin Ion Chief Executive

28 February 2022

Dear Shareholder

Draft Statement of Intent 2022-25

Please find attached a copy of the Draft Statement of Intent (SOI) for the 2022/23 year and two subsequent years. A copy is also available for download on our website www.lgfa.co.nz.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets

For our shareholders we are focused on

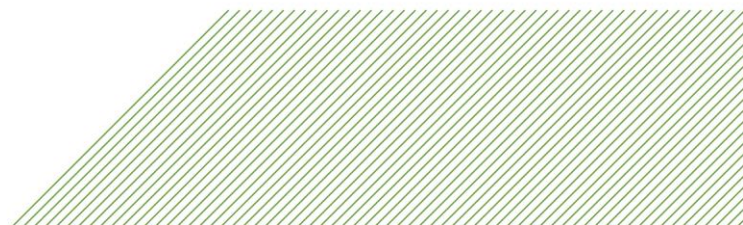
- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management and
- Ensuring we have the correct governance framework and capital structure in place

For our guarantors we are focused on

- Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.

The following points regarding the Draft SOI 2022-25 are worth noting:

- Profitability is forecast to remain strong with projections for Net Operating Gain of \$9.9 million, \$11.7 million, and \$10.0 million for the next three years. We are cautious in placing too much emphasis on the Year Three (2024/25) forecast given that over the next three years, we estimate that \$5.3 billion of our LGFA bonds and \$5.7 billion of council loans mature.
- Our council members based their borrowing projections in their 2021-31 Long Term Plans on the assumption that the Three Water reforms were not progressing and we therefore have made the same assumption in our forecasts. Our council borrowing and LGFA bond issuance



forecasts in the 2023/24 and 2024/25 financial years may change depending upon whether the reforms proceed and how councils change their borrowing behaviour in response to those reforms. We estimate that we could have between \$4 billion and \$5 billion of Three Waters related loans by 1 July 2024.

- Our forecasts for council loans (short and long term) outstanding as at June 2023 of \$14.6 billion and \$15.6 billion as at June 2024 are in line with the forecast in last year's SOI.
- Compared to the prior year SOI, Net Interest Income is forecast to be \$200k lower in the 2022/23 financial year and \$300k higher in the 2023/24 financial year. A positive impact on Net Interest Income from higher interest rates is offset by the expectation of tighter lending margins.
- Compared to the prior year SOI, issuance and operating expenses, excluding Approved Issuer Levy are forecast to be approximately \$400k higher in the 2022/23 financial year and \$500k higher in the 2023/24 financial year. This is due to higher costs associated with our increased focus on Sustainability, higher personnel costs and expected costs relating to Three Waters Reform.
- The SOI performance targets are the same as the targets in the prior year SOI except we have included targets relating to improving sustainability outcomes within LGFA and assisting the sector in achieving sustainability and climate change objectives.
- As noted above, there is some timing uncertainty within the SOI forecast relating to council loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the council loans that are due to mature in April 2023, April 2024 and April 2025. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.

If you have any questions or wish to provide comments by 1 May 2022 then please feel free to contact myself or any member of the Shareholders' Council. The LGFA board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2022.

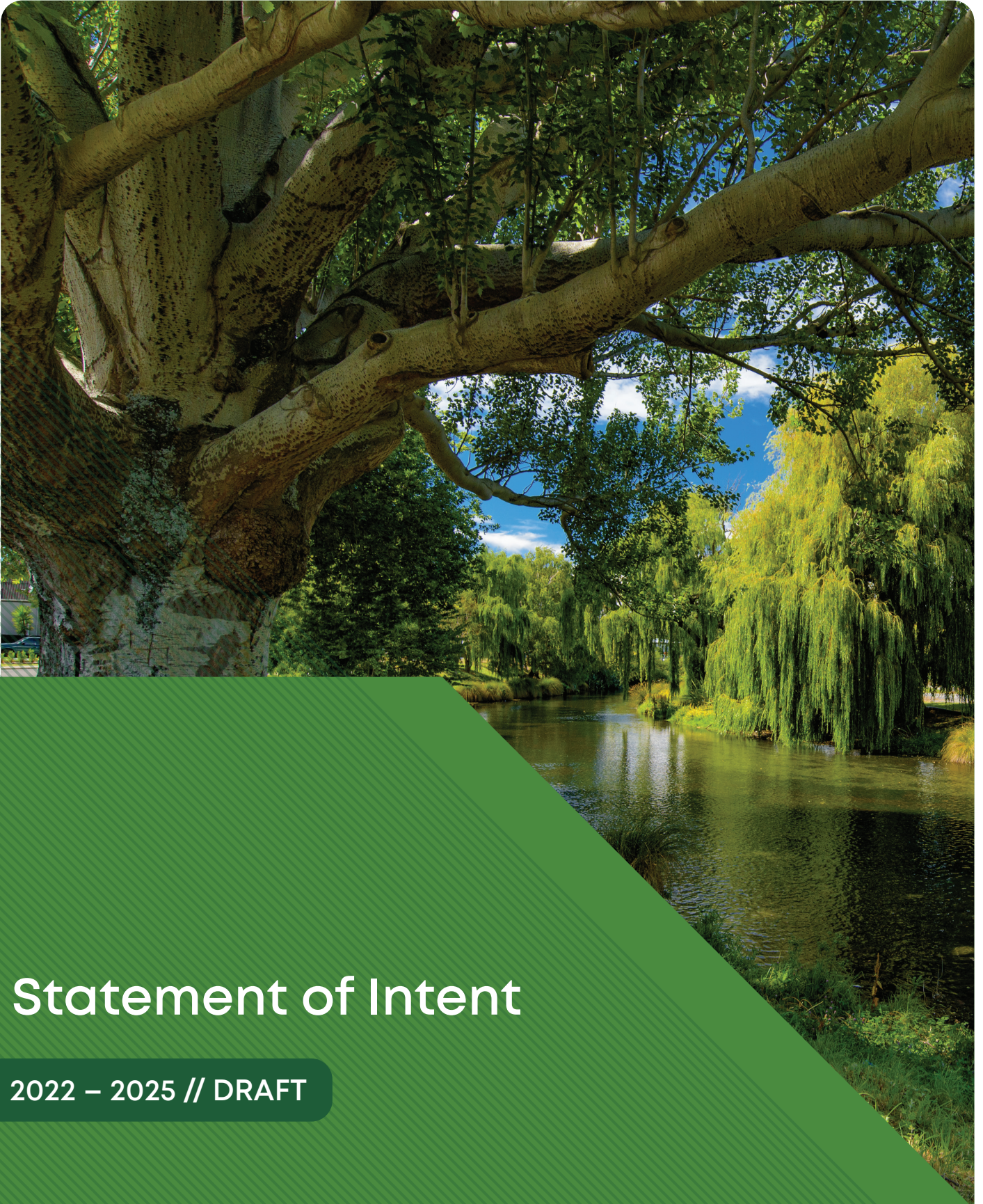
Yours sincerely



Mark Butcher
Chief Executive



New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe



Statement of Intent

2022 – 2025 // DRAFT

1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2022 to 30 June 2025. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

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

2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

3. Our purpose Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

4. Our values Ō mātau uara

We act with integrity E pono ana mātau	We are customer focused E arotahi ana mātau ki te kiritaki	We strive for excellence E whakapau kaha mātau kia hiranga te mahi	We provide leadership He kaiārahi mātau	We are innovative He auaha mātau
<p>We are honest, transparent and are committed to doing what is best for our customers and our company</p>	<p>Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference</p>	<p>We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.</p>	<p>We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.</p>	<p>To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.</p>

5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

Governance, capability and business practice

LGFA is committed demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2022-2025.

The financial performance targets are focused on the 2022-2023 year and, as applicable, are based on the financial forecasts outlined in section 8.

Governance, capability and business practice

Objectives	How we measure our performance
LGFA will:	
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual Report.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	The Annual Report reports on our health and safety and wellbeing practices and policies, including Covid-related safety processes, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2022-2023 target
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
LGFA's total operating income for the period to 30 June 2023.	> \$18.3 million
LGFA's total operating expenses for the period to 30 June 2023.	< \$8.3 million

Optimising financing services for local government

Objectives	How we measure our performance
LGFA will:	
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2022-2023 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$14,558 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

Environmental and social responsibility

Objectives	How we measure our performance
LGFA will:	
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assist borrowers financing of projects that promote environmental and social wellbeing in New Zealand. Green, Social & Sustainability (GSS) loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Performance targets	2022-2023 target
Comply with the Health and Safety at Work Act 2015	No breaches
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book	Two new participating borrowers enter into GSS loans.
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%
Meet all mandatory climate reporting standards.	100%

Effective management of loans

Objectives	How we measure our performance
LGFA will:	
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list. Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Analyse finances at the Council group level where appropriate and report to shareholders.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of participating borrowers visited in a year.

Performance targets	2022-2023 target
Review each Participating Borrower's financial position, its headroom under LGFA policies.	100%
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested.	100%

7. Industry leadership and engagement

Objectives	How we measure our performance
LGFA will:	
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues.
Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	

8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2025 are:

Comprehensive income \$m	Jun 23	Jun 24	Jun 25
Net Interest income	16.8	18.4	17.2
Other operating income	1.5	1.5	1.5
Total operating income	18.3	19.9	18.7
Approved Issuer Levy	0.8	0.3	0.3
Issuance & onlending costs	2.9	3.0	3.1
Operating overhead	4.7	4.9	5.2
Issuance and operating expenses	8.4	8.3	8.6
Net profit	9.9	11.7	10.0
Financial position (nominals) \$m	Jun 23	Jun 24	Jun 25
Liquid assets portfolio	1,912	2,033	2,230
Loans to local government	14,558	15,567	16,270
Other assets	-	-	-
Total assets	16,470	17,599	18,500
Bonds on issue (ex Treasury stock)	15,335	16,407	17,258
Bills on issue	500	500	500
Borrower notes	303	339	369
Other liabilities	-	-	-
Total liabilities	16,138	17,246	18,127
Capital	25	25	25
Retained earnings	92	103	113
Shareholder equity	117	128	138

Ratios	Jun 23	Jun 24	Jun 25
Liquid assets/funding liabilities	12.2%	12.1%	12.7%
Liquid assets / total assets	11.6%	11.6%	12.1%
Net interest margin	0.12%	0.12%	0.11%
Cost to income ratio	45.9%	41.5%	46.3%
Return on average assets	0.06%	0.07%	0.05%
Shareholder equity/total assets	0.7%	0.7%	0.7%
Shareholder equity + BN/total assets	2.5%	2.7%	2.7%
Asset growth	6.5%	6.9%	5.1%
Loan growth	8.5%	6.9%	4.5%
Return on equity	9.3%	10.0%	7.8%
Capital ratio	12.7%	13.3%	13.7%

Note there is a level of uncertainty regarding the June 2024 and June 2025 financial years forecasts due to the uncertainty relating to the Three Waters Reform and the impact on councils.

Councils prepared their 2021-31 Long Term Plans (and borrowing forecasts) on the assumption that Three Water Reform was not progressing and we have made the same assumption with our forecasts. LGFA projects it could have between \$4 to \$5 billion of loans to councils in June 2024 that are related to Three Waters. There have been no decisions made to date regarding the transfer of assets and liabilities from councils to the proposed Three Water entities.

9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

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

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

10. Governance

Board

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

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

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

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

All directors are required to comply with a formal Charter.

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

Shareholders' Council

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

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.

- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

11. Information to be provided to Shareholders

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

Annual Report

The LGFA's balance date is 30 June.

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

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

Half Yearly Report

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

- Directors' commentary on operations for the relevant six-month period.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

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

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

Statement of Intent

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

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

Shareholder Meetings

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

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

12. Acquisition/divestment policy

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

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

13. Activities for which compensation is sought from Shareholders

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

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

14. Commercial value of Shareholder's investment

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

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

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

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

15. Accounting policies

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

Statement of accounting policies

1. Reporting entity

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

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

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

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

The financial statements are as at and for the year ended 30 June 2021.

These financial statements were authorised for issue by the Directors on 30 August 2021.

2. Statement of compliance

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

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

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

3. Basis of preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

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

Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

Other assets

Property, plant and equipment

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

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

Intangible assets

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

Other liabilities

Employee entitlements

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

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

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

Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

The financial statements as at 30 June 2021 include estimates and judgements of the potential impact of COVID-19 and the Three Waters Reform Programme on LGFA's financial position and performance. Whilst there has been no material impact on the estimates and judgements at the date these financial statements are authorised, it is noted that there is significant uncertainty with regards to the medium and long-term effects of COVID-19, as well as the outcome of Three Waters Reform Programme on the local government sector.

To	Strategy & Finance Committee
Report title	Local Government Funding Agency half year report

1. Purpose of the report

Te Take moo te puurongo

To inform the Committee on the half year results of the Local Government Funding Agency (LGFA).

2. Executive summary

Whakaraapopototanga matua

LGFA has met all but two of their full year Statement of Intent performance measures (borrowing market share and annual participant visits).

Highlights include expansion of lending to both Councils and Council Controlled Organisations, issue of the first green social sustainable loans, and the addition of two new council members.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Strategy & Finance Committee receives the Local Government Funding Agency half year report.

4. Attachments

Ngaa taapirihanga

Attachment 1 – Cover letter for half year report

Attachment 2 – Local Government Funding Agency Half Year Report 31 December 2021

Date:	30 March 2022
Report Author:	Alison Diaz, Chief Financial Officer
Authorised by:	Gavin Ion, Chief Executive

28 February 2022

Dear LGFA Stakeholder

LGFA 2021-22 Half Year Report

Please find attached a copy of the Half Year Report for the six-month period to December 2021. A copy is also available for download on our website www.lgfa.co.nz.

We are pleased to highlight another positive six-month period for LGFA including the following

1. Increased lending to council and CCO borrowers

By 31 December 2021, LGFA had a market value of loans outstanding of \$13.51 billion. We lent \$1.64 billion over the six-month period, and we added two new council members to bring the number of member councils to seventy-four. Councils and CCOs can borrow for terms out to fifteen years (2037).

2. New products

As well as providing long dated lending at the lowest possible cost, we continue to innovate with new products. We have undertaken our first loan to a CCO with Invercargill City Holdings borrowing from LGFA in July 2021 and we entered into our first Green, Social and Sustainable (GSS) loans.

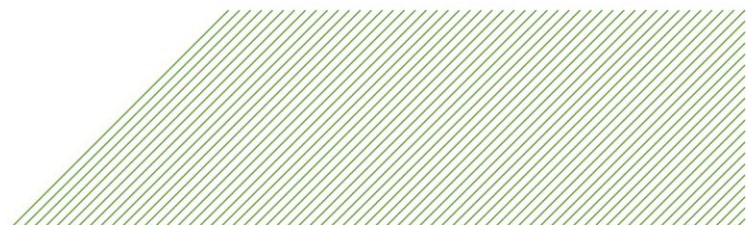
3. A focus on sustainability

During the six-month period we launched GSS loans to councils where councils receive a discounted borrowing margin for eligible projects. In December 2021 both Wellington City and Greater Wellington Regional Councils were the first councils to borrow under the GSS loan programme.

Sustainability is becoming increasingly important at LGFA as we look to assist the sector in managing climate change and encouraging sustainable outcomes. We have appointed a Sustainability Committee to advise the board and management as part of this initiative and we will look to actively engage with councils and CCOs in the coming months.

4. A strong financial position

The financial strength of LGFA has been enhanced with a Net Operating Profit for the six-month period of \$5.94 million. LGFA has \$16.36 billion of assets and Shareholder Equity of \$99.82 million as at 31 December 2021.



Finally, we appreciate the support of all our stakeholders during these difficult times for the sector so thank you for your contribution and assistance over the past six months.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards

A handwritten signature in black ink, appearing to read 'Mark Butcher', with a stylized flourish extending to the right.

Mark Butcher
Chief Executive

31 December 2021
HALF YEAR REPORT

**Benefiting
communities through
delivering efficient
financing for local
government.**

**Ka whiwhi painga ngā
hāpori mā te whakarato
pūtea tōtika ki ngā
kaunihera.**



New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe



Planting day at Tōtara Reserve with Awahou school.
Horizons Regional Council

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Rārangi tauwaea

*LGFA acknowledge the assistance of the
Department of Internal Affairs translation
service for our Te Reo translations.*

Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

For the six-months ended 31 December 2021

The six-month period to December was another strong period for LGFA in delivering value to council members and our investor base while meeting our financial targets. A key highlight was our first Green, Social and Sustainable loans to councils as part of our focus on fostering sustainability across the local government sector.

We are pleased to record another period of positive performance by the company for the six-month period to 31 December 2021 and to highlight the following developments.

Strong Financial and Operational Performance

LGFA's total interest income for the six-month period of \$185.89 million was a 2.4% decrease over the 2019-20 comparable period result of \$190.38 million, while net operating profit of \$5.94 million for the six-month period was a 0.3% increase on the 2019-20 comparable period result of \$5.92 million.

Both net interest income and operating profit were slightly ahead of the Statement of Intent (SOI) forecast. We are adopting a prudent approach to our funding by borrowing a greater amount than we are lending to councils and for a longer term. This is having a modest drag on profitability despite the growth in the balance sheet but is a more conservative approach to balance sheet management.

Expenses have been managed below the SOI budget over the past six months. Lower fees paid due to a reduced limit of the New Zealand Debt Management committed credit facility and lower travel and accommodation costs relative to forecast were positive contributions. These savings were offset by higher legal and NZX costs associated with increased council lending and LGFA bond issuance.

LGFA bonds are an attractive investment for investors while delivering savings in borrowing costs for members. Over the last six months, we have launched Green, Social and Sustainable (GSS) lending to councils and approved our first Council-Controlled Organisation (CCO) borrower.

The financial strength of LGFA was reaffirmed by Fitch Ratings who maintained our domestic currency credit rating at 'AA+' in October 2021 while our 'AAA' rating from S&P Global Ratings remains the same as the New Zealand Government.

Borrowing activity

LGFA is the largest issuer of New Zealand dollar (NZD) securities after the New Zealand Government and our bonds are amongst the largest and most liquid NZD debt instruments available for investors. It is pleasing to note increased activity in the secondary market in our bonds.

LGFA issued \$2.06 billion of bonds over the past six months and outstandings now total \$15.94 billion (including \$1.20 billion of treasury stock) across 12 maturities from 2022 to 2037. The average term of our bond issuance during the six-month period at 7.7 years was longer than the prior year period. The debut of new May 2028 and May 2035 bond maturities by syndication helped fill in the gaps between our existing bonds and provided investors with more investment opportunities. It also reduced our mismatch exposure between bond issuance and council lending.

It is also pleasing to observe the increased participation by offshore investors over the past six months as NZD-denominated investments have become relatively more attractive for investors as the Reserve Bank commenced monetary policy tightening. We estimate that offshore investors hold 29.7% of LGFA bonds on issue compared to 21.6% a year ago. Domestic institutional and retail investors hold 32.4%, domestic banks hold 26.7% and the Reserve Bank holds 11.3%.

The performance of LGFA bonds over the past six months has been mixed with LGFA bond spreads to New Zealand Government Bonds moving wider while LGFA bond spreads to swap have tightened slightly, except in the very long end of the curve. Outright yields rose between 53 basis points (bps) (2037 maturity) and 127 bps (2024 maturity) over the six-month period.

Lending to the sector

LGFA was established in December 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. The original 31 shareholders including the Crown remain as shareholders. Over the past six months, we added two councils and our first CCO as members, with Southland District and Otago Regional Councils joining as guarantors and Invercargill City Holdings Ltd joining as our first CCO. Total membership is now 74 out of the 78 councils in New Zealand.

Long-dated lending to council and CCO members over the six-month period was \$1.64 billion provided to 46 councils as they refinanced their April 2022 loans and increased their borrowing to finance infrastructure projects. Our estimated market share of total council borrowing of 79% was slightly lower

than forecast but remained high on an historical basis. The average tenor of long-dated borrowing by councils of 5.8 years over the six-month period was in line with prior periods.

Short-dated lending for terms less than 12 months continues to be supported by councils and as at 31 December 2021, LGFA had \$382 million of short-term loans outstanding to 31 council and CCO members.

The impact from COVID-19 and Three Waters Reform Program on the sector and LGFA

The local government sector continues to face unprecedented and uncertain change having to deal with climate-related events, COVID-19, the Central Government-led initiatives relating to the Three Waters Reform Programme and Future for Local Government Review.

LGFA is assisting on an as required basis, both Central Government and our council members as they work through the Three Waters Reform Programme as required. The Government's proposed Three Water Reform Programme would be the largest change to the local authority sector in 30 years.

LGFA is also assisting the local government sector led initiative in developing a Ratepayer Financing Scheme that may provide some financial relief to ratepayers.

New products and initiatives

We undertook our first loan to a CCO in July 2021 and are looking to approve our second CCO member in the next six months.

We launched our GSS lending product in October 2021 and are pleased to have made our first GSS loans to Wellington City and Greater Wellington Regional Councils in December 2021.

Increasing focus on sustainability

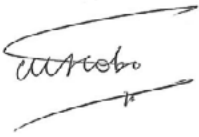
Sustainability plays an important part within the local government sector and at LGFA. We have undertaken several initiatives over the past year, including:

- Appointment of a Head of Sustainability.
- Establishment of a Sustainability Committee that advises the LGFA Board and management team on sustainability issues.
- Achievement of CarbonZero certification from Toitū Envirocare and we have committed to reducing our carbon emissions.
- Launched our GSS lending product that offers a lower borrowing margin for councils with eligible

projects. We have pre-approved borrowing for eligible projects of \$407 million and have made loans to date of \$43 million.

Acknowledgments

LGFA's work cannot be implemented without the support of our staff, directors, shareholders and members, New Zealand Debt Management (NZDM), the Reserve Bank and central and local government, all whose efforts should be acknowledged. We also would like to acknowledge the support of financial institutions, intermediaries and investors. We believe LGFA's future remains positive and look forward to working with all stakeholders in the next six months.



Craig Stobo
Chair



Mark Butcher
Chief Executive



Wetlands in Queen
Elizabeth Park, Kāpiti Coast.
Greater Wellington Regional Council

Performance against objectives

Ko ngāwhakatutukitanga ki ngā whāinga

The statement of service performance details LGFA's performance for the first half of the year against the objectives and targets set out in the LGFA Statement of Intent 2021-22 (SOI)

2021-22 Performance objectives

The SOI sets out two primary performance objectives and eight additional objectives for the year ended 30 June 2022.

Primary objectives

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

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

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

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

Additional objectives

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

LGFA will:

1. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
2. Provide at least 80% of aggregate long-term debt funding to the local government sector¹.
3. Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with the approved dividend policy.
4. Meet or exceed the Performance Targets.
5. Comply with the Health and Safety at Work Act 2015.
6. Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.
7. Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.
8. Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives.

Performance against primary objectives

This section sets out LGFA's performance for the six months ended 31 December 2021 against the two primary objectives set out in the SOI.

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

Providing interest cost savings relative to alternative sources of financing

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

Secondary market spread to swap (basis points)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2033	2035	2037
LGFA (AAA)	(4)	(1)	(1)	3	10	13	23	25	28	31	42	51	59
Kainga Ora (AAA)		5		11	16		25		33			47	
Asian Development Bank (AAA)		1	2	7	13		23			33			
IADB (AAA)		0	1	10	15		27						
International Finance Corp		1	5	10	14	18							
KBN (AAA)		3	8	14					39				
Rentenbank (AAA)	0	1	6	12									
World Bank (AAA)	2	1	1	8	12	18	23		33				
Nordic Investment Bank (AAA)		1		10									
ANZ (AA-)		25	31										
BNZ (AA-)		17		39	55								
Westpac Bank (AA-)	11	23	40	43	53								
SSA Average	1	1	4	10	14	18	24	31	36	33			
Bank Average	11	22	36	41	54								

1. This includes Auckland Council borrowing both in its own name and through LGFA and recognising that the amount of borrowing by Auckland Council from LGFA is restricted by the Foundation Policy covenants.

In the 2021 stakeholder survey, our members responded with a 99% satisfaction rating for LGFA in adding value to their borrowing requirements.

Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;

Both short and long-term borrowing have been well supported by member councils and CCOs:

- Over the six months ended 31 December 2021, 46 members (45 councils, 1 CCO) borrowed \$1.64 million in 125 new long-term loans, across 46 maturity dates ranging between 2022 and 2036.
- As at 31 December 2021 there were \$382 million of short-term loans outstanding to 31 members (30 councils, 1 CCO) with loan terms ranging between one month and 12 months.
- As at 31 December 2021, nine councils had entered into Standby facilities with LGFA totalling \$522 million.

Delivering operational best practice and efficiency for its lending services;

Over the six months, LGFA operations successfully settled 833 new trades and 5,600 cash flows totalling in excess of \$31 billion.

In the 2021 stakeholder survey, our members responded with a 96% satisfaction rating for the LGFA settlement process.

Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

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

Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the six month period remained at high levels, with primary issuance totalling \$2.055 billion and secondary market turnover of \$4.45 billion. In addition, we successfully launched two new bond maturities, May 2028 and May 2035, by syndication, reducing the gap between existing LGFA bond maturities.

LGFA maintains an Australian Medium-Term Notes Programme which, to date, has not been used but which provides LGFA with additional flexibility if there is a market disrupting event in the future.

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

Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;

LGFA reviews all councils' financial statements on an annual basis and the agendas and management reports on an ongoing basis for councils on the LGFA borrower watch-list. This year, we reviewed councils 2021-2031 Long-Term Plans and liaised directly with councils' where we had issues or queries arising from these.

We have received compliance certificates from all Participating Borrowers, and all remain compliant as at 30 June 2021. There are 14 councils who, due to COVID-19 delays in finalising the audit process, have provided outcomes based on unaudited financial statements. LGFA has reviewed these financial statements and there were no issues of concern.

Analyse finances at the Council group level where appropriate and report to shareholders;

No council has yet requested to be measured on a group basis.

Endeavour to meet each Participating Borrower annually, including meeting with elected officials as required, or if requested;

Over the six months, LGFA met with 15 councils which is lower than planned due to COVID-19 travel restrictions over the period. Travel permitting, we aim to increase visits in the first half of 2022, with virtual meetings replacing in-person meetings as required.

Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

Over the six months, LGFA met with representatives from Central Government on the proposed Three Waters reforms and provided feedback regarding financing of the proposed entities.

LGFA sponsored the Taituarā Funding and Rating Forum and presented on 'Financial Risks in the Local Government Environment' to a forum of Council Audit and Risk Committee Chairs organised by OAG.

LGFA continues to assist the sector and their advisers in offering to provide support for solutions to off-balance sheet financing for councils. LGFA continues to provide technical expertise to the proposed Ratepayer Financing Scheme (RFS).

Additional objectives

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

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

On an annual basis, S&P Global Ratings and Fitch Ratings meet with LGFA and review our credit ratings.

- **S&P Global Ratings** upgraded our long-term local currency credit rating to AAA and our long-term foreign currency credit rating to AA+ on 22 February 2021. Both ratings are the same as the New Zealand Government.
- **Fitch Ratings** affirmed both our local currency credit rating of AA+ (stable) and foreign currency credit rating of AA, positive outlook. 1 November 2021.

Provide at least 80% of aggregate long-term debt funding to the local government sector².

LGFA's estimated market share for the rolling twelve-month period to 31 December 2021 was 79%³. Adjusted for Auckland Council borrowing, this increases to 84%. This market share compares to a historical average of 75% and remains high compared to our global peers.

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

The following table summaries income, expenses and operating result for the six months ended 31 December 2021 against the financial forecasts outlined in our 2021-2022 Statement of Intent.

\$000s	Unaudited result to 31 December 2021	Variance to SOI budget
Net interest income	9,178	+267
Other operating income	526	+26
Total operating income	9,704	+293
Operating expenses	3,769	+88
Net operating profit	5,935	+381

The Net interest income (NII) includes the unrealised mark-to-market movement for fixed rate swaps that are not designated effective for hedge accounting purposes. These swaps reduce exposure to fixed rate loans transacted outside of the normal tender process and reduce mismatches between borrowing and on-lending terms on our balance sheet. The unrealised loss increases as interest rates fall but turns to a profit if interest rates rise. Due to a rise in interest rates since June 2021, the year-to-date unrealised gain was \$1.03 million.

Operating expenses for the six-month period were \$88k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$1.308 million were \$46k below budget. A lower NZDM Liquidity Facility fee was offset by higher legal expenses and NZX fees due to the additional amount of bond issuance.
- Operating costs at \$2.135 million were \$48k below budget due to lower operating overhead, travel and IT costs offset by higher personnel costs relative to budget.
- Approved Issuer Levy (AIL) payments of \$325k were in line with budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment for a small number of LGFA bond maturities.

Meet or exceed the Performance Targets.

As at 31 December 2021, we forecast we are on track to achieve eight out of the 10 performance targets by 30 June 2022.

Comply with the Health and Safety at Work Act 2015.

LGFA has a Health and Safety Staff Committee which is chaired by the Risk and Compliance Manager and reports to the LGFA Board on a regular basis. There were no Health and Safety incidents during the six months.

Over the Covid lockdown period, Auckland and Wellington based staff worked from home as required and we have adopted safety protocols to minimise risks to staff on returning to our offices. All staff, directors and visitors are required to hold a valid vaccine passport before entering LGFA offices.

2. This includes Auckland Council borrowing both in its own name and through LGFA and recognising that the amount of borrowing by Auckland Council from LGFA is restricted by the Foundation Policy covenants.

3. Source: PwC Local Government Debt Report

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

There were no compliance breaches during the six month period.

Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.

Over the six months, LGFA:

- Contributed expertise to the Ratepayer Financing Scheme project that, if successful, could offer temporary financial relief to ratepayers via rates postponement.
- Provided a Standby Facility product that will provide greater certainty of access to emergency funding for councils at a lower cost than going to traditional bank providers. This has been well supported by councils with \$522 million of standbys written with nine councils.
- Outlined its views on the proposed Three Waters Reform for the Shareholders Council and this was distributed to all council members.

Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives.

LGFA has:

- Appointed a Head of Sustainability.
- Achieved Carbon zero certification from Toitū Envirocare.

- Established a Sustainability Committee, comprising:
 - Three LGFA staff members and
 - Four external members - Alison Howard, Chris Thurston, David Woods and Erica Miles.
- Launched a GSS lending programme for council and CCO members. Projects that meet one of 16 green or social lending categories are now eligible for a discounted loan margin. As at December 2021, Wellington City (WCC) and Greater Wellington Regional (GWRC) Councils have borrowed under this programme
 - WCC financed the construction of 'Takina', the Wellington Convention and Exhibition Centre.
 - GWRC financed the flood protection work on the RiverLink project in the Hutt Valley.

The Waimakariri River has been the site of many recent biodiversity projects and planting days.
Environment Canterbury

Performance Targets

Performance measure	Result for the six month period to 31 December 2021	Outcome
LGFA net interest income for the period to June 2022 will be greater than \$19.1 million	\$9.7m	✓
Annual issuance and operating expenses (excluding AIL) will be less than \$7.2 million	\$3.4m	✓
Total nominal lending (short and long term) to participating councils to be at least \$13,294 million	\$13.513 million	✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2021 survey outcome of 99.2%	✓
Meet all lending requests from PLAs	100%	✓
Achieve 80% market share of all council borrowing in New Zealand	79%	✗
Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually	Council meetings to total 74 over year. Financial position and headroom review completed.	✗
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015	No breaches	✓
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	100%	✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	AA+/AAA	✓



Financial statements

Nga taukī pūtea

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Statement of comprehensive income

For the six months ended 31 December 2021 in \$000s

	Note	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Interest income		185,886	190,375
Interest expense		176,709	180,523
Net interest income	4	9,178	9,852
Other operating income	5	526	5
Total operating income		9,704	9,857
Operating expenses	6	3,769	3,938
Net operating profit		5,935	5,918
Total comprehensive income		5,935	5,918

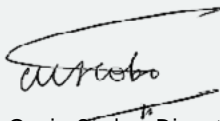
Statement of changes in equity

For the six months ended 31 December 2021 in \$000s

	Note	Share capital	Retained earnings	Total equity
Equity as at 1 July 2020		25,000	58,616	83,616
Net operating profit			12,007	12,007
Total comprehensive income for the year			12,007	12,007
Transactions with owners			-	-
Dividend paid on 4 September 2020			(879)	(879)
Equity as at 1 July 2021		25,000	69,744	94,744
Net operating profit			5,935	5,935
Total comprehensive income for the half year			5,935	5,935
Transactions with owners			-	-
Dividend paid on 3 September 2021			(857)	(857)
Unaudited closing balance as at 31 December 2021	17	25,000	74,822	99,822

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 February 2022.



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of financial position

As at 31 December 2021 in \$000s

	Note	Unaudited as at 31 December 2021	Audited as at 30 June 2021
Assets			
Financial assets			
Receivables		42	43,587
Cash and bank balances		374,236	391,835
Marketable securities		1,385,022	768,453
Deposits		841,628	654,961
Derivatives in gain		246,072	559,635
Loans	8	13,513,127	12,065,668
Non-financial assets			
Prepayments		1,002	683
Other assets	9	218	345
Total assets		16,361,346	14,485,167
Equity			
Share capital	16	25,000	25,000
Retained earnings		68,887	69,744
Total comprehensive income for the period		5,935	-
Total equity		99,822	94,744
Liabilities			
Financial liabilities			
Payables and provisions	10	93,014	40,900
Bills	11	534,258	609,624
Bond repurchases	12	225,850	110,220
Derivatives in loss		415,046	187,098
Bonds	13	14,732,861	13,217,759
Borrower notes	14	259,934	224,281
Non-financial liabilities			
Other liabilities	15	561	539
Total liabilities		16,261,524	14,390,422
Total equity and liabilities		16,361,346	14,485,167

Statement of cash flows

For the six months ended 31 December 2021 in \$000s

	Note	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Cash Flow from Operating Activities			
Cash applied to loans	8	(1,427,636)	(1,420,594)
Interest paid on bonds issued		(215,363)	(212,221)
Interest paid on bills issued		(1,591)	(1,149)
Interest paid on borrower notes		(212)	(137)
Interest paid on bond repurchases		(254)	(599)
Interest received from loans		76,952	77,156
Interest received from cash & cash equivalents		1,031	377
Interest received from marketable securities		5,624	5,376
Interest received from deposits		2,206	2,978
Net interest on derivatives		136,753	139,963
Cash proceeds from provision of standby facilities		526	-
Payments to suppliers and employees		(3,927)	(4,172)
Net cash flow from operating activities	18	(1,425,888)	(1,413,023)
Cash flow from investing activities			
Purchase of marketable securities		(594,958)	(27,701)
Purchase of deposits		(185,743)	(140,161)
Purchase of plant and equipment		-	-
Net cash flow from investing activities		(780,701)	(167,862)
Cash flow from financing activities			
Cash proceeds from bonds issued	13	2,096,802	2,026,534
Cash proceeds from bills issued		(75,367)	(34,910)
Cash proceeds from bond repurchases		158,143	(165,546)
Cash proceeds from borrower notes		35,509	37,876
Dividends paid		(857)	(878)
Cash applied to derivatives		(25,240)	(124,161)
Net cash flow from financing activities		2,188,991	1,738,914
Net (decrease) / increase in cash		(17,599)	158,029
Cash, Cash Equivalents and at beginning of year		391,835	165,826
Cash and cash equivalents at end of half year		374,236	323,854

Notes to the financial statements

1. Reporting entity

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

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

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

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

These financial statements were authorised for issue by the Directors on 28 February 2022.

2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2021 and are to be read in conjunction with the annual report for the year ended 30 June 2021.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

3. Basis of preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have been no changes to accounting policies.

Early adoption standards and interpretations

LGFA has not early adopted any standards.

Standards not yet adopted

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

Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value.

They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

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

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

Other assets

Property, plant and equipment

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

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

Intangible assets

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

Other liabilities

Employee entitlements

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

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Segment reporting

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

Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

The financial statements as at 31 December 2021 include estimates and judgements of the

potential impact of COVID-19 and the Three Waters Reform Programme on LGFA's financial position and performance. Whilst there has been no material impact on the estimates and judgements at the date these financial

statements are authorised, it is noted that there is significant uncertainty with regards to the medium and long-term effects of COVID-19, as well as the outcome of Three Waters Reform Programme on the local government sector.

Revenue and expenditure

4. Net interest income

in \$000s	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Interest income		
Cash and cash equivalents	1,036	385
Marketable securities	4,259	1,911
Deposits	3,129	3,493
Derivatives	90,015	107,810
Loans	87,447	76,776
Fair value hedge ineffectiveness	-	-
Total interest income	185,886	190,375
Interest expense		
Bills	1,591	1,149
Bond repurchase transactions	319	325
Lease liability	5	9
Bonds	173,439	177,963
Borrower notes	1,355	1,077
Total interest expense	176,709	180,523
Net interest income	9,178	9,852

5. Other operating income

As at 31 December 2021, LGFA had provided credit standby facilities totalling \$522 million to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

in \$000s	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Standby facilities fee income	526	5
Total other operating income	526	5

6. Operating expenses

in \$000s	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Issuance and on-lending expenses		
Approved issuer levy	325	593
Rating agency fees	324	311
NZDMO facility fee	250	308
Legal fees - issuance	225	294
NZX	390	340
Trustee fees	51	50
Regulatory, registry, other fees	68	97
	1,633	1,993
Other operating expenses		
Information technology	399	367
Consultants	95	16
Directors fees	212	200
Insurance	43	42
Legal fees	51	95
Other expenses	136	159
Auditors' remuneration		
Statutory audit	55	54
Advisory services	-	-
Personnel	1,145	1,012
	2,135	1,945
Total operating expenses	3,769	3,938

7. Hedge accounting

LGFA is exposed to interest rate risk from its borrowing, lending and investment activities and uses interest rate swaps to manage this risk. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowings, loans and investments.

The following table shows the gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships.

in \$000s	Unaudited gain/(loss) for the six months ended 31 December 2021	Unaudited gain/(loss) for the six months ended 31 December 2020
Hedging instruments – interest rate swaps	520,010	635,001
Hedged items attributable to the hedged risk	(520,010)	(635,001)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds, loans and investments) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

8. Loans

in \$000s	Unaudited as at 31 December 2021		Audited as at 30 June 2021	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	10,021	60,757	10,011	60,723
Auckland Council	-	3,381,550	-	3,303,915
Bay of Plenty Regional Council	25,477	161,153	25,428	155,995
Buller District Council	-	20,007	-	20,005
Canterbury Regional Council	4,008	62,189	4,003	59,133
Carterton District Council	4,013	12,752	-	-
Central Hawkes Bay District Council	2,011	20,108	-	20,107
Christchurch City Council	2,003	2,083,566	14,533	1,951,017
Clutha District Council	2,005	20,061	2,004	16,042
Far North District Council	-	71,810	-	51,702
Gisborne District Council	-	80,946	-	68,774
Gore District Council	6,016	26,585	6,011	26,563
Greater Wellington Regional Council	-	540,335	-	450,945
Grey District Council	3,993	21,670	3,995	21,642
Hamilton City Council	-	591,533	-	481,019
Hastings District Council	-	228,619	-	205,357
Hauraki District Council	-	48,139	-	44,101
Hawkes Bay Regional Council	-	29,939	-	18,868
Horizons Regional Council	11,992	42,228	11,991	37,194
Horowhenua District Council	16,014	118,260	16,000	92,178
Hurunui District Council	8,018	30,081	8,002	30,062
Hutt City Council	-	261,416	-	201,225
Invercargill City Council	-	68,677	-	68,666
Invercargill City Holdings Ltd	29,937	60,054	-	-
Kaikoura District Council	-	5,016	-	5,014
Kaipara District Council	-	44,132	-	44,088
Kapiti Coast District Council	-	250,572	-	230,366
Manawatu District Council	11,546	74,153	11,522	72,681
Marlborough District Council	30,243	87,179	30,226	73,136
Masterton District Council	-	56,650	-	48,609
Matamata-Piako District Council	-	30,097	-	26,567
Nelson City Council	-	105,255	-	90,146
New Plymouth District Council	-	181,117	-	169,999
Northland Regional Council	-	14,148	-	14,147
Opotiki District Council	-	8,590	-	8,600
Otorohanga District Council	-	-	-	-

in \$000s	Unaudited as at 31 December 2021		Audited as at 30 June 2021	
	Short-term loans ¹	Loans	Short-term loans	Loans
Palmerston North City Council	-	177,476	-	152,314
Porirua City Council	-	156,927	-	141,794
Queenstown Lakes District Council	50,113	210,612	25,030	130,333
Rangitikei District Council	-	3,020	-	3,020
Rotorua District Council	12,850	245,204	12,823	215,034
Ruapehu District Council	8,010	21,497	8,005	21,474
Selwyn District Council	-	65,180	-	60,129
South Taranaki District Council	-	95,284	-	95,210
South Waikato District Council	13,975	20,046	8,987	15,030
Southland District Council	19,996	16,819	-	-
South Wairarapa District Council	-	24,526	-	24,520
Stratford District Council	-	22,273	-	22,271
Taranaki Regional Council	1,993	8,528	4,999	-
Tararua District Council	-	46,135	-	44,100
Tasman District Council	24,065	176,151	27,037	152,035
Taupo District Council	-	135,302	-	125,177
Tauranga City Council	-	657,330	-	516,688
Thames-Coromandel District Council	-	73,216	-	61,145
Timaru District Council	22,571	117,402	22,529	117,181
Upper Hutt City Council	2,999	74,225	-	65,153
Waikato District Council	4,983	90,277	-	80,189
Waikato Regional Council	-	32,098	-	32,082
Waimakariri District Council	-	170,642	-	170,506
Waipa District Council	24,533	105,282	8,000	90,123
Wairoa District Council	-	8,042	-	8,041
Waitaki District Council (WD)	2,497	17,542	2,498	12,523
Waitomo District Council	7,011	24,052	4,003	30,045
Wellington City Council	-	1,009,389	-	792,505
West Coast Regional Council	2,003	6,611	2,001	6,610
Western Bay Of Plenty District Council	-	70,209	-	70,154
Westland District Council	-	24,880	-	21,858
Whakatane District Council	-	82,265	-	77,203
Whanganui District Council	7,513	100,362	7,507	94,289
Whangarei District Council	9,986	162,416	9,993	162,296
Fair value hedge adjustment	-	(19,835)	-	(1,091)
	382,396	13,130,731	287,140	11,778,528

1. As at 31 December 2021, \$1,751 million of loans are due to mature within 12 months. This comprises all short-term loans and \$1,369 million of loans.

9. Other assets

in \$000s	Unaudited as at 31 December 2021	Audited as at 30 June 2021
Intangible assets ¹	79	154
Right-of-use lease asset	139	190
Total other assets	218	345

1. Intangible assets comprise acquired and internally developed software costs incurred on the implementation of LGFA's treasury management system.

10. Payables and provisions

in \$000s	Unaudited as at 31 December 2021	Audited as at 30 June 2021
Loans to be advanced	68,000	40,000
Unsettled investments	24,000	-
Trade creditors	576	658
Credit provision	265	193
Other provisions	172	49
Total receivables	93,014	40,900

11. Bills

Unaudited as at 31 December 2021 in \$000's	Face value	Unamortised premium	Accrued interest	Total
12 January 2022	70,000	-	(10)	69,990
18 January 2022	55,000	-	(17)	54,983
3 February 2022	25,000	-	(18)	24,982
9 February 2022	80,000	-	(70)	79,930
1 March 2022	50,000	-	(72)	49,928
11 March 2022	70,000	-	(107)	69,893
15 March 2022	50,000	-	(88)	49,912
21 March 2022	27,000	-	(54)	26,946
7 April 2022	65,000	-	(142)	64,858
13 May 2022	43,000	-	(164)	42,836
	535,000	-	(742)	534,258

Audited as at 30 June 2021 in \$000's	Face value	Unamortised premium	Accrued interest	Total
7 July 2021	20,000	-	(1)	19,999
15 July 2021	110,000	-	(13)	109,987
5 August 2021	25,000	-	(8)	24,992
11 August 2021	80,000	-	(29)	79,971
10 September 2021	75,000	-	(46)	74,954
17 September 2021	150,000	-	(95)	149,905
6 October 2021	20,000	-	(20)	19,980
14 October 2021	55,000	-	(57)	54,943
10 November 2021	50,000	-	(73)	49,927
8 December 2021	25,000	-	(34)	24,966
	610,000	-	(376)	609,624

12. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2021, \$1,200 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 31 December 2021, bond repurchase transactions comprised:

in \$000s	Unaudited as at 31 December 2021	Audited as at 30 June 2021
14 April 2022	15,163	-
15 April 2023	84,569	32,887
15 April 2024	10,033	-
15 April 2025	20,244	-
15 April 2026	3,826	-
15 April 2027	60,371	-
15 May 2028	4,852	-
20 April 2029	10,963	33,810
15 May 2031	9,505	-
14 April 2033	6,324	38,957
15 May 2035	-	-
15 April 2037	-	4,566
	225,850	110,220

13. Bonds

Bonds on issue do not include \$1,200 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 12: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2021 in \$000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
14 April 2022	1,605,000	5,592	9,579		
15 April 2023	1,750,000	38,281	20,625		
15 April 2024	1,648,000	14,928	7,946		
15 April 2025	1,619,000	(13,109)	9,541		
15 April 2026	1,390,000	3,296	4,468		
15 April 2027	1,631,000	90,026	15,728		
15 May 2028	700,000	(5,440)	2,045		
20 April 2029	1,272,000	(13,369)	3,826		
15 May 2031	730,000	(4,336)	2,133		
14 April 2033	1,260,000	46,048	9,571		
15 May 2035	400,000	2,234	1,558		
15 April 2037	730,000	(13,169)	3,129		
Total fixed interest	14,735,000	150,984	90,148	(373,638)	14,602,493
Floating rate notes					
14 October 2022	130,000	(20)	388	-	130,368
Total	14,865,000	150,964	90,536	(373,638)	14,732,861

Audited as at 30 June 2021 in \$000's	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
Fixed interest bonds					
14 April 2022	1,605,000	15,527	9,406		
15 April 2023	1,660,000	46,296	19,208		
15 April 2024	1,528,000	17,466	7,233		
15 April 2025	1,469,000	(20,190)	8,499		
15 April 2026	1,240,000	6,911	3,913		
15 April 2027	1,486,000	82,140	14,068		
20 April 2029	1,172,000	(10,512)	3,458		
15 May 2031	650,000	(4,966)	1,868		
14 April 2033	1,170,000	37,817	8,727		
15 April 2037	700,000	(8,443)	2,945		
Total fixed interest	12,680,000	162,045	79,326	166,138	13,087,509
Floating rate notes					
14 October 2022	130,000	(33)	283	-	130,250
Total	12,810,000	162,012	79,610	166,138	13,217,759

14. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

15. Other liabilities

in \$000s	Unaudited as at 31 December 2021	Audited as at 30 June 2020
Lease liability	139	190
Accruals	422	349
Total receivables	561	539

Capital and dividends

16. Share capital

As at 31 December 2021, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

17. Shareholder information

Registered holders of equity securities	As at 31 December 2021		As at 30 June 2021	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North City Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

Other Notes

18. Reconciliation of net profit to net cash flow from operating activities

in \$000s	Unaudited six months ended 31 December 2021	Unaudited six months ended 31 December 2020
Net profit/(loss) for the period	5,935	5,918
Cash applied to loans	(1,427,636)	(1,420,594)
Non-cash adjustments		
Amortisation and depreciation	(3,955)	1,937
Working capital movements		
Net change in trade debtors and receivables	13	149
Net change in prepayments	(319)	(321)
Net change in accruals	73	(113)
Net Cash From Operating Activities	(1,425,888)	(1,413,023)

19. Related parties

Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 16.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in note 8, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer note 14.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is LGFA's derivatives counterparty.

Directory

Rārangi tauwaea

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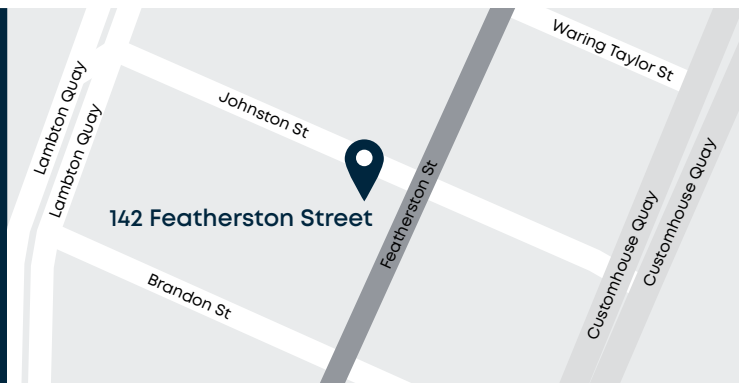
lgfa@lgfa.co.nz

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Auckland 1010



To	Strategy & Finance Committee
Report title	Draft Statements of Intent for 2022/23

1. Purpose of the report

Te Take moo te puurongo

To provide the Committee with draft Statements of Intent for Waikato District Community Wellbeing Trust, Waikato Local Authority Shared Services Limited (trading as Co-lab), and the Waikato Regional Airport Limited.

AND

To seek feedback from the Committee pursuant to section 64 of the Local Government Act 2002.

2. Executive summary

Whakaraapopototanga matua

The Council has two months to approve, request changes or reject the Council Controlled Organisations (“CCO”) Statements of Intent (“SOIs”) as a shareholder, with final SOIs due on or before the 30 June 2021.

The Strategy & Finance Committee is responsible for monitoring CCO operations and making recommendations to Council for any proposed amendments to their activities. The draft SOI’s were all received ahead of 1 March as per legislative requirements and will also be considered at the April 2022 Audit & Risk Committee through a risk lens.

The proposed direction for Waikato District Community Wellbeing Trust (WBT), Waikato Local Authority Shared Services Limited (Co-lab) and Waikato Regional Airport Limited (WRAL) remain in line with the previous SOIs approved for the current financial year.

The consideration of the draft SOI’s has a low level of significance as the strategic direction is consistent with that identified in Council’s Long-term Plan.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Strategy & Finance Committee:

- a. receives the draft Statements of Intent for
 - i. Waikato District Community Wellbeing Trust
 - ii. Waikato Local Authority Shared Services Limited (trading as Co-lab)
 - iii. Waikato Regional Airport Limited; and
- b. requests that the Chief Financial Officer delivers the Committee's feedback to the Council Controlled Organisations; and
- c. notes that feedback on the draft Statements of Intent is required by 30 April 2022.

4. Background Koorero whaimaarama

The CCOs draft SOI's are attached, setting out the intentions for 2022/23, 2023/24 and 2024/25. WRAL has also provided draft SOI's for two of their subsidiaries; Titanium Park Limited and Hamilton & Waikato Tourism.

5. Discussion and analysis Taataritanga me ngaa tohutohu

CCOs are required to prepare a Statement of Intent in accordance with Schedule 8 of the Local Government Act, the purpose of which is to:

- State publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for shareholders to influence the direction of the organisation; and
- Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

The strategic intent for all CCO's remain largely unchanged from the 2021/22 SOI's. Financially, however, WRAL's draft SOI for 2023 demonstrates a higher level of confidence in land sales, with expectations of land sales moving up from \$3.8 million to \$12 million.

5.1 Options Ngaa koowhiringa

The Strategy & Finance Committee, on behalf of Council could:

Option 1: Signal support for the draft Statements of Intent as proposed, or

Option 2: Request amendments to the draft Statements of Intent

The Board of each CCO will consider the comments received from shareholder's before delivering the final Statement of Intent on or before 30 June.

5.2 Financial considerations

Whaiwhakaaro puutea

There are no material financial considerations associated with the recommendations of this report.

5.3 Legal considerations

Whaiwhakaaro-aa-ture

Schedule 8 of the Local Government Act 2002 requires CCO boards to make their SOI publicly available within one month of Council adoption.

5.4 Strategy and policy considerations

Whaiwhakaaro whakamaaherehere kaupapa here

The report and recommendations are consistent with the Council's policies, plans and prior decisions.

5.5 Maaori and cultural considerations

Whaiwhakaaro Maaori me oona tikanga

The matters in this report have no known impact on Maaori or cultural considerations for Council.

5.6 Climate response and resilience considerations

Whaiwhakaaro-aa-taiao

The matters in this report have no known impact on climate change or resilience for the Council specifically. However, it is noted that WRAL as an airport operation will be subjected to climate related challenges which may impact on operations, infrastructure, and business continuity. They have also undertaken to "identify sources of carbon and monitor emissions", and that they will "incorporate reduction initiatives into capital projects."

5.7 Risks

Tuuraru

Requests for changes to the direction of a CCO would require adjustments to their underlying strategies and assessment of risk.

6. Significance and engagement assessment

Aromatawai paahekoheko

6.1 Significance

Te Hiranga

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's [Significance and Engagement Policy](#).

7. Next steps

Ahu whakamua

Feedback will be conveyed to the Board's and final SOI's will be issued on or before 30 June.

8. Confirmation of statutory compliance

Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Committee's Terms of Reference and Delegations.	Confirmed
---	-----------

The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (<i>Section 5.1</i>).	Not applicable
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Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (<i>Section 6.1</i>).	Low
---	-----

The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (<i>Section 6.2</i>).	Not applicable
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The report considers impact on Maaori (<i>Section 5.5</i>)	Not applicable
--	----------------

The report and recommendations are consistent with Council's plans and policies (<i>Section 5.4</i>).	Confirmed
---	-----------

The report and recommendations comply with Council's legal duties and responsibilities (<i>Section 5.3</i>).	Confirmed
--	-----------

9. Attachments

Ngaa taapirihanga

Draft Statements of Intent for:

Attachment 1 – Waikato District Community Wellbeing Trust

Attachment 2 – Waikato Local Authority Shared Services Limited t/a Co-lab

Attachment 3 – Waikato Regional Airport Limited (WRAL)

Attachment 4 – WRAL subsidiary Titanium Park Limited

Attachment 5 - WRAL subsidiary Hamilton & Waikato Tourism

Date:	30 March 2022
Report Author:	Alison Diaz, Chief Financial Officer
Authorised by:	Gavin Ion Chief Executive

Waikato District Community Wellbeing Trust
Draft Statement of intent
For the year ending 30 June 2023

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Introduction

This Statement of Intent (SOI) is presented by the Waikato District Community Wellbeing Trust (the Trust) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees to Waikato District Council, and sets out the objectives, scope of activities undertaken, and performance targets by which the Trust will be measured.

The purpose of this statement of intent is to:

- State publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute;
- Provide a basis for accountability and transparency.

This Statement of Intent covers the year to 30 June 2023 and includes prospective financial information for the following two financial years.

Jacqui Church (Chair)

Entity information

Legal name

Waikato District Community Wellbeing Trust.

Type of entity and legal basis

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status.

The Trust was established by Waikato District Council (WDC) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of WDC's right to appoint the Trustees.

Objectives of the Trust

The principal activities of the Trust are undertaken to:

- Promote the social, environmental, and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

Governance

The Trust will be governed in accordance with the terms of the Trust Deed.

Objective

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.

Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long-term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

Performance measure

1. Undertake an annual legal review of compliance with the Trust Deed; no later than two months after the end of the financial year.

Investment

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund. The Trust will also seek other opportunities and avenues for growing the trust Fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.

Objective

1. To adhere to the Trust's *Management of Investment Portfolio and Distribution Policy*.
2. To review, on an annual basis, the investment mandate, and the performance of the portfolio manager.

Performance measure

1. At each quarterly meeting, review compliance with the Trust's *Management of Investment Portfolio and Distribution Policy* during that quarter.

Fund disbursement

The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and meet the objectives of the Trust Deed.

Objective

1. As per the *Management of Investment Portfolio and Distribution Policy*, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

Performance measures

1. A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set up by the Trustees in accordance with the *Management of Investment Portfolio and Distribution Policy* for the current year.
2. Six monthly reports are received from all successful applicants within the required time frames.

Portfolio and distribution policy compliance

Agreed targets

1. Ensure that the real (inflation-adjusted) value of the Fund is protected.
2. Ensure that no more than 10% of the capital is distributed in any one year.
3. The portfolio investment manager will report regularly to the Trustees.
4. The Trustees will annually review the performance of the portfolio manager.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The Trustees are:

Mayor	Allan Sanson
Councillor	Jacqui Church (Chair)
Councillor	Rob McGuire
WDC appointee	Judi Muru
WDC appointee	vacant position

The operation and administration of the Trust are undertaken by staff of WDC. Those staff are: Chief Financial Officer, EA to the Chief Operating Officer, Community Development Coordinator and Financial Accountant.

Main sources of the Trust's cash and resources

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

Prospective statement of financial performance

Prospective performance reports for the years ending 30 June 2022 - 2025

Prospective statement of financial performance

	FY Budget	FY Forecast			
	2021/22	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$
Revenue					
Finance income	378	35	357	357	357
Dividend income from portfolio of investments managed by Kiwi Wealth Limited	-	-	-	-	-
Realised gains on investments	41,153	91,240	47,777	48,353	46,690
Unrealised gains on investments	148,490	196,700	158,159	160,063	154,559
Total revenue	190,021	287,975	206,293	208,773	201,606
Expenses					
Audit fees	8,627	9,352	9,352	9,352	9,352
Portfolio management fees	33,480	36,942	36,168	36,649	35,252
Other expenditure	1,905	1,909	1,956	2,019	2,083
Grants	185,481	99,556	340,050	90,604	41,806
Unrealised losses on investments	-	-	-	-	-
Total expenses	229,493	147,758	387,527	138,624	88,493
Surplus/(deficit) for the period	(39,472)	140,216	(181,234)	70,149	113,113

Prospective statement of financial position

Prospective statement of financial position

	FY Budget				
	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	14,422	14,445	14,570	14,058	14,190
Other financial assets	4,713,845	5,143,680	5,205,517	5,026,823	5,090,958
Prepaid insurance	490	434	451	469	488
Total current assets	4,728,757	5,158,559	5,220,539	5,041,351	5,105,636
Total assets	4,728,757	5,158,559	5,220,539	5,041,351	5,105,636
Liabilities					
Current liabilities					
Creditors and other payables	198,595	110,937	354,140	104,793	55,955
Accrued expenses	8,982	109,253	109,263	109,273	109,283
Total current liabilities	207,577	220,190	463,403	214,066	165,238
Total liabilities	207,577	220,190	463,403	214,066	165,238
Net assets	4,521,180	4,938,369	4,757,136	4,827,285	4,940,398
Equity					
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	740,761	745,511	847,841	949,382	1,052,650
Accumulated funds	1,200,520	1,612,959	1,329,395	1,298,003	1,307,849
Total net assets / equity	4,521,180	4,938,369	4,757,135	4,827,285	4,940,398

Prospective statement of cash flows

Prospective statement of cash flows

	FY Budget				
	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Cash was received from:					
Interest receipts	378	35	357	357	357
Dividends received	-	-	-	-	-
Cash was applied to:					
Payments to donees	(171,556)	(230,217)	(99,556)	(340,050)	(90,604)
Payments to suppliers	(41,210)	(73,670)	(44,586)	(44,678)	(43,589)
Net cash flows from operating activities	(212,388)	(303,852)	(143,785)	(384,371)	(133,837)
Cash flows from investing and financing activities					
Cash was received from (applied to):					
Realised gains from investments	41,153	91,240	47,777	48,353	46,690
Sale (acquisition) of investments	171,129	226,186	96,133	335,506	87,278
Net cash flows from investing and financing activities	212,282	317,426	143,910	383,859	133,968
Foreign exchange translation differences	-	-	-	-	-
Net increase (decrease) in cash for the year	(106)	13,574	125	(512)	131
add opening bank accounts and cash	14,528	872	14,445	14,570	14,058
Closing bank accounts and cash	14,422	14,445	14,571	14,059	14,190

Statement of accounting policies

Basis of preparation

The Board of Trustees has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been applied:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and
PBE IPSAS 41 Financial instruments.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and services tax

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

Significant accounting policies

Interest and dividend revenue

Interest revenue is recognised as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at the end of the period exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

Grant expenditure

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Board and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.

Statement of accounting policies (cont.)

Income tax

The Trust has charitable status and is exempt from income tax.

Bank accounts and cash

Bank accounts and cash comprise cash on hand and deposits held at call with financial institutions.

Investment portfolio

Components of the investment portfolio are classified as follows:

Financial Asset

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Fixed Interest Investment

The fixed interest investment is classified as a financial asset at fair value through surplus or deficit. The contractual cash flows of the investment are solely principal and interest, however, these are neither held for the purpose of collecting contractual cash flows nor held for collecting contractual cash flows and for sale. Consequently, all investments are measured at fair value through surplus or deficit. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Growth (Equity) Investment

Financial assets at fair value through surplus or deficit include financial assets held for trading. After initial recognition, this investment is measured at its fair value with gains or losses on re-measurement recognised in the surplus or deficit.

All financial assets in the portfolio are classified as a current asset.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Forecast assumptions

1. Portfolio income

Kiwi Wealth has estimated an average return on the portfolio of 4% per annum for financial years 2022 to 2025 before expenses.

The split of the total return between interest, dividends and gains/losses is estimated using proportions calculated from an average of past results while taking into account changes to the components of the portfolio.

2. Expenses

Audit fees are estimated at \$9,352 for each of the four forecast years.

Portfolio management fees are assumed at a rate of 0.61% of the opening portfolio value in each year.

Other expenditure comprises annual return fees, bank charges, general expenses, and audit disbursements.

3. Grant's expenditure

It is assumed that for the current (2022) year all outstanding grants will be paid by 30 June 2022. It is further assumed that in subsequent years 80% of the maximum allowable distribution will be approved and fully paid by year end.

The maximum allowable distribution is set out in the *Management of Investment Portfolio and Distribution Policy*. Total grants must not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

4. Prepayments

Prepayments represent four months of insurance costs.

5. Creditors and other payables

Creditors and other payables are made up of the amount owing to Waikato District Council and the June portfolio management fee.

It is assumed that the year-end balance owing to WDC is paid in full in the following year.

6. Accrued expenses

Accrued expenses comprise audit fees and disbursements.

7. Equity

The Trust was established with an initial capital contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as of 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

The capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund.

The accumulated funds and capital maintenance funds together represent the total net increase in the fund value since the inception of the Trust.

Other financial disclosures

Ratios

The Local Government Act 2002 requires a statement of intent to include the projected ratio of equity to total assets.

The ratio of equity to total assets is forecast as follows:

2021/22	95.7%
2022/23	91.1%
2023/24	95.8%
2024/25	96.8%

Compensation

The Trustees will not seek any fees or expenses for work undertaken on behalf of Waikato District Community Wellbeing Trust.

Information to be provided to the Trustees

The Trustees will be provided with the following information:

- Within four months of the end of the financial year the audited financial statements plus a summary of how the Trust has performed against its objectives and performance targets;
- Quarterly reports on the performance of investments; and,
- A draft statement of intent for consideration in February of each year.



2022 Statement of intent

(draft for shareholder comment)

For the year ended 30 June 2023

Supporting councils to maximise the value they provide to their communities

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd (WLASS). It outlines the nature and scope of the work it will undertake, the Directors' accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2022 to 30 June 2024.

Message from the Chair

These are extraordinary times: a perfect storm of central government driven reforms, global pandemic, and unprecedented growth in the region. All place an incredible strain on our shareholding councils. We acknowledge that.

For Co-Lab, the future is exciting but, as for our shareholders, increasingly challenging.

Our challenges are largely two-fold:

- 1) The ability of councils to make staff available to work with Co-Lab in progressing opportunities at a pace that meets councils' expectations; and
- 2) Ensuring that, even though we are small team, we are set up to continue to serve you as seamlessly as possible when our staff are undoubtedly impacted by COVID-19 – something we know councils are addressing also.

On the first of these challenges, last year I spoke of the need for councils to actively support the company if it is to achieve its potential. I spoke of the need for that support to come from the top down and of the importance, in my mind, of council staff giving sufficient priority to the opportunities Co-Lab is working on. I don't resile from those messages. I do recognise that the macro-environment we operate in means that having access to the council resources Co-Lab would like to see is even harder than when I gave those messages last year.

We are seeing the implications of this in practice. Some, but certainly not all, opportunities are taking longer to develop than we would like and what we believe councils need. Our challenge therefore is progressing them, with less-than-ideal resources available, as fast as possible – to meet your expectations. The most striking example of this is the Customer Building Journey priority project. It is a conundrum: building consenting is an area within councils that is hugely constrained by capacity, meaning councils struggle to make staff available to work with Co-Lab on this project – even though the main purpose of the project is to identify and implement changes that will improve the customer experience while also saving council staff time and effort that can be reinvested into staff training or additional value add services to the industry.

Conversely, we have had great engagement with councils on some of our other priority projects – Shifting Landscapes: Community Needs Analysis (CNA), Customer Digital Enablement and Learning & Development Shared Services (LDSS), are examples of that. And it is the success of those engagements that is cause for excitement over the coming year:

- The LDSS project is in its latter stages at the time of writing. From this project we expect to be able to launch Co-Lab Learning in the second half of 2022. This is a great opportunity to leverage council investment to improve the capability of your staff – we estimate the benefit to be \$2.4m across the region over the first three years.
- We anticipate providing on-going support to councils on the central government reforms through the Shifting Landscapes project, building on the CNA work undertaken late 2021/early 2022.
- We also plan to start providing procurement support services in response to a need identified within some of the smaller councils.

These are all great examples of the value Co-Lab can add by working with councils.

Communication is central to acknowledging and helping address the challenges and ensuring we meet your expectations. My greatest concern is that we “don't go fast enough” and therefore we regularly ‘check in’ with councils on the pace at which opportunities are being developed – we are being told it is about right. More generally we have improved how we communicate with you in recent times and plan to have this as a continued focus. Part of that communication will be conveying our “value-add”. We have already started to do that – councils now receive updates on their relationship with the company and the benefits that flow from it. However, we want to get better at articulating the real value.

As with our shareholding councils, ensuring our staff's safety through the ongoing pandemic will also be front of mind.

We refined our vision late last year:

“Our councils are maximising the value they provide to their communities”

The only reference to Co-Lab is acknowledging our relationship to you. That is deliberate, because everything we do is for your benefit – not ours. We are you – and you are us. Our purpose is to support councils in achieving that vision by making it easier to identify and realise shared opportunities. We believe we are fulfilling our purpose – and we want to know if you think we are not.

I want to finish by acknowledging two servants of the company who in the past 12 months have stepped down from the Board. Rob, Gareth – my sincere thanks to you both for your time supporting the company. Your wisdom around the board table has been invaluable in successfully steering the company over the past 2 ½ years while it has embarked on its own transformational journey. Beyond that, you have each extended your devotion and efforts by taking up the mantle of project sponsor on one of our priority projects. I have no doubt that your fellow Chief Executives at the councils you represent on the Board, and the Chief Executives across the region generally, share my gratitude towards you both. I wish you all the very best.

Stay safe.

Peter Stubbs
Chair

Overview of Co-Lab

Co-Lab¹ is owned in equal portion by the 12 Waikato Local Authorities²:

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

The company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It provides services to councils.

Our main areas of activity are set out in Appendix I.

Our vision and the outcomes we are looking for

Our vision, purpose, and the outcomes we are looking for are set out in the company's performance framework. Our vision is not about Co-Lab as such – it is about the councils we exist to serve. However,

¹ Co-Lab is the newly established trading name of Waikato Local Authority Shared Services Ltd

² This is the ownership structure at the time of writing. The company is however, in discussion with Taupo District Council regarding their ongoing involvement as a shareholder, and with Western Bay of Plenty District Council, who have expressed interest in becoming involved

if we can achieve the outcomes we are seeking, we can have confidence that we are going a long way to realising our vision.

The vision was modified following the Board's strategy day in December 2021. The company has also introduced a 'purpose statement'. While these have changed, the outcomes we seek, and our specific objectives, remain as they have done for the past few years.

Unsurprisingly, we will therefore continue to work to fulfil the two fundamental roles of Co-Lab, noted above.

Co-Lab's Performance Framework

Our vision	Our councils are maximising the value they provide to their communities					
Our purpose	We support them in doing so by making it easier for councils to identify and realise shared opportunities					
Outcomes we are seeking	Council costs are reduced / performance is improved, without increase cost		The experiences of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased	
Our specific objectives	<ul style="list-style-type: none"> ➤ Achieve effectiveness and efficiency gains ➤ Reduce duplication of effort and eliminate waste through repetition ➤ Helping the councils achieve an appropriate balance in risk and return 		<ul style="list-style-type: none"> ➤ Promote and contribute to the development of best practice ➤ Make it easier for communities to engage with councils in the Waikato region on a consistent basis ➤ Promote business transformation to improve communities' experiences 		<ul style="list-style-type: none"> ➤ Enable the Waikato councils to collectively be more effective as a region on the national stage ➤ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment 	
Priorities: How we will achieve our outcomes	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
What we must manage well	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

Intentions for the coming year

Focus areas beyond business as usual

Beyond the continuation of our priority projects and ensuring we deliver great services, there are four areas of particular focus for the company in the coming year, with work having commenced on these in the first half of 2022.

Learning and Development Shared Services

Learning & Development Shared Services is the first of two new service offerings planned. The idea had its genesis in a survey Co-Lab sent to the Councils' People & Capability (P&C) Managers. The purpose of the survey was to identify potential opportunities for us to collaborate with councils to improve outcomes for their people.

Several ideas were identified but the one that resonated most with the P&C Managers was looking to establish a means of creating common training material (including on-line modules) and a single platform to access it to leverage the investment required, and centrally coordinating the delivery of face-to-face training.

Co-Lab Learning will save councils on their training costs and perhaps more importantly, will mean that more of what council spend will be on their staff actually receiving training. Across Waikato councils the estimated benefit is \$2.4m over the first three years.

Procurement Services

In the second half of 2021 we engaged with councils who had expressed interest in having access to specialised procurement support. Most of those councils don't currently have – or need – full-time procurement resource. The opportunity to call on resource as and when required is therefore attractive. A formal proposal is being issued to councils in the first half of 2022, with a view to having the service in place at the start of the 2022-23 financial year.

Communication and engagement

Over the past 12 months we have increased how we engage with our shareholding councils. This has included extending key messages to council executive teams (not only the Chief Executives), and sharing with councils our "Project Benefit Assessments" – reports which consider whether we achieved the benefits set out in the business cases leading to new services. Coinciding with the change in the company's trading name to "Co-Lab", we have also established a LinkedIn page and will use this as another way of keeping our stakeholders informed of what we are up to. While we think we have done a lot to improve in this area, communication and engagement with our shareholding councils will be an increasing focus of the Co-Lab team in the coming year. Part of that engagement will be working with your People & Capability Managers to ensure the change impacts of any projects under development are well managed.

Reporting the value we add

Related to communication and engagement is how we convey the value we provide our shareholding councils. We have always been completely transparent with you. We are an extension to your council's teams and so if we are not meeting expectations then we want to know about it. In 2021 we provided each council with two documents setting out their relationship with the company – what you invested and where, the services you received, the savings you made (for example from joint procurements), and the other qualitative benefits from being in the relationship. We have committed to updating these documents at least six-monthly.

We think this is a great start but don't want to stop there. In the coming year we will be undertaking an internal project to establish robust methodologies for measuring benefits (recognising there will always be qualitative benefits as well), and use this as the basis for improved reporting on the value you receive from Co-Lab. And if we don't think an area is providing value, and doesn't have a reasonable prospect of doing so, we will stop it.

Priority projects

In the past we have engaged with our shareholding councils each year to help inform what opportunities the company should be focused on. In 2021 we did so again, but more with a view to ensuring that continuing the priority projects from the prior year remained appropriate in the current environment. We want to ensure we are focusing on those things our shareholders have told us can add the most value.

In the face of significant central government reform, we recognised that councils didn't need the prospect of further structural changes and therefore committed in our 2021 Annual Report to restrict the opportunities we would consider to those that didn't involve change of this nature. One of the priority projects identified last year was about the establishment of a GIS Centre of Excellence. This has the potential to involve structural change and we have therefore made the decision to pause the investigation of this opportunity.

That project aside, we will be continuing to develop the priority projects introduced in last year's Statement of Intent.

Shifting Landscapes

We see one of our most important roles at present being to support Waikato councils in addressing the significant central government reforms they face. Shifting Landscapes is the banner under which Co-Lab is doing this. We have already undertaken a significant amount of work with councils: The Community Needs Analysis workstream brings together stories of public sector successes, and failures, in meeting the needs of your communities, to support councils in their engagement with the Panel and other stakeholders involved in the Future for Local Government review. We will continue to work with Council executive teams to identify other ways we can help councils with responding to the review, and the RMA and 3-Water reforms.

Customer Digital Enablement

The Customer Digital Enablement project identified its first initiative, "SR4" – an opportunity for councils to better engage with their communities digitally on sustainability, rubbish, and recycling. Sourcing a supplier to 'build' the product is occurring in the first half of 2022. The coming year should see this product launched.

However, on the journey to selecting SR4 as the first initiative, council staff identified many other opportunities to add value through digital engagement with your communities. From that, a roadmap has been created and Customer Digital Enablement will become an ongoing programme of work.

Establishing an Asset Management Centre of Excellence

We are continuing work on where RATA can build on existing capability and establish an Asset Management Centre of Excellence to provide more value to councils.

Customer Building Journey - Building Consent Shared Services

The Customer Building Journey - Building Consent Shared Services project is a significant project for Co-Lab and offers great potential for the region. The indicative business case presented to the Board estimated quantifiable benefits of ~\$26.8m over 10 years.

We continue to hear of the challenges the sector faces in the region and of the significant pressure council staff face with increasing consent applications. We know there is opportunity to improve in this area. We encourage councils to embrace the change required to do so.

The project continues to progress over the first half of 2022. Currently, the focus is on working with council staff to understand, in depth, the process customers go through from the start of the build process and the root cause of challenges encountered with that process. Findings from this will be presented to the Board and if approved to progress, the second stage will focus on redesigning a system that resolves the challenges that have been identified.

Regional policy and by-law development

This opportunity considers the value of having a standard suite of policies across local authorities. It would include benchmarking the existing policies and by-laws and establishing a timetable for review to avoid duplication of effort wherever possible. The opportunity is considered lower priority and will commence once the other opportunities noted above are complete.

The critical risk to achieving ~~our~~ your goals

Co-Lab's vision is deliberately not about the company, but you – our shareholding councils. The company exists to serve and is guided by what our shareholders tell us. That doesn't mean we won't challenge status quo if we think there may be a better way to maximise the value you provide to your communities – that is part of our role as a laboratory for new ideas. However, we only fulfil our purpose if we pursue opportunities that we know councils will take up and capitalise on, even though they involve some change.


So, the critical risk to Co-Lab fulfilling its purpose and your goals is the willingness and capacity of council staff to help us do so.





The current macro environment emphasises a need for change – the pressure councils are under is unsustainable. Helpfully, COVID-19 won't be with us forever – but it will be with us for a while longer yet and continues to place additional burden on council staff. COVID-19 aside, central government's reform programme will continue for the foreseeable future, as will growth in our communities.

We understand these macro-events mean capacity to devote resource to opportunity development becomes harder. We therefore accept that means Co-Lab's work will take longer than we would like. However, we continue to encourage councils to find a means of making opportunity development – to solve today's problems – a priority. Most of Co-Lab's priority projects have freeing up council capacity as one of their benefits: the Customer Building Journey project has that as its main focus. On the face of it, that suggests these projects have the potential for immense value to councils, if they are allowed. To coin a phrase – "short-term pain for long-term gain".

Performance measures

How we intend to measure our performance remains the same.

Priority	Performance measure	Target
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives <div> Link to outcomes in the performance framework  </div>	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Businesses cases are supported by councils (evidenced by take up of the opportunity) 	Projected savings/increased revenue to councils of at least \$300k 75% of councils

Priority	Performance measure	Target
Develop opportunities and deliver projects within agreed budgets and timelines <div> <div>Link to outcomes in the performance framework</div>  </div>	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget ➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval 	80% 90%
Ensure projects realise their expected benefits <div> <div>Link to outcomes in the performance framework</div>  </div>	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) 	Six-monthly For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Assessment within 15 months 90% of projected quantifiable benefits are realised
Ensure existing services are meeting the needs of councils <div> <div>Link to outcomes in the performance framework</div>  </div>	<ul style="list-style-type: none"> ➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice <div> <div>Link to outcomes in the performance framework</div>  </div>	<ul style="list-style-type: none"> ➤ Across these groups, ideas for future consideration and/or initiatives are identified each year 	Four per annum

- 1 Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.
- 2 Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are considered stretch goals, but achievable. However, we aspire to *always* better, or at least meet, timetables and budgets.

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

Transparency and reporting to councils

The company will continue to deliver the following information to shareholders:

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

Governance arrangements

Co-Lab conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and Co-Lab policies.

The Board is made up five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of WLASS are:

Director	Representing
Peter Stubbs	Independent Chair
Chris McLay	Waikato Regional Council
David Bryant	Hamilton City Council
Ben Smit	Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Rob Williams (resigning Feb. 2022 – replacement to be confirmed)	Hauraki, Matamata-Piako and Thames-Coromandel District

Under the constitution Peter Stubbs' appointment as Independent Chair is due for renewal. Management is engaging with shareholders on this matter. Rob Williams' resignation means no further election is required.

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

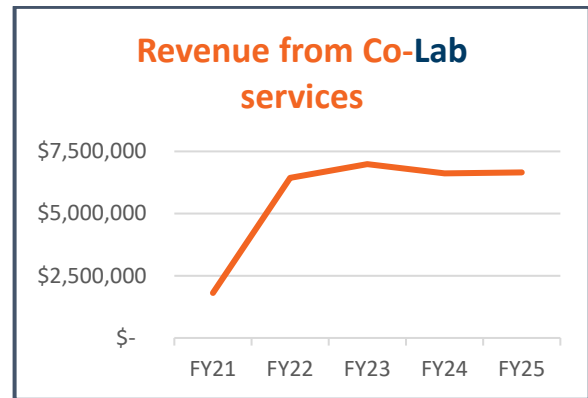
Financials

Overview

Note: The financial forecasts included in this Statement of Intent reflect status quo and do not have regard to the potential impact of central government reforms.

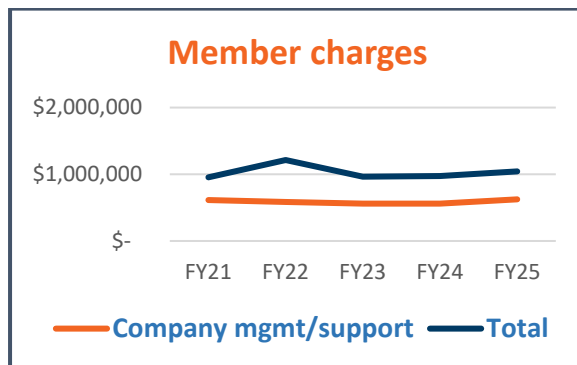
Service levels

Revenue from service levels significantly increases in the 2022 financial year (FY), being the first full year of activity for Co-Lab Water Services. There is a further increase in the FY23 with the planned launch of Co-Lab Learning and procurement support services.



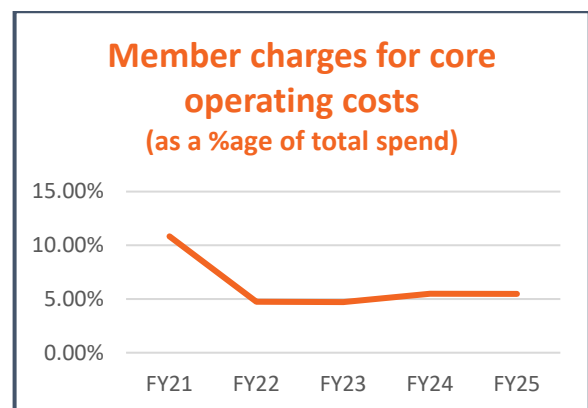
Member charges

Member charges are expected to remain flat throughout the forecast period.




Member charges to meet core operating costs (company management / support) remain largely flat throughout the forecast period (averaging ~5.1% of total expenditure). The drop from FY21 to FY22 in the graph below reflects the new Co-Lab Water Services offering.

While this offering increased the overall size of the company by revenue, it did not require additional company management. As we continue to gain momentum and bring new services on-line, we expect to see member charges continue to fall in percentage terms.




Statement of Financial Performance


Co-Lab Company Summary for the forecast financial years ended 30 June 2023-2025					
2021 SOI			2022 SOI		
	Budget 2021/22	Forecasted 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Income					
Company Management / Support	1,391,159	1,342,664	1,419,684	1,429,293	1,458,488
Working parties projects	716,183	826,450	524,535	534,494	598,100
RITS	27,000	27,000	27,000	27,540	28,091
Information Technology	772,462	861,302	417,201	47,862	48,532
Energy Management	128,000	128,000	122,519	124,969	127,468
Shared Valuation Data Service (SVDS)	388,115	388,112	420,934	429,457	438,046
Road Asset Technical Accord (RATA)	2,231,000	2,235,611	2,102,055	1,713,376	1,649,671
Waikato Regional Transport Model (WRTM)	1,594,706	1,116,701	1,757,951	761,792	1,803,682
Waikato Building Consent Group	667,083	403,500	392,959	401,081	406,696
Waikato Mayoral Forum	5,000	5,000	5,000	5,000	5,000
Water Collaboration	752,500	540,000	682,400	644,074	660,789
WLAWS Water Services	3,327,113	3,056,632	3,369,578	3,408,742	3,476,917
Learning and Development Shared Service (LDSS)	0		540,000	540,000	547,560
Procurement	0		176,150	190,018	195,718
Total Income	12,000,321	10,930,972	11,957,966	10,257,698	11,444,759
Operating Expenditure					
Company Management / Support	1,534,552	1,384,427	1,691,180	1,726,489	1,760,141
Working parties projects	979,195	957,510	525,035	534,626	598,234
RITS	27,000	27,000	27,000	27,540	28,091
Information Technology	847,833	832,804	414,455	43,962	44,578
Energy Management	127,900	126,679	122,519	124,969	127,468
Shared Valuation Data Service (SVDS)	351,195	281,345	325,893	335,045	344,459
Road Asset Technical Accord (RATA)	2,231,000	2,237,015	2,101,040	1,715,541	1,652,640
Waikato Regional Transport Model (WRTM)	1,594,706	1,102,118	1,757,951	761,792	1,803,682
Waikato Building Consent Group	617,083	391,168	392,959	401,081	409,863
Waikato Mayoral Forum	5,000	3,333	5,000	5,000	5,000
Water Collaboration	752,500	540,000	682,150	644,074	660,789
WLAWS Water Services	3,268,219	2,973,351	3,159,485	3,197,954	3,261,913
Learning and Development Shared Service (LDSS)	0		503,000	503,060	510,121
Procurement	0		176,150	190,018	195,718
Total operating expenditure	12,336,183	10,856,749	11,883,817	10,211,152	11,402,698
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	(335,862)	74,222	74,149	46,546	42,061
Depreciation / amortisation					
Company Management / Support	5,471	9,068	28,198	28,198	28,198
WBCG	0	405	-	-	-
WRTM	14,583	14,583	14,583	-	-
Total Depreciation / amortisation	20,054	24,056	42,781	28,198	28,198
Net Surplus (Deficit) before tax	(355,915)	50,166	31,368	18,348	13,863

We are budgeting a small profit in each year throughout the forecast period. As we have done in the past years, we will be reviewing our cash position prior to issuing the final Statement of Intent and if we are able to do so, will utilise any cash reserves to keep member charges to a minimum.

Statement of Financial Position

Co-Lab Financial Position for the forecast financial years ended 30 June 2022-2024					
	Budget 2021/22	Forecasted 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Retained Earnings	(2,418,218)	(1,517,199)	(1,467,033)	(1,435,665)	(1,417,317)
Plus Current Year Operating Surplus/(Deficit)	(355,915)	50,166	31,368	18,348	13,863
TOTAL CAPITAL FUNDS	182,868	1,489,968	1,521,336	1,539,684	1,553,546
ASSETS					
CURRENT ASSETS					
Prepayments	178,900	134,000	134,000	136,680	139,414
Accounts Receivable	310,270	546,549	597,898	512,885	572,238
Bank	1,080,452	2,860,008	2,194,055	1,620,697	1,503,615
GST Receivable / (Payable)	124,224	(195,267)	7,827	8,671	8,761
TOTAL CURRENT ASSETS	1,693,846	3,345,289	2,933,780	2,278,933	2,224,028
NON-CURRENT ASSETS					
SVDS - Intangible Asset	0	0	0	0	0
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	1,195	1,195	1,195
<i>Accumulated Depreciation</i>	(2,283,467)	(2,283,467)	(2,298,050)	(2,298,050)	(2,298,050)
IT Equipment & Office Furniture	19,000	92,469	140,065	140,065	140,065
<i>Accumulated Depreciation - IT equipment & Office Furniture</i>	(9,992)	(34,043)	(38,190)	(66,388)	(94,587)
TOTAL NON-CURRENT ASSETS	23,591	73,010	101,875	73,677	45,478
TOTAL ASSETS	1,717,438	3,418,299	3,035,655	2,352,610	2,269,506
LESS CURRENT LIABILITIES					
Accounts Payable	1,451,670	1,848,330	1,429,108	722,765	624,594
Accounts Payable Accrual	35,000	35,000	32,173	32,816	33,473
Employee Benefits	47,900	45,000	53,038	57,345	57,893
TOTAL CURRENT LIABILITIES	1,534,570	1,928,330	1,514,319	812,926	715,960
NET ASSETS	182,868	1,489,969	1,521,336	1,539,684	1,553,546

Statement of Cashflows

Co-Lab Statement of Cashflows for the forecast financial years ended 30 June 2022-2024				
	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Cashflows from Operating Activities				
Interest Received	500	2,000	2,040	2,081
Receipts from Other Revenue	11,937,767	11,904,616	10,340,671	11,383,325
Payments to Suppliers	(11,183,608)	(12,297,828)	(10,915,225)	(11,502,398)
Taxes Paid	0	0	0	0
Goods & Services tax (net)	(94,596)	(203,094)	(844)	(90)
Net cash from operating activities	660,063	(594,306)	(573,358)	(117,082)
Cashflows from Investing Activities				
Capital enhancements	0	0	0	0
Purchase of PPE	(13,408)	(71,647)	0	0
Purchase of investments	0	0	0	0
Net cash from investing activities	(13,408)	(71,647)	0	0
Net increase in cash, cash equivalents and bank accounts	646,655	(665,953)	(573,358)	(117,082)
Opening cash and cash equivalents and bank overdrafts	433,797	2,860,008	2,194,055	1,620,697
Closing cash, cash equivalents and bank accounts	1,080,452	2,194,055	1,620,697	1,503,615
Summary of Bank Accounts				
BNZ - Call a/c	1,080,452	2,194,055	1,620,697	1,503,615
Closing Balance of Bank	1,080,452	2,194,055	1,620,697	1,503,615

Appendix I: What we do - current activities

The principal initiatives operating under the Co-Lab umbrella are:

- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Asset Technical Accord (RATA)
- Regional Infrastructure Technical Specifications
- Waikato GIS tools: the Waikato Data Portal and Waikato One View
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG)
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Infrastructure Procurement (WRIP)
- Waikato Regional Transportation Model (WRTM)
- Co-Lab Water Services (CWS)

Energy management

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

From 1 July 2019 a new energy and carbon management programme was entered into between WLASS and the nine participating councils. In the past 12 months there has been a shift in focus within the programme so that it now includes climate change initiatives.

The programme is currently being reviewed and a new programme of work presented to councils for implementation from 1 July 2022.

Health & safety pre-qualification

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

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

Joint procurement initiatives

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

The most significant suite of contracts comprises the Professional Services Panel (PSP), involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019. The PSP was reviewed by council Procurement Managers and Co-Lab in the second half of 2021 to assess how it was operating. Significant value is being realised by councils and the contractors – in time saved on procurement activity, and the cost of engagements. The review did identify areas for improvement and these will be progressed as projects in the first half of 2022.

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

LiDAR

WLASS is managing a project to create highly detailed 3D maps and models of the Waikato landscape using LiDAR (Light Detection and Ranging) technology. The project's start was delayed with Covid-19. However, flying commenced in January 2021. The project involves funding from ten councils plus several commercial companies and the Provincial Growth Fund (via LINZ). The project is expected to conclude with delivery of the final data sets is expected in FY23.

Regional Asset Technical Accord (RATA)

RATA was initially established as a centre of excellence for road asset planning in 2014. Waipa District Council employs RATA staff who are then contracted to provide services to WLASS.

The original aim of RATA was to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration.

The second half of 2021 saw the review of RATA's purpose, objectives and KPIs under the guidance of the RATA Advisory Group, and subsequently tested with council roading and water asset managers at an online RATA Forum. The updated RATA Purpose is to provide *"Good practice asset management to improve wellbeing of communities"*. Three updated objectives have been established:

- Alignment of asset management principles through COLLABORATION
- QUALITY OF DATA is trusted and is able to increase confidence in decision making by partner councils
- Increase SKILL and capability of partner council staff members.

Socialising these changes with council partners has indicated that Quality of Data is the most important of the RATA objectives. The RATA, Purpose, Objectives and KPIs have been established through a lens of both roading and waters.

The remainder of FY20/21 and FY22/23 will see the bedding in of these updated objectives together with new performance KPIs in partnership with member councils, as well as incorporating these principles into the renewed collaborative professional service contracts for Structure Asset Management Services (currently the bridge inspection professional service contracts).

Data collection and management activities will continue as before, assisting partner councils with management and support of their roading and waters asset management systems, and data cleansing activities. Knowledge sharing is planned to continue with the well supported RATA asset management forums across and beyond the Waikato. Strategic collaborations with REG, IPWEA and others will also continue, with RATA contributing to working and steering groups for the development and implementation of tools and initiatives aimed at improving asset management practice for our councils and nationally.

Key projects such as the Water Asset Data Quality Dashboard will continue, expanding and improving as the dashboard evolves. DATA collection collaborative contracts are nearing their final year and procurement activities will commence in mid 2022 for replacement contracts, looking to incorporate lessons learned from the current contracts and make improvements for our councils.

Regional Infrastructure Technical Specifications (RITS)

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

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

Shared Valuation Data Service (SVDS)

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating councils. In the first half of 2020, the transition to a software-as-a-service arrangement with a new provider was completed further reducing cost to councils.

Waikato Building Consent Group (WBCG)

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

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

The Quality Manual underpinning each councils' processes and policies regarding compliance with BCA accreditation regulations was redesigned and implemented with each participating member.

Research and evaluation was completed on the accreditation assessment regime to assist councils with a submission to MBIE on proposed changes to the regime in order to increase value and ensure quality assurance practices aligns with the outcome of healthy and safe buildings.

Development opportunity was presented to the group on the integration of virtual inspections into their practices to free up capacity with critical staff.

Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. Photographs are captured periodically (~every 5 years). Most recently contracts were executed in December 2020 to undertake the latest programme, and urban photography was delivered in the second half of 2021.

Waikato Regional Infrastructure Procurement

WRIP is focussed on encouraging collaboration between the 12 Waikato councils for a regional, strategic approach to procurement and delivery of infrastructure and associated services. Councils have well-established contracts for roads and three waters so WRIP is focusing on specialist contractors that fall outside these contracts. WRIP is undertaking three joint procurements: the renewal of two RATA contracts for bridge inspections and other services, the establishment of a new contract for video inspection and condition analysis of waste and drinking water pipes, and structural bridge maintenance and minor upgrades. The rationale for joint procurement is more than cost savings, if the potential for savings exists, and includes administrative savings, cost certainty, cost visibility, efficiency, standardisation, and consistent supplier performance and risk management.

Waikato Regional Transportation Model (WRTM)

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

The WRTM is entering an exciting new phase of expansion and improvement. The recently completed business case has set in motion a 9 year programme targeting more fit-for-purpose modelling tools for our region, leading to better informed decision-making for our infrastructure leaders. This future has a suite of complimentary tools rather than the current one-model-to-rule-them-all approach.

The current WRTM is subject to an improvement and update programme incorporating updated census information to create future planning scenarios for the Waikato. In parallel, procurement activities will commence in 2022 for a new Hamilton Transportation Model – a meso model covering the Hamilton metropolitan area and specifically designed to respond to the more detailed urban growth pressures experienced in one of our country’s fastest growing metros.

Co-Lab Water Services (CWS)

Co-Lab Water Services are now providing one or more services to 9 Councils. These services are:

- **Sampling & Analysis** services to support the operation of three waters networks, treatment plants and Drinking Water Standards;
- **Trade Waste** management activities including assessing new applications, monitoring/auditing and providing invoicing data to Councils; and
- **Smart Water** drinking water education programmes to early childhood facilities and schools, commercial customers and the wider community.

Hamilton City Council employs CWS staff who are then contracted to provide services to Co-Lab.

Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

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

The primary objectives of the Company are to:

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

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

Summary of significant accounting policies

Basis of preparation

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

Statement of Compliance

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

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

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

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

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

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

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

Intangible assets

Useful lives and residual values

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

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

Impairment of intangible assets

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

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

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

Revenue

Revenue

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

Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction.

Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Operating expenses

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

Personnel costs

Defined contribution schemes

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

Receivables

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

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

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

Cash and cash equivalents

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

Income tax

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

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

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

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

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

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

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

Intangible assets Other financial assets

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

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

Payables and deferred revenue

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

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

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

Employee benefits liabilities

Short-term employee entitlements

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

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

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

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

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

Presentation of employee entitlements

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

Reconciliation of equity

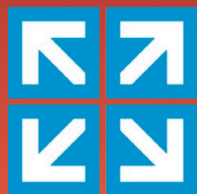
Equity is the shareholders interest in WLASS and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

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

Retained earnings

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



Hamilton Airport
WAIKATO REGIONAL AIRPORT LIMITED



GROUP STATEMENT OF INTENT 2022/2023

(Draft - FEBRUARY 2022)

STRATEGIC INTENT

The Group has identified its core purpose and key objectives that recognise the strategic intent of the business:

CORE PURPOSE

- 1) Enabler of air services to the region.
- 2) Operate a first class, safe, sustainable and compliant airport.
- 3) Strategic positioning of the business to enhance capital value.

WRAL: KEY OBJECTIVES

- 1) Operate an efficient, sustainable and resilient airport.
- 2) Enhance the traveller experience.
- 3) Maintain a viable and sustainable aeronautical business.
- 4) Maximise revenue diversification through non-aeronautical business opportunities.

INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company and Group for the year ending 30 June 2023 and succeeding two financial years.

COVID-19 and the WRAL Group

The COVID-19 pandemic resulted in world-wide crises: from health, to social and economic devastation. The ongoing impact on the WRAL Group is significant, as the business is primarily aviation and tourism-focused and therefore projected revenues remain substantially impacted. This has necessitated a conservative outlook for recovery over the next three years for the Group.

Fortunately, the Group's existing 10-year strategy already had a focus on non-aeronautical income diversification activities which will continue to be critical to our future. Our property initiatives served us well through the initial COVID-19 crisis period and the uncertainty through 2022/2023. We expect property initiatives will continue to provide a level of support to the Group, minimising future economic volatility, whilst aviation and tourism recover.





KEY OBJECTIVES OF THE GROUP

The Group incorporates Hamilton Airport, Titanium Park Limited, Hamilton & Waikato Tourism Limited and Waikato Regional Airport Hotel Limited.

1. Operate an efficient, compliant and resilient airport.
2. Provide an improved customer experience upon completion of the Terminal Resilience Project.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. Operate the airport hotel to meet or exceed its investment business case growth targets and customer satisfaction targets.
7. Marketing the Hamilton & Waikato region as a visitor destination to domestic and international visitors.
8. Assist recovery of the visitor economy through tourism development and destination management.

Nature and scope of activities to be undertaken

1. Operate an efficient and compliant airport.

Operate a first class, safe and compliant regional airport by providing for essential projects, together with any compliance expenditure warranted.

2. Enhance the traveller experience.

Maximise traveller satisfaction and airport experience.

3. Maintain a viable aeronautical business.

The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years.

We will:

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Promote the recovery and new development opportunities of the general aviation sector.
- Develop and implement a five year plan to give effect to, or seek renewal of the runway extension designation.
- Position and protect the airport as an efficient, cost effective international port of arrival.
- Pursue all new international air service opportunities (both charter and scheduled services) as New Zealand's international borders open up.

- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.
- Identify sources and monitor carbon and emissions. Incorporate reduction initiatives into capital projects.

4. Maximise revenue diversification through non-aeronautical business opportunities.

Support the development of land within the bounds of a sound, strategic approach to long-term planning for the airport precinct by its subsidiary Titanium Park Limited (TPL).

- TPL will continue marketing for sale, development and optimised investment, all available non-aeronautically strategic land in a planned and co-ordinated approach.
- In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business upon completion of the Managed Isolation Facility contract.

5. Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.

Knowledgeable and capable, high performing and appropriately resourced personnel to ensure sound reporting and accountability, and delivery of the strategic plan.

In pursuing its goals, the Group will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders.
- Be an employer of choice.
- Ensure a safe and healthy workplace environment that complies with legislation and fosters the wellbeing of its employees.







PERFORMANCE TARGETS

The following annual performance targets are proposed for the Waikato Regional Airport Limited Group in relation to its core purpose and key objectives.

Based on Company forecasts	YEAR ENDING 30 JUNE		
	2023	2024	2025
EBITDA excluding land sales	\$5.0m	\$5.5m	\$6.0m
EBITDA including land sales	\$9.5m	\$6.5m	\$11.0m
Net profit before tax <i>no less than</i>	\$6.0m	\$3.0m	\$7.0m
Net operating cash flow (excluding land sales)	\$3.5m	\$4.0m	\$4.5m
Total debt excluding design build property <i>not exceeding</i>	\$30.0m	\$50.0m	\$50.0m
Percentage of non-landing charges revenue <i>at least</i>	60%	60%	60%
Land sales	\$12.0m	\$2.0m	\$10.0m
Interest cover <i>at least</i>	4.0x	4.0x	4.0x

NON-FINANCIAL PERFORMANCE TARGETS

	Health, safety and well-being
	Facilitate Health & Safety meetings every two months with representatives from each entity in the Group
	Zero Work Safe notifiable accidents/injuries
	Independently review and audit the Health & Safety system each year
	Operational compliance
	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.
	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)
	Monitor aeronautical noise and facilitate noise management meetings every six months in accordance with the Noise Management Plan.
	Property (Titanium Park Limited)
	Complete construction of airport infrastructure to support private aeronautical property development and land sales.
	Hotel operation
	Implement a recovery plan to enable a steady return from a Managed Isolation Facility to normal trading as a hotel and achieve pre-COVID metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.



Statement of accounting policies

The accounting policies adopted by the Group for the year ending 30 June 2023 and succeeding two years are those as adopted in the 2021 Annual Report prepared under Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR). The impact of accounting standards changes is not expected to have a material impact on the Group’s financial statements or their comparability with previous results.

Dividend policy

The Directors will review the performance and outlook for the group annually before declaring any dividend.

Information to be provided to Shareholders

- The Annual Report of the Group.
- An interim report circulated to Shareholders each half-year including a Chair’s Report, Consolidated Income Statement, Consolidated Balance Sheet and progress against Financial Performance Targets.
- Shareholder briefings held at least twice annually.

Future investment proposals

If the Group wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

There are no additional major transactions to be contemplated for which shareholder approval has not yet been sought.

Commercial value of the Shareholders’ investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2021 shows shareholder equity of \$147m based on recent independent valuations of the Group’s property, plant and equipment and investment properties.

Compensation from Local Authorities

There are no known activities of the Company or Group for which the Directors would seek compensation from any local authority.

Major transactions

Shareholders approve major transactions via a special resolution. A major transaction for WRAL is defined as:

- a. the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 10% of the value of the Company’s assets before the acquisition; or
- b. the disposal of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 10% of the value of the Company’s assets before the acquisition; or
- c. a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 10% of the value of the company’s assets before the transaction.

Health & Safety and Wellbeing

The Board and Management will ensure that all requirements to the Health & Safety at Work Act 2015 are maintained.

This will be achieved by the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practice processes. At all times the Group will continue to monitor and review health and safety requirements via monthly reporting.





Hamilton & Waikato TOURISM



STATEMENT OF INTENT

(Draft - 2022/2023)

COVID-19 IMPACT

The ongoing impacts of the COVID-19 pandemic continues to deal a significant social and economic blow to the visitor and events sector, as well as HWT. With New Zealanders unable to travel and international borders closed, the tourism industry continues to suffer severe disruption. HWT's financial forecasts and performance targets have been reviewed and restated to reflect:

- Continued growth of domestic tourism with visitor numbers steadily building through FY23;
- A reshaped and smaller meetings and conventions market with shorter lead-in times and event attendees being New Zealanders;
- Major international events begin to return to the region from late 2022 and rebuilding throughout FY23; and
- A slow restart to the international visitor market once the border with Australia reopens by the end of 2022 and international borders reopen towards the end of FY23.
- Implementation of year one of the \$3.75m Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupō.
- Delivery of the remaining Ministry for Business, Innovation & Employment STAPP (Strategic Tourism Asset Protection Programme) funded projects across the region.

INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2023 and succeeding two financial years.

Hamilton & Waikato Tourism Limited (HWT) is a wholly owned subsidiary of Waikato Regional Airport Limited (WRAL). It is currently responsible for the following activities:

- Marketing the Hamilton & Waikato region as a visitor and business events destination domestically and internationally
- Grow the visitor economy through tourism development and destination management

The company is defined in tourism terms as a Regional Tourism Organisation (RTO) and receives funding through a Service Level Agreement from the region's six Territorial Local Authorities (TLA); Hamilton City, Waikato District, Matamata-Piako District, Waipa District, Otorohanga District and Waitomo District Councils. In addition, the RTO receives funding support from the tourism industry through partnership programmes and activities and industry grants.

As an RTO, the company is closely connected with relevant government organisations and private sector organisations related to the tourism sector.

STRATEGIC INTENT

The visitor sector will be recognised as a valuable driver of the Hamilton and Waikato economy. The region will be known for its rich Maori history, vibrant and metropolitan city, and sophisticated and diverse rural hinterland. It will be a destination of choice for conventions and short break holidays.

From a regional brand perspective, our desired perception is:

A deeply authentic, easily accessible escape to the strong beating heart of the North Island – packed with hidden discoveries, and a place where you can actually feel the real New Zealand. This is the Mighty Waikato.

The Company's core purpose is:

- To promote the Hamilton & Waikato region as an appealing destination to domestic and international visitors in order to support the economic sustainability of regional communities
- To grow visitor nights and expenditure
- To grow number of business events and delegate days
- To partner with Hamilton Airport on passenger attraction strategies
- To support the tourism industry and Maori to develop and deliver quality visitor experiences
- To maintain and strengthen support for the visitor sector through partnerships with local government, the visitor industry and the wider community
- To assist and support the visitor and event sector through the COVID-19 pandemic
- To provide leadership and advocate for the industry for additional Government support, financial relief packages, policy changes and other industry support programmes during the ongoing impacts of COVID-19



NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN:

Domestic marketing

Deliver targeted marketing activities and campaigns to the local, regional and New Zealand market, to support the ongoing COVID-19 impacts for the visitor and event economy.

International marketing

Once international borders reopen, market the Hamilton & Waikato region as a visitor destination in long-haul markets, as well as Australia, in partnership with Tourism New Zealand and the Explore Central North Island collective (eight RTOs).

Digital marketing

Provide an effective online marketing presence for domestic and international visitors through a range of digital media channels and provide relevant information through online platforms to support tourism operators, tourism trade and media.

Convention Bureau

Support the restart of the meetings and conventions market that positions the region as a desirable destination in partnership with the industry.

Identify and coordinate international convention bids in partnership with Tourism New Zealand and the Conference Assistance Programme.

Support the industry to adapt their business model to meet client expectations and meeting safely practices with the ongoing impacts of COVID and alert level settings.

Product development

Partner with Te Waka on an investment portfolio for tourism.

Review the regional Visitor Strategy and develop a Destination Management Plan to assist with the restart and reimagining of the tourism sector.

Facilitate the development of new and existing tourism experiences to support the rebuilding of the regional tourism economy.

Major event coordination

Support existing major events and venues to survive with the ongoing impacts of COVID-19.

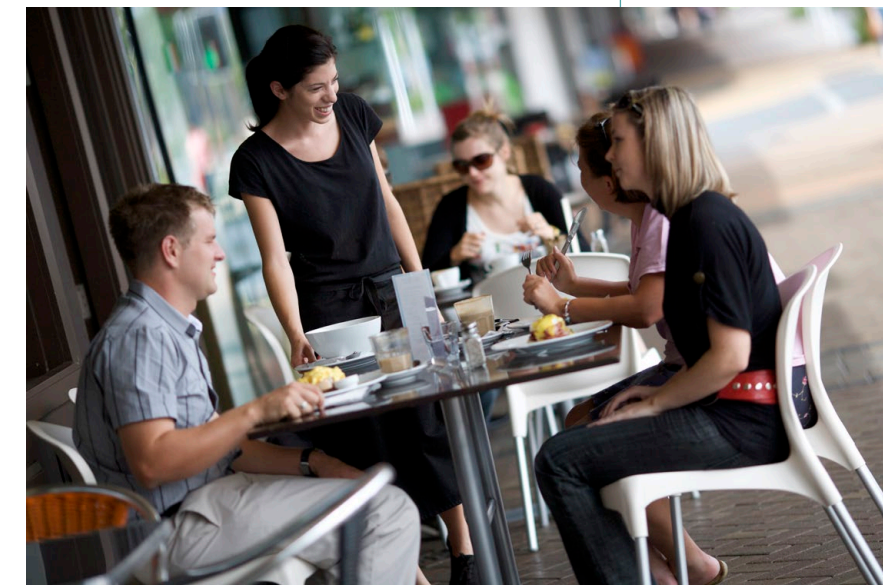
Lead the \$3.75m Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupo to enhance our existing event portfolio and drive increased domestic visitation.

Stakeholder relationships

Maintain and strengthen support for regional tourism through partnerships with local government, the tourism industry and the wider regional community.

Represent the region's interests at regional and national tourism events and functions.

Position Hamilton & Waikato Tourism as a respected and high performing organisation who is valued by the Waikato community.



In pursuing its goals, the Company will:

- At all times behave in a professional and ethical manner in all its business dealings with its employees, customers and stakeholders.
- Be a good employer.
- Identify and recognise Shareholders' and council funders' expectations, within the bounds of corporate prudence.
- Ensure a safe and healthy workplace environment that complies with government legislation.

PERFORMANCE TARGETS

Key Performance Indicators for the 2022/23 year are:

MEASURE:

Target:

SUCCESSFULLY DELIVER THE STAPP-FUNDED PROJECTS

20 projects successfully completed by December 2022.

MEASURE:

Target:

SUCCESSFULLY DELIVER THE SECOND YEAR OF THE \$3.75m REGIONAL EVENTS FUND FOR WAIKATO, ROTORUA, RUAPEHU AND TAUPO

Deliver sector capability programme, increase feasibility and enhance sustainability of events long-term.

MEASURE:

Target:

INDUSTRY PARTNERSHIP CONTRIBUTIONS

\$100,000 industry contribution.

MEASURE:

Target:

COMMERCIAL ACCOMMODATION

Hold total visitor nights compared to previous year due to commercial accommodation limitations caused by Managed Isolation Facilities in the region as measured by the MBIE Accommodation Data Programme (ADP).

MEASURE:

Target:

VISITOR EXPENDITURE

5% growth in total tourism spend in the Hamilton & Waikato region as measured by MBIE Tourism Electronic Card Transactions (TECT)

MEASURE:

Target:

BUSINESS EVENTS

Rebuild and restore market share of total business events to 5% as measured by the Business Events Data Programme (BEDP)

MEASURE:

Target:

MEDIA AND TRAVEL TRADE ACTIVITY

10 media outlets hosted and 150 travel trade trained or hosted.

MEASURE:

Target:

CASH FLOW

To ensure the Company has sufficient cash to fund activity for the year without recourse to the Shareholder.

SHAREHOLDERS FUNDS TO TOTAL ASSETS

	Year ended 30 June		
	2023	2024	2025
Shareholders Funds* to Total Assets #	30%	30%	30%

Definitions: * Shareholder Funds are defined as being the "total assets less the total liabilities" and exclude agency monies held on behalf of the Thermal Explorer Regional Events Fund and the Waikato Film Office

Total Assets is the "value of all assets reported in the Company's statement of financial position at the end of each reporting period."

Dividend policy

The Directors propose to recommend that no dividend be paid for the next three years and that the dividend payment decisions for subsequent years are determined annually at the annual general meeting each year.

Information to be provided to the Shareholders

- The Annual Report of the Company
- A half yearly report/review
- Shareholder briefings

Major transactions

Shareholders approve major transactions via a special resolution. A major transaction is defined as:

(a) the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 50% of the value of the Company's assets before the acquisition; or

(b) the disposition of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 50% of the value of the Company's assets before the acquisition; or

(c) a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 50% of the value of the company's assets before the transaction;

Nothing in paragraph (c) of this definition applies by reason only of the Company giving, or entering into an agreement to give, a floating charge secured over assets of the Company the value of which is more than 10% of the value of the Company's assets for the purpose of securing the repayment of money or the performance of an obligation.

Future investment proposals

If the Company wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the Shareholder.

Commercial value

No valuation of shares has been undertaken.

Compensation from Local Authorities

The Company operates under a single Service Level Agreement with Hamilton City Council, Waikato District Council, Waipa District Council, Matamata-Piako District Council, Otorohanga District Council and Waitomo District Council. For the 2022-23 period \$1.2m is secured from funding councils. It is anticipated that ongoing funding will be provided by these Councils in ensuing periods.

There are other activities of the Company for which the Directorate would seek funding from any local authority.

Tourism Industry Contributions

The Company undertakes its activities in partnership with the region's tourism industry. Each year, the Company receives funding from tourism businesses to support marketing and development activities undertaken as outlined in the annual Business Plan. The Company will continue to work in this way and a target of \$100,000 of industry contribution has been set for 2022-23. A target of \$150,000 of industry contribution has also been set for 2023-24 and 2024-25.

Health & Safety and Well-being

The Board and management will ensure that all requirements to the Health & Safety at Work Act 2015 are maintained. In accomplishing this during the past 12 months, HWT has reviewed its processes and ensured the company aligns its processes and frameworks with any applicable regulatory changes.

Also, HWT continues to work with Tourism New Zealand to develop processes and frameworks to address HWT's tourism specific requirements around hosting media and trade "famils".

At all times the company will continue to monitor and review Health and Safety requirements via monthly reporting, as well as actively participate in the wider Waikato Regional Airport Group's health and safety initiatives.



STATEMENT OF INTENT 2022/2023



Titanium
Park

INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2023 and succeeding two financial years.

COVID-19 and WRAL

The COVID-19 pandemic resulted in world-wide crises: from health, to social and economic devastation. The ongoing impact on the WRAL Group is significant, as the business is primarily aviation and tourism-focused and therefore projected revenues remain substantially impacted. This has necessitated a conservative outlook for recovery over the next three years for the Group.

Fortunately, the Group's existing 10-year strategy already had a focus on non-aeronautical income diversification activities which will continue to be critical to our future. Our property initiatives served us well through the initial COVID-19 crisis period and the uncertainty through 2022/2023. We expect property initiatives will continue to provide a level of support to the Group, minimising future economic volatility, whilst aviation and tourism recover.

STRATEGIC INTENT

The strategic goal for the Company is to develop and optimise the land holdings of the WRAL Group to generate a long-term property income from a diversified property portfolio. In doing so, it will protect the land required to future-proof the airport for long-term aeronautical opportunities.

NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

- Continue with the implementation of the business plan and Group's 10 year strategic plan that addresses the future direction and priority of property initiatives.
- Develop and sell land to fund infrastructure and provide equity to allow development of buildings to expand the property investment portfolio.
- Develop land to enhance long-term group profitability, whilst protecting the future development and growth of the aviation business.
- Continue work on both short-term and long-term detailed planning and construction for roading and infrastructure requirements.
- Continue to support WRAL with the optimisation of WRAL's land and buildings to increase WRAL's non-aeronautical income.

In pursuing its goals, the company will:

- At all times behave in a professional and ethical manner in all its business dealings with its employees, customers and stakeholders.
- Ensure a safe environment that complies with legislation.
- Identify and recognise Shareholder's expectations, within the bounds of corporate prudence.
- Land sales and property development are always subject to volatility dependent on regional and national economic conditions. Therefore, this presents a degree of risk for the WRAL Group that will be carefully managed.
- As a result of the COVID-19 pandemic, property initiatives are providing critical support for WRAL and the Northern precinct plan change will be key to this ongoing protection against economic volatility.

PERFORMANCE TARGETS

Based on the Company forecasts	YEAR ENDING 30 JUNE		
	2023	2024	2025
Land sales	\$12m	\$2.0m	\$10m
Net profit before tax	\$3.5m	\$3.5m	\$3.0m
Net profit after tax to average shareholder's funds	20%	20%	15%
Operating and investing cashflows <i>better than</i>	\$2.5m	\$2.5m	10m
Total liabilities:shareholder's funds ratio <i>better than</i>	80:20	80:20	80:20

NON-FINANCIAL PERFORMANCE TARGETS

Adhere to the Group's health and safety procedures.

Zero Work Safe notifiable accidents/injuries.

Statement of accounting policies

The accounting policies adopted by the Company for the year ending 30 June 2023 and succeeding two years are those as adopted in the 2021 Annual Report prepared under the Reduced Disclosure Regime for New Zealand equivalents to International Financial Reporting Standards (NZ IFRS RDR). The impact of changes to accounting standards is not expected to have a material impact on the Company's financial statements or their comparability with previous periods.

Dividend policy

Proposals for dividends will be assessed annually based on the actual and forecasted results and shareholder funding requirements of the company.

Information to be provided to Shareholders

The Annual Report of the Company will include.

- Financial statements complying with NZ IFRS RDR
- Comparison of performance with Statement of Intent

Future investment proposals

If the Company wishes to enter into a major transaction, or subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the Shareholder.

Commercial value of the Shareholders' investment

The commercial value of the Shareholders' investment in the Company is related to the Net Asset Backing per share.

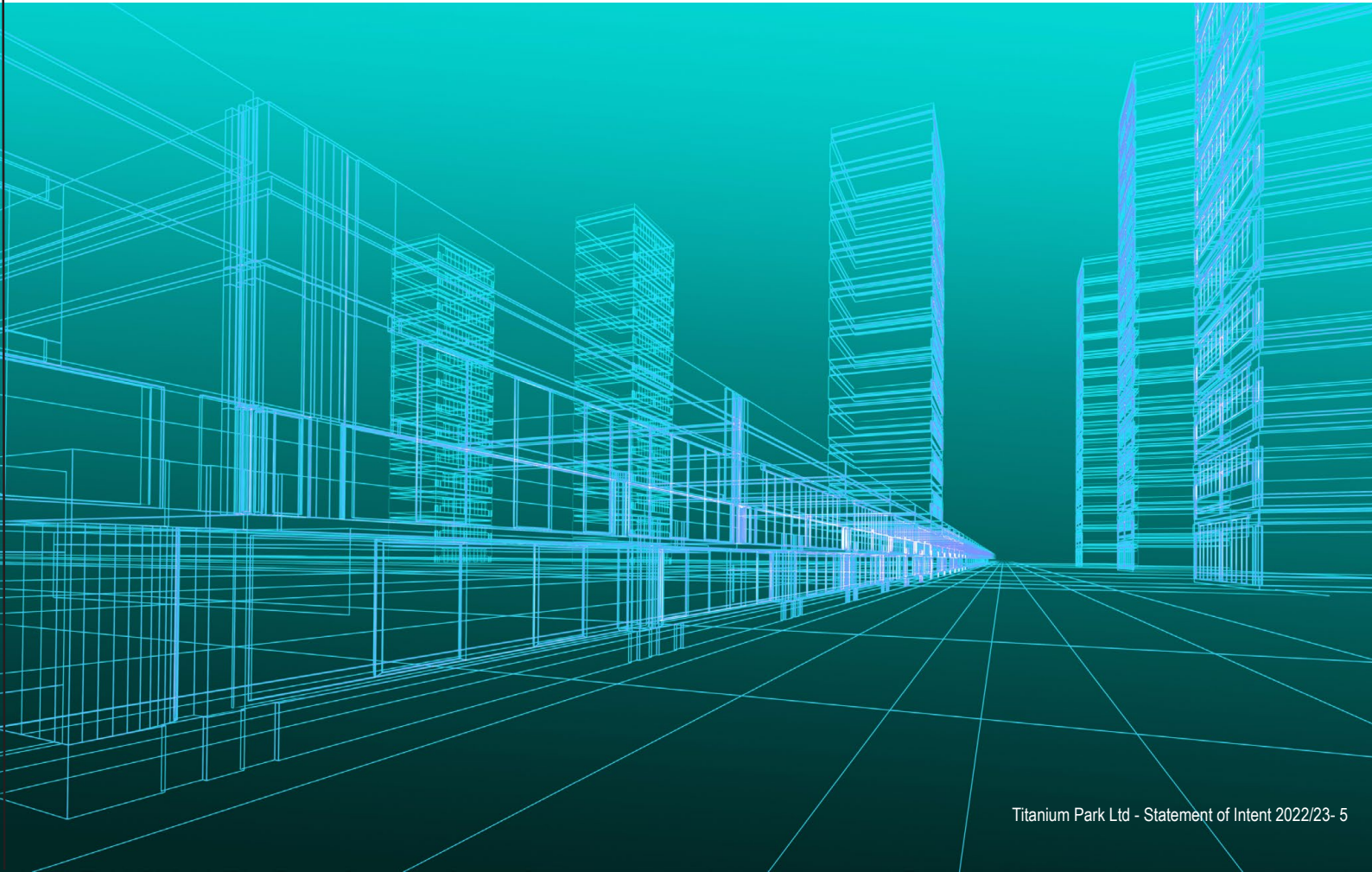
Net assets of the company at 30 June 2020 were \$8.8m resulting in a net asset backing per share of \$88,000 per share.

Compensation from local authorities

There are no activities of the Company for which the Directors would seek compensation from any local authority.

Health and safety

The Board will ensure the organisation aligns to the WRAL Group's health and safety processes and procedures and monitor health and safety requirements via monthly reporting.





To	Strategy & Finance Committee
Report title	Council Controlled Organisations' Interim Accounts

1. Purpose of the report

Te Take moo te puurongo

To provide the Committee with the Council Controlled Organisations interim results for the 2021/22 financial year.

2. Executive summary

Whakaraapopototanga matua

The attached interim accounts from the Waikato District Wellbeing Trust (WBT), Waikato Local Authority Shared Services Limited (WLASS), and the Waikato Regional Airport Limited (WRAL) are presented in accordance with the requirements of section 66 of the Local Government Act 2002.

WBT

The WBT has achieved a surplus of \$190,210 for the six months compared with a surplus of \$230,554 in the corresponding period of the previous year and a full year budgeted deficit of \$39,472.

Budgets are based on an assumed long term, sustainable return of 4%. This allows for the expected fluctuations in financial returns and still enables the Trustees to take a longer-term view as reflected in their investment and distribution policy. At 31 December 2021, the return on the fund since its inception in 2012 is 9.3% on an annualised basis.

There have been no grant payments expensed during the six months, however, \$99,556 of grants have been committed to.

WLASS trading as Co-lab

Revenue and expenditure are both higher than anticipated, with full year profit expected to be \$104,000 against a budgeted loss of \$336,000. The work programme has seen progression of several new initiatives, bedding in of a new service offering (Co-lab water services) and the launch of a new product to Waikato communities (Waikato OneView). The “shifting landscapes” community needs analysis work has been another significant undertaking.

WRAL

The attached report indicates that most of the performance measures stipulated within WRAL's Statement of Intent (SOI) for 2021/22 are likely to be met or exceeded for the year despite forecast earnings expected to be slightly lower than target. When compared against prior period results, performance has continued to be impacted by covid-19, with a further 13% decrease in passenger volume yet there has been growth in the net surplus after tax of \$0.4 million.

The overview from the Chair provides a summary of highlights, including milestones achieved against key strategic initiatives.

Interim reports for WRAL's subsidiaries are also included for information.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Strategy & Finance Committee receives Council Controlled Organisations Interim Accounts report.

4. Attachments Ngaa taapirihanga

Interim accounts for:

Attachment 1 – Waikato District Community Wellbeing Trust

Attachment 2 – Waikato Local Authority Shared Services Limited T/A Co-lab

Attachment 3 – Waikato Regional Airport Limited

Attachment 4 – Hamilton & Waikato Tourism

Attachment 5 – Titanium Park

Attachment 6 – Jet Park Hamilton Airport Hotel & Conference Centre

Date:	30 March 2022
Report Author:	Alison Diaz, Chief Financial Officer
Authorised by:	Gavin Ion Chief Executive

Waikato District Community Wellbeing Trust
Six month Performance Report
For the period ending 31 December 2021

Waikato District Community Wellbeing Trust
Six month Performance Report
For the period ending 31 December 2021

Statement of financial performance
For the six months ended 31 December 2021

	6 months		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2021/22	2020/21	2021/22	2020/21
Revenue				
Finance income	17	48	378	65
Realised gains on investments	72,037	55,291	41,153	123,217
Unrealised gains on investments	133,132	315,344	148,490	592,067
Total revenue	205,186	370,683	190,021	715,349
Expenses				
Audit fees				
- Current year	-	4,314	8,627	8,985
Other expenditure	14,976	13,815	35,385	28,480
Grants	-	122,000	185,481	122,000
Unrealised losses on investments	-	-	-	-
Total expenses	14,976	140,129	229,493	159,465
Surplus (deficit) for the period	190,210	230,554	(39,472)	555,884

Waikato District Community Wellbeing Trust
Six month Performance Report
For the period ending 31 December 2021

Statement of financial position
As at 31 December 2021

	6 months		Full year	
	Actual \$ 2021/22	Actual \$ 2020/21	Budget \$ 2021/22	Actual \$ 2020/21
<u>Assets</u>				
Current assets				
Cash and cash equivalents	10,419	1,378	14,422	872
Prepayments	-	-	490	430
Other financial assets	5,355,251	4,842,587	4,713,845	5,174,013
Total current assets	5,365,670	4,843,965	4,728,757	5,175,315
Total assets	5,365,670	4,843,965	4,728,757	5,175,315
<u>Liabilities</u>				
Current liabilities				
Creditors and other payables	270,653	231,833	198,595	270,576
Accrued expenses	106,655	139,309	8,982	106,586
Total current liabilities	377,308	371,142	207,577	377,162
Total liabilities	377,308	371,142	207,577	377,162
Total assets less total liabilities (net assets)	4,988,362	4,472,823	4,521,180	4,798,152
<u>Trust equity</u>				
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	697,529	607,125	740,761	649,547
Accumulated funds	1,710,934	1,285,799	1,200,520	1,568,706
Total Trust equity	4,988,362	4,472,823	4,521,180	4,798,152

Waikato District Community Wellbeing Trust
Six month Performance Report
For the period ending 31 December 2021

Statement of cash flows
For the six months ended 31 December 2021

	6 months		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2021/22	2020/21	2021/22	2020/21
Cash flows from operating activities				
Cash was received from:				
Interest receipts	17	47	378	65
Cash was applied to:				
Payments to donees	-	-	(171,556)	-
Payments to suppliers	(14,400)	(13,212)	(41,210)	(26,956)
Net cash flows from operating activities	(14,383)	(13,165)	(212,388)	(26,891)
Cash flows from investing and financing activities				
Cash was received from:				
Sale of investments	188,168	256,281	41,153	(491,338)
Cash was applied to:				
Acquisition of investments	(164,237)	(278,847)	171,129	481,994
Net cash flows from investing and financing activities	23,931	(22,566)	212,282	(9,345)
Foreign exchange translation differences	-	-	-	-
Net increase (decrease) in cash for the year	9,547	(35,731)	(106)	(36,236)
Add opening bank accounts and cash	872	37,109	14,528	37,108
Closing bank accounts and cash	10,419	1,378	14,422	872

Waikato District Community Wellbeing Trust
Six month Performance Report
For the period ending 31 December 2021

Change in equity
For the six months ended 31 December 2021

	Introductory fund	Capital maintenance fund	Accumulated funds	Total
Opening balance at 1 July 2021	2,579,899	649,547	1,568,706	4,798,152
Net surplus (deficit)	-	-	190,210	190,210
Capital maintenance charge	-	47,982	(47,982)	-
Closing balance at 31 December 2021	2,579,899	697,529	1,710,934	4,988,362

Investment portfolio managed by Kiwi Wealth Ltd

	31-Dec-21	31-Dec-20	30-Jun-21
Cash	9,589	509	2
Fixed income pie	2,399,969	2,141,455	2,302,072
Growth pie	2,955,282	2,701,132	2,871,941
Total portfolio value	5,364,840	4,843,096	5,174,015
6 months change from 1 July 2021	3.69%		
12 months change from 31 December 2020	10.77%		

Grant commitments

Waikato District Crime Prevention Technology Trust – grant 2	30,000
Waikato District Crime Prevention Technology Trust – grant 3	19,556
Glen Afton Citizens Sports Club	50,000
Total committed grants at 31 December 2021	99,556



Half-yearly report (un-audited)

1 July 2021 to 31 December 2021

Our councils are maximising the value they provide to their communities. We support them in doing so by making it easier for councils to identify and realise shared opportunities.

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Overview of Co-Lab

Co-Lab¹ is owned in equal portion by the 12 Waikato Local Authorities:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Ōtorohanga District
- Rotorua Lakes
- South Waikato District
- Taupo District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District

The company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It provides services to councils.

Statement of service performance

Vision and purpose

At a meeting in December 2021, the Board revisited the company's vision. Co-Lab's updated **vision** is for our councils to be maximising the value they provide to their communities. Co-Lab's **purpose** is to support councils to achieve this vision, by making it easier for them to identify and realise shared opportunities. The **outcomes** we are seeking remain unchanged and are encapsulated in the company's performance framework (see following page).

Six-month highlights

The second half of 2021 saw Co-Lab progress several new initiatives, bed in a new service offering, and launch a new product to Waikato communities.

The company also re-branded to better reflect what we are about, established value statements, and moved into new premises in Cambridge.

This was against a backdrop of significant uncertainty with the continuing impact of COVID-19 and central government reforms. It has been challenging for the company. We recognise the significant pressures our councils face. Increasingly that is impacting the company, with council staff capacity to support the progression of opportunities constrained. However, we have flexed to respond to our councils' needs.

While opportunities are not being developed at the pace we would like, we know from engaging with our councils that it is the right pace for now. Similarly, given the significant central government reform programme impacting the sector, we have committed to councils not to pursue opportunities that will result in structural change. Instead, following engagement with Chief Executives and other senior council staff, we embarked on the Shifting Landscapes project and during the period this evolved into two workstreams.

One of these workstreams, "Stranded Overheads Assessment", remains in the planning phase and we are engaging with the Department of Internal Affairs on how we can work with them to support councils to identify and quantify the overheads left stranded following the water reforms. The second workstream, "Community Needs Analysis", is highlighted further below.

¹ Co-Lab is the newly established trading name of Waikato Local Authority Shared Services Ltd

Co-Lab's Performance Framework

Our vision	Our councils are maximising the value they provide to their communities					
Our purpose	We support them in doing so by making it easier for councils to identify and realise shared opportunities					
Outcomes we are seeking	Council costs are reduced / performance is improved, without increase cost	The experiences of councils' communities are improved			Central government investment into and engagement with Waikato councils is increased	
Our specific objectives	<ul style="list-style-type: none"> ➤ Achieve effectiveness and efficiency gains ➤ Reduce duplication of effort and eliminate waste through repetition ➤ Helping the councils achieve an appropriate balance in risk and return 	<ul style="list-style-type: none"> ➤ Promote and contribute to the development of best practice ➤ Make it easier for communities to engage with councils in the Waikato region on a consistent basis ➤ Promote business transformation to improve communities' experiences 			<ul style="list-style-type: none"> ➤ Enable the Waikato councils to collectively be more effective as a region on the national stage ➤ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment 	
Priorities: How we will achieve our outcomes	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
What we must manage well	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation

Co-Lab Water Services

Co-Lab Water Services officially started servicing four of the nine participating councils prior to 1 July 2021, the remaining participating councils commenced receiving service from that date. The water sampling and analysis, trade waste management and "Smart Waters" services teams have been working effectively with councils, managing expectations and balancing service delivery during the extended periods of uncertainty caused by changing COVID-19 alert levels. South Waikato have been very flexible and have agreed to defer the commencement of one of their services (sampling & analysis) until early 2022 (due to covid-19 impacts).

Waikato OneView

Waikato OneView went live in August 2021. It is a great example of collaboration in action, involving council technical specialists from across the region. This Web Map viewer presents aligned data from different councils through a common data schema. It will improve the customer experience by reducing the time required to gather data and increasing the data's accessibility because it covers the whole

region and is always available. It will also reduce council staff time required to respond to queries and requests for information that can now be readily accessed.

The tool has launched with three ‘maps’ (3 Waters, Property, Community & Recreation).

Waikato OneView is a finalist for the Association of Local Government Information Management’s “GIS project of the year” award.

Shifting Landscapes – Community Needs Analysis

Eight councils have been engaging with Co-Lab to bring data together on what Waikato communities need and how the public sector as a whole is, and has historically been, meeting those needs. We will then present that data back to participating councils in a coherent way to equip them with the facts they need to effectively engage with central government and advocate for what they consider to be the right ‘future for local government’. The project has progressed well throughout the period with output from the work undertaken presented to the councils in February 2022.

Collaboration on COVID-19 vaccinations

A great example of collaboration in action, and how Co-Lab can make that easier for councils, was evident as councils came together to address the challenges of vaccination requirements. The company stood up fortnightly meetings with the councils’ People & Capability Managers, where those challenges and possible solutions were discussed, and policy and other communication documentation shared. Councils saved time from being able to leverage the work of others. The forums also provided the basis for better decision-making and the managers themselves, undoubtedly, benefited from the support they provided one another at a particularly testing time.

Learning & Development Shared Service

The Learning & Development Shared Services (LDSS) project is looking at how council learning and development programmes can be aligned so that a regional approach to training can be established. From work undertaken in developing the business case, it is estimated that the investment in training by councils across the region is \$15m p.a. Ultimately, the project aims to increase the quantity and quality of staff development opportunities and standardize training in the region where it makes sense to do so. The estimated benefits accruing to the Waikato councils is \$2.4m in the first three years. Those benefits reflect reduced spend on external training providers, a reduction in the sunk cost of council staff delivering training to colleagues, the value of additional training that is expected to occur, and the value of council staff having access to the training they need, when they need it.

The investigation to date has considered how councils can collaborate on the development of learning and development programmes and analysed opportunities to jointly deliver learning events and online learning content.

The project was largely completed during the second half of 2021 with final proposals to councils to be sent in the first quarter of 2022.

Customer Digital Enablement

Following foundational workshops in the first half of 2021, in the second half of the year councils agreed the first initiative for development under the “Customer Digital Enablement” (CDE) banner. At its heart, CDE is about councils working together to collaborate on customer strategies and leverage investment into digital channels to support this.

With the working title of “SR4”², the first initiative is looking at a digital solution to engage with communities on all things related to rubbish, recycling and sustainability. A council product team worked

² Sustainability, Rubbish, Recycling, Reducing and Rethinking

with Datacom for an intensive 10-day #Rapidprototyping workshop to establish a prototype MLP: Minimum Loveable Product. We will be approaching the market in the first half of 2022 to identify a preferred supplier to develop the product.

Customer Building Journey – the Building Consent Shared Services project

The priority project of Building Consent Shared Services remains a significant opportunity under development during the period. The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the customer in mind and in the most efficient way. Councils continue to lack capacity, and this issue is exacerbated by unprecedented demand from the building sector for consents in high-growth districts.


Development of the opportunity changed scope in July 2021, with the project focusing on the end-to-end process of a build, including the application and issue of land use consents. Stage one commenced in October, looking at how councils and customers are currently performing to identify the root-cause of pain points throughout the process. While it continues to progress, the project timelines have slipped, ironically, due to the very problem the project can solve – a lack of council capacity.

Asset Management Centre of Excellence



Co-Lab is working with councils to identify whether it can extend how it can assist them with the various stages of the asset management lifecycle, beyond its current remit. This is a wide-ranging consideration across life-cycle stages and asset types. At this early stage of the investigation, there appears to be a range of opportunities for Co-Lab. The next focus for the project is to offer an asset management assessment to those councils that have not done this recently.

Assessment of performance against targets

The following performance measures were included in the 2021 Statement of Intent covering the financial years ended 30 June 2022-2024. An update on performance against target, as at 31 December 2021, is shown in the table below.

Priority	Performance measure	Target	Outcome (progress toward target)
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives <div> <div>Link to outcomes in the performance framework</div>  </div>	➤ Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings/increased revenue to councils of at least \$300k	➤ Various opportunities continued to advance during the first six months of the financial year. Those opportunities included: <ul style="list-style-type: none"> - The first initiative under the Customer Digital Enablement programme of work - The Asset Management Centre of Expertise - Learning & Development Shared Services (LDSS) implementation (following the Board's approval of the business case in June 2021) - Shifting Landscapes – Community Needs Analysis - BCSS – the Customer Building Journey ➤ By their nature, some of these opportunities do not lend to readily quantifiable benefits. An

Priority	Performance measure	Target	Outcome (progress toward target)
			<p>example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review</p> <ul style="list-style-type: none"> ➤ The other projects are under development and yet to be finalised with a determination of quantifiable benefits (LDSS benefits were reported in the 2021 Annual Report) ➤ Business cases are also be established for some more significant joint procurements
	➤ Businesses cases are supported by councils (evidenced by take up of the opportunity)	75% of councils	➤ Unable to measure: No proposals have been put to councils during the period
Develop opportunities and deliver projects within agreed budgets and timelines	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	17%: Various externalities have impacted our ability to develop opportunities within the timelines originally anticipated. The single greatest impact has been the capacity of council staff to work with Co-Lab on opportunity development. COVID-19 is the root cause of those capacity constraints, and we see the risk of staff availability increasing over the coming months with the community spread of Omicron. We have regularly communicated with councils to keep them informed of timing and the reason(s) for delays. We have also regularly engaged with Council Executives to ensure the pace of delivery is appropriate having regard to their staffs' capacity
<div> <div>Link to outcomes in the performance framework</div> <div></div> </div>	➤ Opportunities / projects are developed / delivered, within approved budget	90%	No projects were concluded during the six-month period. However, those opportunities under development all remain on track to come within budget
	➤ Overall, Company Management / Support functions will be undertaken within budget,		Actual expenditure for Company Management and Support functions is slightly favourable to that budgeted for the period

Priority	Performance measure	Target	Outcome (progress toward target)
	unless additional expenditure has board pre-approval		
Ensure projects realise their expected benefits Link to outcomes in the performance framework 	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against 	Six-monthly	Management presented two “Project Benefit Assessments” to the Audit & Risk Committee during the period. One of these is being resubmitted following further consultation with council staff
	<ul style="list-style-type: none"> ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) 	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Assessment within 15 months 90% of projected quantifiable benefits are realised	<p>The Audit & Risk Committee assessed the performance of the Professional Services Panel as presented by Management</p> <p>Overall, five of the seven benefits are considered to have been realised, and given the significant time and cost savings, the target of 90% achieved. During the first 19 months, the estimated council spend with PSP contractors is ~\$83m, with estimated savings across the councils of \$14m</p>
Ensure existing services are meeting the needs of councils Link to outcomes in the performance framework 	<ul style="list-style-type: none"> ➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils	Not currently measurable: As in the prior year we will be undertaking a survey of council staff in the first half of 2022 to ensure each service offering is continuing to meet the needs of councils – the feedback in 2021 was that they were.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	<ul style="list-style-type: none"> ➤ Across these groups, ideas for future consideration and/or initiatives are identified each year 	Four per annum	The Insurance Advisory Group agreed to engage Aon to undertake an assessment of potential losses to Waikato councils’ three-waters reticulation networks and flood protection assets due to earthquake damage. This work will be undertaken in the first half of 2022

Priority	Performance measure	Target	Outcome (progress toward target)
Link to outcomes in the performance framework			<p>Co-Lab facilitated fortnightly sessions with the council People & Capability Managers in response to the rollout of vaccine passes. Members collaborated to share thinking and leverage policy and other documentation relating to mandatory (or otherwise) vaccination policies</p> <p>Procurement Managers have been involved in a few joint procurements. Some councils have also expressed interest in access to a central procurement resource (that would be provided by Co-Lab). This initiative is being developed and a proposal will be presented to councils in the first quarter of 2022</p>

Co-Lab's Financial Position Summary

Summary financial results for the six months to 31 December 2021 are:

	2022 actual	2022 forecast	Variance (Actual v Budget)	2022 budget (Full Year)
Total income	5,408,667	4,972,147	436,520	12,000,340
Total operating expenditure	3,029,708	2,660,318	369,390	12,336,176
Net surplus before tax	2,378,959	2,311,830	67,129	(335,836)
Cash on hand	2,130,196	n/a	n/a	1,080,452

Revenue and expenditure are both higher than anticipated. While this is expected to trend closer to budget over the second half of the financial year, we are now forecasting a full-year profit of \$104k (against a budgeted loss of \$336k).

The cash position is:

	Cash balance @ 1/07/2021	Cash surplus / (deficit)	Cash balance @ 31/12/2021
Company Management & Support	86,228	208,872	295,100
RITS	56,869	20,860	77,729
Working Parties Projects	137,334	240,351	377,685
Information Technology	9,712	13,088	22,800
Energy Management	89,635	70,524	160,159
Shared Valuation Data Service (SVDS)	338,779	46,684	385,463
Road Asset Technical Accord (RATA) & Waters Collaboration	176,969	614,937	791,906
Waikato Regional Transport Model (WRTM)	139,100	679,141	818,241
Waikato Building Consent Group (WBCG)	270,084	199,151	469,235
Mayoral Forum	(21,128)	5,004	(16,124)
Co-Lab Water Services	101,564	279,048	380,612
Accounts Receivables	(1,976,745)	(1,000,106)	(2,976,851)
Accounts Payables	2,393,856	(1,049,615)	1,344,242
Total	1,802,257	327,939	2,130,196

Note: Cash balances for each workstream vary from the actual cash position as a result of accounts receivable / payable which are not tracked on an activity by activity basis.

Invariably the cash balance has arisen because actual expenditure has been less than anticipated. It is expected to reduce over the coming six months. We will be reforecasting in March and will assess the likely year-end cash position for each workstream. The cash "surplus" within Company Management and Support surplus reflects member charges being invoiced at the beginning of the financial year.

Statement of Financial Performance

Co-Lab

Statement of Financial Performance

For the six months ending 31 December 2021

	Financial year 2022 YTD Actuals	Financial year 2022 YTD Forecast	Financial year 2022 YTD Budget	Financial year 2020 YTD Actuals
Revenue				
SVDS Data & Software Sales	179,809	193,994	193,996	266,751
Interest	7	6	250	7
Other Revenue				
User Charges	5,228,851	4,778,147	5,132,573	2,048,689
Total Other Revenue	5,228,851	4,778,147	5,132,573	2,048,689
Total Revenue	5,408,667	4,972,147	5,326,819	2,315,447
Expenditure				
Depreciation and amortisation expense	13,761	14,562	10,027	10,868
Personnel costs	404,373	452,887	662,769	321,198
Other expenses	2,611,574	2,192,869	4,764,309	1,285,762
Total Expenditure	3,029,708	2,660,318	5,437,105	1,617,828
Net Profit	2,378,959	2,311,830	(110,286)	697,619

Statement of Cashflows

Co-Lab

As at 31 December 2021

For the six months ending 31 December 2021

	Financial year 2022 YTD Actuals	Financial year 2021 YTD Actuals
Cashflows from Operating Activities		
Interest Received	(16)	7
Receipts from Other Revenue	4,199,560	2,059,188
Payments to Suppliers and Employees	(3,786,763)	(1,898,160)
Taxes Paid	0	0
Goods & Services tax (net)	(69,783)	35,150
Net cash from operating activities	342,999	196,184
Cashflows from Investing Activities		
Capital enhancements	0	0
Purchase of PPE	(15,060)	(13,611)
Purchase of investments	0	0
Net cash from investing activities	(15,060)	(13,611)
Net increase in cash, cash equivalents and bank accounts	327,939	172,730
Opening cash and cash equivalents and bank overdrafts	1,802,263	1,127,986
Closing cash, cash equivalents and bank accounts	2,130,202	1,300,716

Statement of Financial Position

Co-Lab

Statement of Financial Position

As at 31 December 2021

	Financial year 2022 Actual at 31/12/2021	Financial year 2021 Actual at 31/12/2020
Assets		
Current Assets		
Bank		
Call Account	28,989	28,921
Transaction Account	2,101,214	1,271,796
Total Bank	2,130,203	1,300,717
Accounts Receivable		
Accounts Receivable	765,740	897,371
Accounts Receivable Accruals	2,208,020	710,705
Total Accounts Receivable	2,973,760	1,608,075
Prepayments	0	0
Deferred Tax Asset	3,091	0
Total Current Assets	5,107,054	2,908,792
Non-current Assets		
SVDS - Original Cost	0	3,065,316
WRTM - Original Cost	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195
IT equipment	40,455	24,350
Accumulated Depreciation	(2,294,613)	(5,334,214)
Office Furniture	11,821	7,956
Total Non-current Assets	55,713	61,458
Total Assets	5,162,768	2,970,250
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	561,345	147,341
Accounts Payable Accrual	709	5,000
Total Accounts Payable	562,054	152,341
RWT on Payments	1,513	0
Credit Card Balance	2,962	2,472
Revenue in Advance	722,563	1,093,486
Employee Entitlements	21,967	1
GST	33,184	92,518
Total Current Liabilities	1,344,242	1,340,819
Total Liabilities	1,344,242	1,340,819
Net Assets	3,818,526	1,629,432
Equity		
Contributed Capital	2,957,001	2,957,001
Retained Earnings	861,525	(1,327,569)
Total Equity	3,818,526	1,629,432

Policies

The accounting policies on which the preceding financial statements have been prepared are consistent with those used in preparing the Financial Statements for the year ended 30 June 2021, included in the company's Annual Report.

Governance arrangements

During the period, the Directors of Co-Lab were:

Director	Representing
Peter Stubbs	Independent Chair
David Bryant	Hamilton City Council
Gareth Green (resigned 08 December 2021)	Ōtorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Chris McLay	Waikato Regional Council
Ben Smit (appointed 08 December 2021)	Ōtorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Rob Williams	Hauraki, Matamata-Piako and Thames-Coromandel District Councils

Financial forecasts

Latest financial forecasts are contained in the company's 2022 Statement of Intent issued for shareholder comment in February 2022.

Nature & scope of activities

The principal initiatives operating under the Co-Lab umbrella are:

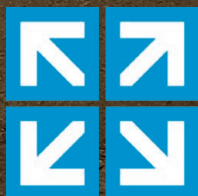
- Energy management
- Health & safety pre-qualification
- Joint procurement initiatives
- LiDAR
- Regional Asset Technical Accord (RATA)
- Regional Infrastructure Technical Specifications
- Waikato GIS tools: the Waikato Data Portal and Waikato One View
- Shared Valuation Data Services (SVDS)
- Waikato Building Consent Group (WBCG)
- Waikato Regional Aerial Photography Service (WRAPS)
- Waikato Regional Transportation Model (WRTM)
- Co-Lab Water Services (CWS)

Information on these activities is included in the company's Statement of Intent.

INTERIM REPORT

WAIKATO REGIONAL AIRPORT LIMITED


For the six months ended 30 December 2021



Hamilton Airport

CHIEF EXECUTIVE'S REPORT

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 KEY RESULTS AT A GLANCE	
-13%	Passenger volume - 138,000 Decrease of 21,000
-70%	Aircraft movements - 15,000 Decrease of 35,000
+5%	Operating revenue - \$8.6m Growth of \$0.4m
+1%	EBITDA excluding land sales - \$3.2m Growth of \$27k
+35%	Net surplus after tax - \$1.4m Growth of \$0.4m
+39%	Total shareholder funds - \$148.9m Growth of \$42.1m
* Changes are measured compared to the six months ended 31 December 2020	

COMMENTARY

WRAL's achievements over the last six months continue to reinforce the success of the diversification strategy implemented over the past few years which has been primarily led by optimisation and acquisition of properties around the Airport precinct, most notably the continued operation of the Jet Park Hotel as a Managed Isolation Facility for arrivals into New Zealand.

Improved revenue and earnings metrics disguise the disruption of the COVID-19 Delta Community outbreak on the Aeronautical Business. Regional travel restrictions implemented at heightened alert levels dominated all but three weeks of a three-month period from August to November during which time there were only essential air movements. This period was bookended by record individual trading months for July and December, the latter speaking volumes to the strength of the recovery in passenger volumes from our airport.

The large decline in aircraft movements was not unexpected given the closure of international airline pilot academy L3Harris, however the last six months have also yielded many positives for the future of the aeronautical business, the two most significant being:

- The first of three stages in the Airport's \$15 million Terminal Resilience Project was completed, resulting in the successful transition to a temporary domestic terminal operation located in the former international terminal area. Domestic passenger operations are expected to operate from this repurposed space until September 2022. This project accounts for the majority of the \$2.7 million of capital expenditure in the period.
- WRAL will make its first expansionary investment into the General Aviation sector in over a decade with the development of a corporate jet precinct on land being sold in the central precinct business park adjacent to the airside boundary of the Airport. A new helicopter servicing base is also scheduled for development in the 2022 calendar year.
- As Stage 5 of Central precinct is constructed and completed over the next 6 months, contracted land sales in excess of \$10m will then settle in August 2022.
- In addition to the Titanium Park Central Precinct development, the Group's property strategy continues to advance with acceleration of due diligence and master planning work for the Northern Precinct development. This opportunity has gained traction in the last six months, with a private plan change application to re-zone over 100ha of land adjacent to the airport expected to be lodged by April 22. If successful, the re-zoned land would ensure the Airport will continue to be a significant regional industrial/commercial hub, with a supply of land expected to serve market demand south of the Hamilton City over the next two decades.

Via multi-year central government funded initiatives, Hamilton & Waikato Tourism are supporting the otherwise devastated local tourism industry with exciting new opportunities and initiatives to attract tourists to the Waikato, initially focused on domestic and in time the international markets. In addition an updated Destination Management Plan is being finalised to ensure a more coordinated and united approach for the sector to attract and host visitors in our region.

The changing landscape of COVID-19, including new variants becoming active in the community provide some uncertainties for the Group to navigate. Whilst the move away from lockdown and travel restrictions should provide for improved ongoing confidence in our aeronautical business, short term indications are this could be disrupted by the Omicron variant. With the Government announcing plans to re-open the international border in the first half of 2022, the future of the Hotel's trading beyond the tenure of its current Managed Isolation Facility contract to June 2022 is less clear.

Mark Morgan - Chief Executive

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income & Expense For the six month period ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Revenue		
Operating revenue	8,574	8,156
Land sales	770	-
Other gains/(losses)	305	191
	9,649	8,347
Expenses		
Operating expenses	(2,911)	(2,815)
Cost of land sales	(574)	-
Employee benefits expense	(2,379)	(2,084)
Depreciation & amortisation	(1,708)	(1,683)
Finance costs	(206)	(304)
	(7,778)	(6,886)
Net surplus/(deficit) before tax	1,871	1,461
Tax expense	(439)	(403)
Net surplus/(deficit) after tax	1,432	1,058
Other comprehensive revenue & expense		
Revaluation of property, plant & equipment	-	-
Deferred tax	-	-
Total other comprehensive revenue & expense	-	-

These interim financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards.

FINANCIAL STATEMENTS

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Consolidated Statement of Changes in Equity

For the six month period ended 31 December 2021

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
Opening Balance - 1 July 2020	14,860	33,772	57,102	105,734
Net profit/(loss) after tax	-	1,058	-	1,058
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,058	-	1,058
Dividends paid to shareholder	-	-	-	-
Closing Balance - 31 December 2020	14,860	34,830	57,102	106,792
Opening Balance - 1 July 2021	14,860	73,523	59,080	147,463
Net profit/(loss) after tax	-	1,432	-	1,432
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,432	-	1,432
Dividends paid to shareholder	-	-	-	-
Closing Balance - 31 December 2021	14,860	74,955	59,080	148,895

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2021

	2021 \$ '000	2020 \$ '000
Current Assets		
Cash and cash equivalents	1,094	1,014
Trade and other receivables	1,242	2,121
Inventories	578	485
Development property	8,169	12,145
	11,083	15,765
Non Current Assets		
Property, plant and equipment	98,478	94,394
Investment property	63,584	26,305
Intangible & other non-current assets	834	1,156
	162,896	121,855
Total Assets	173,979	137,620
Current Liabilities		
Trade and other payables	2,226	2,676
Income received in advance	1,777	1,655
Employee entitlements	606	495
	4,609	4,826
Non Current Liabilities		
Provisions for Infrastructure Development	1,431	1,417
Borrowings	13,895	19,725
Deferred tax liability	5,149	4,860
	20,475	26,002
Total Liabilities	25,084	30,828
Net Assets	148,895	106,792
Equity		
Share capital	14,860	14,860
Retained earnings	74,955	34,830
Revaluation reserves	59,080	57,102
Total Equity	148,895	106,792

FINANCIAL STATEMENTS

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Consolidated Statement of Cash Flows

For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Operating activities		
Receipts from operations	9,433	7,584
Payments to suppliers and employees	(6,417)	(4,694)
Payments for construction of development property	(1,315)	(2,836)
Payment of interest	(206)	(283)
Payment of income taxes	(1,409)	-
Net cash from/(used in) operations	86	(229)
Investing activities		
Receipts from sale of property, plant and equipment	500	-
Purchases of property, plant & equipment	(2,708)	(555)
Purchases of investment properties	-	(929)
Purchases of intangible assets	(44)	-
Net cash from/(used in) investment activities	(2,252)	(1,484)
Financing activities		
Receipts from/(repayments of) borrowings	1,900	2,098
Payments of dividends	-	-
Net cash from/(used in) financing activities	1,908	2,098
Net change in cash for the period	(266)	385
Add opening cash and cash equivalents balance	1,360	629
Closing cash and cash equivalents	1,094	1,014

PERFORMANCE REPORTING

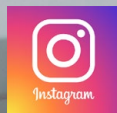
Performance against Statement of Intent

For the six months ended 31 December 2021

	SOI Full Year 30/6/22	Actual 6 months 31/12/21	Forecast Full Year 30/6/22
Financial Targets			
EBITDA excluding Land Sales	\$5.2m	\$3.3m	\$5.0m
EBITDA including Land Sales	\$5.7m	\$3.5m	\$5.6m
Net Profit before Tax	\$1.2m	\$1.8m	\$1.4m
Net Operating Cash Flow excl Land Sales	\$3.6m	\$0.6m	\$3.8m
Total Debt (not exceeding)	\$29.0m	\$13.9m	\$23.4m
Percentage of non-landing charges revenue	60%	82%	81%
Land Sales	\$2.0m	\$0.8m	\$2.0m
Interest coverage	4.0x	13.6x	9.2x

The group has a number of non-financial performance targets covering the range of activities the group undertakes. At 31 December 2021, the Group was on track to meet substantially all of its targets except for certain targets in relation to the Jet Park Hotel Hamilton Airport business due to the ongoing Managed Isolation Facility operation meaning it has not returned to a trading hotel business.

HAMILTON



WWW.HAMILTONAIRPORT.CO.NZ



INTERIM REPORT

For the six months ended 31 December 2021

CHAIRMAN'S REPORT

Despite the loss of one of our funding councils, our council funding partners very much remain the corner stone of our organisation through the 2022 financial year to date.

Additionally, the continuation of the MBIE-funded Strategic Tourism Asset Protection Partnership (STAPP) and Tourism Communities Reset funding have been important sources of income to HWT during the first six months of the financial year. This has meant the organisation has been able to continue to strongly market the region amongst some very difficult circumstances with over four months of disruption to the Waikato region from both local alert level restrictions and those in our key visitor markets.

In addition to assisting with marketing of the region at a time when valued key industry partners are less able to assist in funding this activity, the MBIE funding lines continue to be invested in a number of new exciting projects that collectively build regional our Destination Management Capability and will identify and activate new ventures to not only rebuild our current tourism, but provide sustainable new opportunities for the region.

Delivery of these projects has seen some fixed term roles recruited into the organisation, rather than a reliance on external consultancy as evidenced by the offsetting movements in personnel costs and operating costs on the same period for the previous year.









The summary of key performance measures contained in our statement of intent below, while speaking to the challenges the industry continues to face, does show cause for optimism with growth in some metrics year-on-year and others showing regional performance ahead of national averages amongst as backdrop of the most trying circumstances.

Richard Leggat
Chairperson

KEY PERFORMANCE METRICS

Performance against our Statement of Intent

For the six months ended 31 December 2021

Measure	Result			
 Visitor nights Hold total visitor nights compared to previous year as measured by MBEs Accommodation Data Programme (ADP)*	→	924,163 visitor nights 27.4% occupancy (NZ: 27.1%)		
 Visitor spend 5% increase in total visitor spend across region compared to previous year as measured by MBEs Tourism Electronic Card Transactions	→	3% increase on previous year \$664 million annual electronic card transactions		
 Conventions & business events Rebuild and restore market share of total business events to 5% as measured by the Business Events Data Programme	↗	6% market share of business events & 6% of delegates (Q3 2021)		
 Industry investment \$100,000 of industry contributions towards marketing activities	→	\$79,230		
 Media & travel trade 10 media outlets hosted + 150 travel trade trained or hosted	→	2 media outlets hosted	1 agents hosted	25 agents trained
 Govt funded projects Successfully deliver STAPP and RESET funded projects	→	49% of funding allocated/spent		
 Regional Events Fund (REF) Successfully deliver year one of the REF for Waikato, Rotorua, Ruapehu & Taupo	↗	First round of Regional Event Fund distributed; second round open for EOIs through to 1 March 2022; two industry capability workshops delivered		
 Cashflow To ensure the company has sufficient cash to fund activity for the year without recourse to the shareholder	↗	Cashflow maintained		

FINANCIAL STATEMENTS

Statement of Comprehensive Revenue & Expense

For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Council funding	608	632
Grant funding	340	182
Industry & partnership funding	79	109
Interest income	6	1
Total revenue	1,033	924
Operating expenses	(426)	(477)
Employee benefit expense	(381)	(337)
Administration and other expenses	(188)	(127)
Depreciation & amortisation	(30)	(20)
Total expenses	(1,027)	(961)
Net surplus/(deficit) before tax	6	(37)
Tax (expense)/credit	(2)	10
Net surplus/(deficit) after tax	4	(27)

FINANCIAL STATEMENTS

Statement of Financial Position

As at 31 December 2021

	2021 \$ '000	2020 \$ '000
Current Assets		
Cash and bank accounts	1,656	554
Trade and other receivables	106	86
	1,762	640
Non Current Assets		
Property, plant and equipment	99	156
Deferred tax asset	22	27
	121	183
Total Assets	1,883	823
Current Liabilities		
Trade and other payables	149	103
Income received in advance	1,056	530
Thermal Explorer Regional Event Fund	468	-
Employee entitlements	80	64
	1,753	697
Total Liabilities	1,753	697
Net Assets	130	126
Equity		
Share capital	1	1
Retained earnings	129	125
Total Equity	130	126



TITANIUM PARK

INTERIM REPORT

for the six months ended 31 December 2021

CHIEF EXECUTIVE'S REPORT

For the six months ended December 2021.

The financial statements for the six months, and indeed the full year, will show the current financial year to be a rather modest year of trading for TPL. Behind the scenes, significant progress continues to be made on longer term strategic initiatives within the WRAL Property Development strategy.

While no land sales from Central Precinct Stage 5 will settle before 30 June 2022, construction on the 5th and final stage of the Titanium Park Central Precinct will continue through the current year, delivering 6ha of developed industrial land to the market. At the time of writing, most of this land is under contract with a sales pipeline exceeding \$10 million to be realised in the 2023 financial year.

Amongst these land sales will see the start of a new segment of aviation activity with land being sold for the development of a corporate jet precinct. The Airport company will support this with its first expansionary investment into aeronautical infrastructure in over a decade with taxiway infrastructure to connect these properties to the runway. This opportunity to rejuvenate the general aviation sector is timely,

coming soon after the closure of the L3 International Pilot Academy and corresponding loss of 70% of flight movements in the last year. A new helicopter servicing base is also scheduled for development in the 2022 calendar year.

Due diligence and master planning work for the Northern Precinct development has also gained significant traction in the last six months, with a private plan change application to re-zone over 100ha of land adjacent to the airport expected to be lodged by April 2022. Engagement with local stakeholders, infrastructure providers and regulators to date has been very positive. If successful, the re-zoned land would ensure the Airport will continue to be a significant regional industrial/commercial hub, with a supply of land expected to serve market demand south of Hamilton City over the next two decades. Construction work is expected to commence in the second half of the 2023 calendar year with first titles issued twelve months later.

Mark Morgan - Chief Executive

FINANCIAL STATEMENTS

Statement of Comprehensive Income For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Land sales	770	-
Cost of land sales	(574)	-
Gross Profit	196	-
Other income	33	74
Employee benefit expense	(138)	(110)
Other expenses	(130)	(159)
	(234)	(195)
Net profit/(loss) before tax	(38)	(195)
Tax (expense)/credit	8	54
Net profit/(loss) after tax	(30)	(141)
Other comprehensive income	-	-
Total comprehensive income	(30)	(141)

These interim financial statements have been prepared in accordance with NZ IFRS (RDR).



FINANCIAL STATEMENTS

Statement of Changes in Equity For the six months ended 31 December 2021

	Share Capital \$ '000	Retained Earnings \$ '000	Total Equity \$ '000
Opening Balance - 1 July 2020	4,750	2,662	7,412
Net profit/(deficit) after tax	-	(141)	(141)
Other comprehensive income	-	-	-
Total comprehensive income	-	(141)	(141)
Dividends paid to shareholder	-	-	-
Closing Balance - 31 December 2020	4,750	2,519	7,269
Opening Balance - 1 July 2021	4,750	4,087	8,837
Net profit/(deficit) after tax	-	(30)	(30)
Other comprehensive income	-	-	-
Total comprehensive income	-	(30)	(30)
Dividends paid to shareholder	-	-	-
Closing Balance - 31 December 2021	4,759	4,057	8,807

FINANCIAL STATEMENTS

Statement of Financial Position As at 31 December 2021

	2021 \$ '000	2020 \$ '000
Current Assets		
Cash and cash equivalents	290	978
Trade and other receivables	59	60
Development property	9,866	14,251
Related party advance	980	-
	11,195	15,289
Total Assets	11,195	15,289
Current Liabilities		
Trade and other payables	545	926
Income received in advance	278	971
Employee entitlements	27	30
Related party advance	-	4,676
	850	6,403
Non Current Liabilities		
Deferred tax liability	125	200
Provisions for Infrastructure Development	1,413	1,417
	1,538	1,617
Total Liabilities	2,388	8,020
Net Assets	8,807	7,269
Equity		
Share capital	4,750	4,750
Retained earnings	4,057	2,519
Total Equity	8,807	7,269

FINANCIAL STATEMENTS

Statement of Cash Flows For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Operating activities		
Receipts from operations	667	615
Payments to other suppliers and employees	(271)	(265)
Payments for construction of development property	(1,834)	(2,836)
Payment of income taxes	-	-
Net cash from/(used in) operations	(1,438)	(2,436)
Financing activities		
Receipts from/(repayments of) related party advance	1,341	3,037
Net cash from/(used in) financing activities	1,341	3,037
Net change in cash for the period	(97)	551
Add opening cash and cash equivalents balance	387	427
Closing cash and cash equivalents	290	978

PERFORMANCE REPORTING

Performance against Statement of Intent For the six months ended 31 December 2021

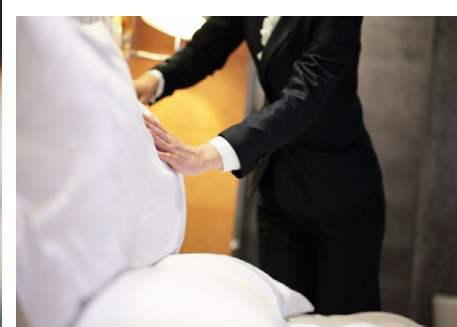
	SOI 30/06/2022	Actual 31/12/2021	Forecast 30/06/2022
Financial Targets			
Land Sales	\$2.0m	\$0.8m	\$2.0m
Net Profit before Tax	\$0.1m	(\$0.0m)	\$0.2m
Net Profit after tax to shareholder's funds	1%	-4%	1%
Operating & investing cash flow	(\$4.9m)	(\$1.4m)	(\$4.4m)
Total liabilities to shareholders funds (maximum)	80:20	22:78	40:60
Non Financial Targets			
Adhere to Group Health & Safety Procedures		Met	Meet
Zero Work Safe notifiable accidents		Met	Meet
Complete construction of the 5th stage of central precinct		In progress	Meet
Finalise the master plan for Northern Precinct and prepare a private plan stage submission to Waipa District Council		In progress	Meet





INTERIM REPORT

for the six months ended 31 December 2021.



Jet Park

— HOTELS —
HAMILTON AIRPORT

Waikato Regional Airport Hotel Limited
(Trading as Jet Park Hamilton Airport Hotel & Conference Centre)

CHIEF EXECUTIVE'S REPORT

The hotel has continued to trade profitably during the pandemic, ahead of expectations with only inflationary cost increases despite higher occupancy as demand from international returnees remains strong. These earnings have provided a significant and stable source of income to the Group whilst the airline business was curtailed for an almost 3-month period.

The contract with the Crown for the property to run as a Managed Isolation Facility was first secured in April 2020, and with several extensions, will remain in place until at least 30 June 2022. The future of the contract beyond this point is less certain with the backdrop of the government affirming its plans to re-open the international border in the first half the of 2022 calendar year, despite the emergence of the Omicron COVID-19 variant in the community.

Jet Park, on behalf of WRAL, continues to engage with MBIE to ascertain what (if any) requirements the Government will have for an MIQ facility after 30 June 2022. The second half of the year may, therefore, see our

attention turn to preparing the hotel for re-launch into the local accommodation market which would be undertaken by Jet Park, and this will encompass a comprehensive branding, marketing and re-launch plan.

There remain some unknowns for the hotel, most of all its true trading performance as a fully operational hotel, given much of the first 12 months of operation was disrupted by the refurbishment project, then restrictions on trading during COVID alert levels limiting at different times available rooms and the ability to offer conferencing or open the restaurant to the public until it secured its Crown contract. There remain a few final rooms to be upgraded on completion of the isolation contract, after which time the hotel will have been fully refurbished.

Mark Morgan - Chief Executive



FINANCIAL STATEMENTS

Statement of Comprehensive Income For the six month period ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Revenue		
Operating revenue	3,326	2,925
	3,326	2,925
Expenses		
Employee benefit expense	(662)	(558)
Other operating expenses	(839)	(831)
Depreciation & Amortisation	(358)	(371)
Finance costs	(95)	(56)
Transition costs	-	(9)
	(1,954)	(1,825)
Net profit/(deficit) before tax	1,372	1,100
Tax (expense)/credit	(385)	(313)
Net profit/(deficit) after tax	987	786
Other comprehensive income	-	-
Total comprehensive income	987	786

FINANCIAL STATEMENTS

Statement of Movements in Equity For the six month period ended 31 December 2021

Note	Share Capital \$ '000	Retained Earnings \$ '000	Total Equity \$ '000
Opening Balance – 1 July 2020	2,000	(934)	1,066
Net profit/(deficit) after tax	-	786	786
Other comprehensive income	-	-	-
Total comprehensive income	-	786	786
Dividends paid to shareholder	-	-	-
Closing Balance – 31 December 2020	2,000	(148)	1,852
Opening Balance - 1 July 2021	2,000	544	2,544
Net profit/(deficit) after tax	-	987	987
Other comprehensive income	-	-	-
Total comprehensive income	-	987	987
Dividends paid to shareholder	-	-	-
Closing Balance – 31 December 2021	2,000	1,531	3,531

FINANCIAL STATEMENTS

Statement of Financial Position As at 31 December 2021

	2021 \$ '000	2020 \$ '000
Current Assets		
Cash and cash equivalents	80	38
Trade and other receivables	708	1,133
Inventories	18	17
Related party advance receivable	2,787	460
	3,593	1,648
Non Current Assets		
Property, plant and equipment	698	905
Intangible assets	76	182
Lease assets	3,024	3,395
Deferred tax asset	42	-
	3,840	4,482
Total Assets	7,433	6,130
Current Liabilities		
Trade and other payables	539	656
Employee entitlements	210	146
Lease liabilities	252	256
	1,001	1,058
Non Current Liabilities		
Deferred tax liability	-	12
Lease liabilities	2,901	3,208
	2,901	3,220
Total Liabilities	3,902	4,278
Net Assets	3,531	1,852
Equity		
Share capital	2,000	2,000
Retained earnings	1,531	(148)
Total Equity	3,531	1,852

FINANCIAL STATEMENTS

Statement of Cash Flows For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
Operating activities		
Receipts from operations	2,929	1,733
Payments to suppliers and employees	(1,451)	(1,046)
Payment of income taxes	(491)	-
Net cash from/(used in) operations	987	686
Investing activities		
Purchase of property, plant & equipment	(18)	(9)
Net cash from/(used in) financing activities	(18)	(9)
Financing activities		
Receipt/(Repayment) of related party loan	(917)	(767)
Net cash from/(used in) financing activities	(917)	(776)
Net change in cash for the period	52	90
Add opening cash and cash equivalents balance	28	128
Closing cash and cash equivalents	80	38

PERFORMANCE REPORTING

Performance against Statement of Intent For the six months ended 31 December 2021

	SOI 30/06/2022	Actual 31/12/2021	Forecast 30/06/2022
Financial Targets			
Total operating revenue	\$4.5m	\$3.3m	\$6.2m
Net profit before tax	\$0.5m	\$1.3m	\$2.4m
Net profit after tax to average shareholder funds	15%	27%	37%
Net profit after tax to average total assets	6%	13%	22%
Operating and investing cash flows	\$0.8m	\$0.9m	\$2.2m
Total liabilities/shareholders funds	80:20	52:48	50:50
Non-financial performance targets			
Adhere to Group Health & Safety Procedures		Met	Meet
Zero Worksafe notifiable accidents & injuries		Met	Meet
Maintain Qualmark 4 Star & Silver Enviro accreditation		Met	Meet



Open – Information only

To	Strategy & Finance Committee
Report title	Raglan Holiday Park Papahua Special Purpose Financial Report for the period 1 July 2021 to 31 January 2022

1. Purpose of the report Te Take moo te puurongo

To provide the Committee with the Raglan Holiday Park Papahua Special Financial Report for the period 1 July 2021 to 31 January 2022, as required by the Raglan Holiday Park Papahua Board Charter.

2. Staff recommendations Tuutohu-aa-kaimahi

THAT the Strategy & Finance Committee receives the Raglan Holiday Park Papahua Special Purpose Financial Report for the period 1 July 2021 to 31 January 2022.

3. Attachments Ngaa taapirihanga

Attachment 1 – Raglan Holiday Park Papahua Special Purpose Financial Report for the period 1 July 2021 to 31 January 2022

Date:	30 March 2022
Report Author:	Karen Bredesen, PA to the General Manager Service Delivery
Authorised by:	Roger MacCulloch, General Manager Service Delivery

Special Purpose Financial Report

Raglan Holiday Park Papahua
For the 7 months ended 31 January 2022

Prepared by Bizworx Consultancy Limited, Chartered Accountants

Contents

3	Compilation Report
4	Directory
5	Approval of Financial Report
6	Statement of Profit or Loss
8	Statement of Financial Position
9	Statement of Changes in Equity
10	Statement of Cash Flows
11	Notes to the Financial Statements

Compilation Report

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

Compilation Report to the Raglan Holiday Park Papahua Board.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Raglan Holiday Park Papahua for the year ended 31 January 2022.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Raglan Holiday Park Papahua Board are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

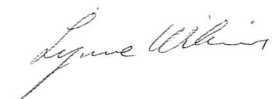
Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Raglan Holiday Park Papahua other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Bizworx Consultancy Limited

Chartered Accountants

Raglan

Dated: 16 February 2022

Directory

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

Nature of Business

Accommodation Services - Tourism

Registered Office

61 Marine Parade, Raglan, New Zealand 3225

Postal Address

P O Box 34, Raglan, New Zealand 3265

IRD Number

067-225-708

Board Members

T Mayow (Business Representative)

G Parsons (Raglan Community Board Representative)

D Reynolds (Mana Whenua Representative)

H Thomson (Mana Whenua Representative)

L Thomson (WDC Ward Representative)

Currently there is no Community Representative

Manager

L Nielsen

Board Secretary

J Gibbs

Chartered Accountant

Bizworx Consultancy Limited, *Chartered Accountants*

Bankers

Westpac Banking Corporation

Approval of Financial Report

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

The Raglan Holiday Park Papahua Board are pleased to present the approved financial report including the historical financial statements of Raglan Holiday Park Papahua for the seven month period ended 31 January 2022.

APPROVED

For and on behalf of the Board.



Signature

Lisa Thomson

Name

Chairperson

Position

Date 19 Feb 2022

Statement of Profit or Loss

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

	NOTES	JUL 2021-JAN 2022	JUL 2020-JAN 2021
Income			
Accommodation Income			
Powered Sites		200,178	313,221
Annual Caravan Leases		218,737	190,714
Group Campus (Papahua)		41,055	126,211
Group Lodge		18,774	25,877
Motels		100,769	168,781
Standard Cabins		32,827	57,768
Studios		70,120	100,016
Tent Sites		146,103	234,644
Tourist Flats		86,740	121,121
Cancellation fees received		73,809	13,120
Total Accommodation Income		989,112	1,351,471
Other Income			
Donations Income		75	-
Interest Received	4	6,121	20,300
MSD Covid-19 Wage Subsidy Applied	8	-	30,186
Sales of Goods & Services		28,589	34,348
Sundry Income		-	1,328
Total Other Income		34,785	86,163
Total Income		1,023,896	1,437,634
Cash Expenditure			
ACC Premiums		958	1,306
Accountancy		12,408	10,549
Advertising, Marketing, Website		10,699	18,684
Board Expenses		2,546	1,457
Bank Charges		2,844	6,197
Bookkeeping		1,740	3,564
Cleaning, Laundry & Waste Management		46,334	47,561
Commission Paid Bookings & Sales		1,341	1,098
Communication Costs		9,047	7,546
Consultancy Fees		1,244	2,191
Consumables		3,504	8,350
General Expenses		862	44
Heat, Light, Power & Water		28,736	39,065
Insurance		7,223	9,705
Kiwisaver Employer Contributions		11,698	11,367
Lease and Hire Payments	12	33,989	44,131
Office Expenses		1,270	4,577
Professional Development, Travel & Conferences		150	4,417

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	JUL 2021-JAN 2022	JUL 2020-JAN 2021
Purchases for Resale		6,477	17,259
Rates		33,700	21,888
Replacements, Repairs & Maintenance - General		90,207	80,083
Repairs & Maintenance - Programmed	9	48,863	86,825
Security		96,927	96,752
Stationery		1,696	2,860
Vehicle Expenses		1,377	2,211
Wages & Salaries		345,559	342,469
Total Cash Expenditure		801,399	872,156
Non-Cash Items			
Depreciation	5	110,101	103,052
Total Non-Cash Items		110,101	103,052
Total Expenses		911,499	975,208
Net Operating Surplus (Deficit)		112,397	462,426

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

Raglan Holiday Park Papahua

As at 31 January 2022

	NOTES	31 JAN 2022	31 JAN 2021
Assets			
Current Assets			
Cash and Bank		1,386,152	964,144
Trade and Other Receivables		123,080	126,350
Investments	4	861,886	845,997
Total Current Assets		2,371,118	1,936,490
Non-Current Assets			
Property, Plant and Equipment	5	3,805,854	3,918,897
Total Non-Current Assets		3,805,854	3,918,897
Total Assets		6,176,972	5,855,387
Liabilities			
Current Liabilities			
Accounts Payable	6	67,163	46,951
Accounts Payable - Waikato District Council		206,378	177,230
Revenue Received in Advance	7	338,280	311,551
GST Payable		40,923	28,517
Total Current Liabilities		652,744	564,250
Total Liabilities		652,744	564,250
Net Assets		5,524,228	5,291,137
Equity			
Opening Balance		5,411,831	4,828,711
Retained Earnings		112,397	462,426
Total Equity		5,524,228	5,291,137

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Changes in Equity

Raglan Holiday Park Papahua

For the 7 months ended 31 January 2022

	NOTES	31 JAN 2022	31 JAN 2021
Equity			
Opening Balance		5,411,831	4,828,711
Increases			
Surplus for the Period		112,397	462,426
Total Increases		112,397	462,426
Total Equity		5,524,228	5,291,137

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Cash Flows

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

	JUL 2021-JAN 2022	JUL 2020-JAN 2021
Operating Activities		
Receipts from customers	859,271	1,477,046
Interest received	7,325	23,922
Cash receipts from other operating activities	-	1,528
Payments to suppliers and employees	(764,452)	(770,695)
GST	(45,610)	(133,555)
Net Cash Flows from Operating Activities	56,533	598,246
Investing Activities		
Proceeds from sales of property, plant and equipment	-	1,885
Payment for property, plant and equipment	(41,108)	(243,176)
Net Cash Flows from Investing Activities	(41,108)	(241,291)
Net Cash Flows	15,425	356,955
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	2,232,613	1,453,185
Cash and cash equivalents at end of period	2,248,038	1,810,141
Net change in cash for period	15,425	356,955

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Notes to the Financial Statements

Raglan Holiday Park Papahua For the 7 months ended 31 January 2022

1. Reporting Entity

These financial statements were prepared for the Raglan Holiday Park Papahua Board.

The Raglan Holiday Park Papahua Board was established to oversee and govern the operation of Raglan Holiday Park Papahua. The Board's purpose outlined in the Charter is to ensure an efficient, effective and sustainable operation which is in the long term interests of the Raglan Community and Council, at no cost to ratepayers.

2. Statement of Accounting Policies

Basis of Preparation

The financial statements of Raglan Holiday Park Papahua Board are Special Purpose accounts, and have been prepared for the Board and the Waikato District Council for internal reporting purposes only.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the Board and revenue can be reliably measured.

Accommodation services, sales of goods, and contract income revenue is recognised when the goods or services are provided.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Government grants requiring specified future conditions to be met are recognised as a liability on receipt. The grants are recognised as income over the period that the specified conditions are complete and the associated costs are recognised.

Accounts Receivable

Accounts receivable are recognised at fair value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Income Tax

The Raglan Holiday Park Papahua Board is not subject to Income Tax.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable, revenue received in advance, and accounts receivable which are stated inclusive of GST.

Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year that the asset is derecognised.

Depreciation

Depreciation has been calculated to allocate the cost or valuation of assets over their estimated useful lives, at the following rates:

Buildings	40 years
Plant & Equipment	3 to 10 years
Furniture & Fittings	5 years
Vehicles	5 years

Financial Instruments - Financial Assets

At initial recognition, the Board determines the classification of financial assets as held at cost, calculated at the transaction price less any associated transaction costs.

Leases - Operating Leases

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term.

Employee Entitlements - Accruals

Leave entitlements are accrued for employees. Entitlements comprise:

- Annual leave (holiday pay)
- Days in lieu of public holidays

Payroll services are provided to the Board by the Waikato District Council. The payments made to the Waikato District Council for wages include a charge for holiday pay. An accrual has been made for days in lieu of public holidays that have not been taken.

Changes in Accounting Policies

There have been no changes in accounting policies during the period. All other policies have been applied on a consistent basis with those of the previous reporting period.

	JUL 2021-JAN 2022	JUL 2020-JAN 2021
3. Cash & Bank		
Cash on hand and floats		
Till Float	165	-
Cash on Hand	4,511	24,188
Total Cash on hand and floats	4,676	24,188
Bank accounts		
Westpac Operating Account	911,145	671,829
Westpac Savings Account	470,331	268,127
Total Bank accounts	1,381,476	939,956
Total Cash & Bank	1,386,152	964,144

As a result of the COVID-19 pandemic [refer Note 14] Raglan Holiday Park Papahua followed the New Zealand Ministry of Health guidelines and has traded on a cashless basis as far as possible during the period ended 31 January 2021.

"Cash on Hand" as at 31 January 2021 is mainly comprised of EFTPOS and Credit Card transactions that were banked on 2 February 2021 (\$22,881) due to the fact that 31 January 2021 fell on a Sunday, and 1 February 2021 was a public holiday.

	JUL 2021-JAN 2022	JUL 2020-JAN 2021
4. Investments		
Westpac Term Deposit	861,886	845,997
Total Investments	861,886	845,997

The Westpac Term Deposit matures on 23 April 2021 at an interest rate of 2.75%

	JUL 2021-JAN 2022	JUL 2020-JAN 2021
5. Property, Plant & Equipment		
Leasehold Improvements		
Cost	5,043,023	5,013,709
Less: Accumulated Depreciation	(1,401,601)	(1,276,425)
Total Leasehold Improvements	3,641,422	3,737,284
Plant & Equipment		
Cost	493,175	448,255
Less: Accumulated Depreciation	(372,857)	(334,757)
Total Plant & Equipment	120,317	113,497
Furniture & Fittings		
Cost	124,923	124,923
Less: Accumulated Depreciation	(99,770)	(86,124)
Total Furniture & Fittings	25,153	38,799
Motor Vehicles		
Cost	136,334	136,334

Less: Accumulated Depreciation	(117,372)	(107,018)
Total Motor Vehicles	18,962	29,316
Total Property, Plant & Equipment	3,805,854	3,918,897
	JUL 2021-JAN 2022	JUL 2020-JAN 2021

Depreciation Charge

Depreciation	110,101	103,052
Total Depreciation Charge	110,101	103,052
	JUL 2021-JAN 2022	JUL 2020-JAN 2021

6. Accounts Payable

Trade Creditors	62,778	44,904
Westpac Credit Card (limit \$10,000)	4,385	2,048
Total Accounts Payable	67,163	46,951

7. Revenue Received in Advance

Deposits are received from customers in advance to secure accommodation. Raglan Holiday Park Papahua also provides annual leases for some of the powered caravan sites which run from 1 July to 30 June, and receives some of this annual lease income in advance at 30 June each year. Deposits are reported inclusive of GST.

Deposits received for advance bookings includes refunds held on behalf of customers at 31 January for bookings that had to be cancelled due to lockdown strategies undertaken by the New Zealand government to control the COVID-19 pandemic outbreaks [Refer Note 14]. (Previous year: Deposits received also included refunds held on behalf of customers for bookings that had to be cancelled due lockdowns)

	This year	Last year
Annual leaseholder income received in advance	150,552	111,326
Deposits received for advance bookings	187,728	200,225
Total revenue received in advance	338,280	311,551

	JUL 2021-JAN 2022	JUL 2020-JAN 2021
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8. MSD COVID-19 Wage Subsidy Received

Subsidy applied during the year	-	30,186
Total MSD COVID-19 Wage Subsidy Received	-	30,186

Raglan Holiday Park Papahua did not apply for wages subsidies during the period ended 31 January 2022. (Previous year: The Wages Subsidy commenced 26 March 2020 and was for a period of 12 weeks.)

9. Programmed Maintenance

Raglan Holiday Park Board has a maintenance program for painting, replacements, and refurbishment. This work is treated as repairs and maintenance, and is written off in the year of expenditure.

10. Comparatives for the previous year

The financial statements for the seven month period ended 31 January are interim financial statements only, and are not subject to audit. Therefore minor changes in the balances may occur when the financial statements for the year ended 30 June are completed, due to corrections to analysis that are identified at the end of the financial year.

There were no differences arising between the comparatives in this report, and the financial statements prepared for the seven month period ended 31 January 2021. (Previous year: Net change in equity \$2,960).

11. Commitments - Capital Expenditure Commitments

Raglan Holiday Park Board approves a Capital Plan each year. The current Capital Plan includes Improvements to the camp entrance, upgrading the camp's hot water facilities, addressing storm water issues, fencing, recycling stations, upgrading the main kitchen, upgrading the information technology systems, replacing camp vehicles, and improvements to the Papahua deck area. Other projects have been deferred due to the COVID-19 pandemic. Refer Note 14.

Projects completed or near-completed during the year thus far include the upgrading of the laundry facilities and upgrading the Papahua ablution block floors and drainage.

12. Operating Lease Commitments

Supplier	Description of leased equipment	Date	Period	Monthly Payment
Eftco	EFTPOS Machine	29 November 2018	36 months	\$ 117
Sharp Photocopiers	Photocopier / Printer	10 December 2018	60 months	\$ 292

A new EFTPOS terminal lease is currently being negotiated.

Lease commitments under non-cancellable operating leases:	This year	Last year
Not later than one year	3,500	4,202
Later than one year and not later than two years	2,042	3,500
Later than two years and not later than five years	-	2,042
Later than five years	-	-
Total commitment under non-cancellable operating leases	5,542	9,744

13. Contingent Losses or Gains

There were no known contingent losses or gains outstanding as at 31 January 2022. (Previous year: Nil)

14. Events Occurring After Balance Date

On 17 August 2021 New Zealand moved into a level 4 nationwide lockdown due to the COVID-19 pandemic. As part of this lockdown all businesses were closed and only essential travel was allowed. Raglan Holiday Park Papahua was unable to trade during this period, and projects were on hold.

At the date of issuing this report, Raglan Holiday Park Papahua has been able to absorb the operational impact from the nationwide lockdown.

The New Zealand borders remain closed, and measures currently in place to manage the COVID-19 pandemic continue to affect trading for the accommodation and hospitality sectors.

To**Strategy and Finance Committee****Report title****Hamilton & Waikato Tourism - Six Monthly
Report 1 July to 31 December 2021**

1. Purpose of the report Te Take moo te puurongo

To advise the Strategy and Finance Committee that Nicola Greenwell (Development Manager & Interim General Manager) from Hamilton & Waikato Tourism will be in attendance to present the report to Council.

2. Staff recommendations Tuutohu-aa-kaimahi

That the Strategy and Finance Committee receives the Hamilton & Waikato Tourism - Six Monthly Report 1 July to 31 December 2021.

3. Attachments Ngaa taapirihanga

1. Hamilton & Waikato Tourism - Six Monthly Report 1 July to 31 December 2021

Date:	30 March 2022
Report Author:	Nicola Greenwell Development Manager & Interim General Manager Hamilton & Waikato Tourism
Authorised by:	Clive Morgan General Manager Community Growth

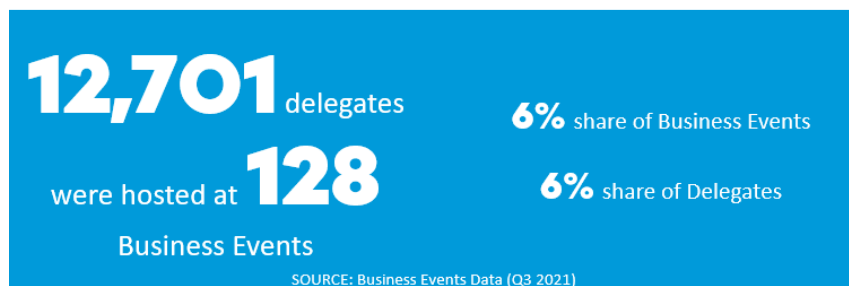
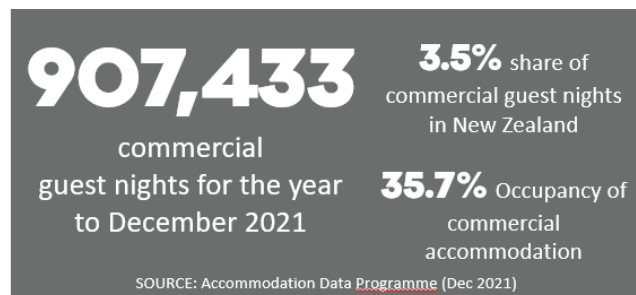
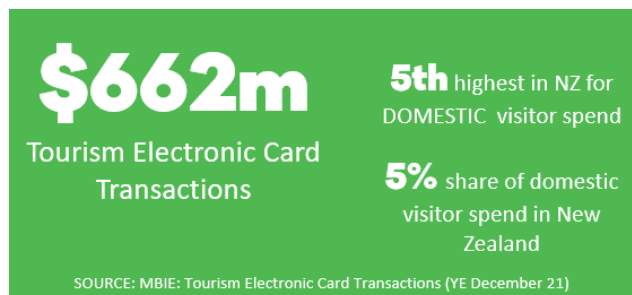
Six Monthly Report to Waikato District Council 1 July – 31 December 2021

Hamilton & Waikato Tourism (HWT) is the region's Regional Tourism Organisation (RTO) whose role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend.

Hamilton & Waikato Tourism is a subsidiary company under the Council Controlled Organisation (CCO) of Waikato Regional Airport Limited. It has a commercial board with Richard Leggat appointed as its new Chair in December 2021. Chief executive Jason Dawson finished with Hamilton & Waikato Tourism in January 2022 and Nicola Greenwell has been appointed Interim General Manager until a replacement CEO has been secured.

HWT is funded through a public/private partnership with the region's tourism industry and six local authorities including Hamilton City and Matamata-Piako, Ōtorohanga, Waikato, Waipā and Waitomo. This is the six-monthly report from 1 July to 31 December 2021.

Key highlights (Jul – Dec 2021)



Executive summary

The first six months of the financial year presented more trading challenges and a difficult market environment given the arrival of the Delta variant in New Zealand. This led to a second national lockdown, an extended lockdown for our biggest drive market Auckland and the Waikato itself was impacted with alert level changes. We are now grappling with the challenges of operating in the red traffic light setting with the arrival of Omicron in the community.

With the return of lockdowns and alert level challenges, we reactivated the successful 'Mighty Local' campaign to promote essential services, hospitality providers and contactless/home delivery channels. The core purpose of 'Mighty Local' is to raise awareness, promote and drive residents to 'buy and shop local' within their local communities.

Outside of lockdowns and alert levels, we still managed to deliver a number of key marketing activities including event promotion around Matariki and regional events. We managed to execute a winter and school holiday campaigns in our key domestic markets. We also ran a small 'Welcome Back Auckland' campaign once the borders were reopened between the two regions.

Media activity has accelerated during the six months as travel writers are hungry for content for the domestic market. This has allowed us to leverage the opportunity and window of interest with our domestic media to really push the Waikato region, plus the more undiscovered areas, experiences and communities. We also partnered with Stuff in December to produce a 48-page 'Waikato Escapes' print supplement into the Waikato Times locally and the Sunday Star Times nationally. New Zealanders are self-explorers who are inspired by other people's travel experiences, including travel writers.

Our digital marketing platforms continue to grow from strength to strength, especially visitation to our main regional website www.waikatoz.com and our Facebook page. We also launched social media 'stickers' to promote the region on Instagram and Facebook. Users have been quick to engage and use these 'Mighty Waikato' stickers on their digital stories.















Print marketing is still a strong medium for our organisation and for the domestic traveller. We successfully partnered again with Hamilton Central Business Association on a new edition of the Neat Places guide, plus produced 50,000 copies of our Regional Visitor Guide. Our guides are distributed nationally through i-SITEs and airports, displayed at visitor attractions, used at trade shows, and conference delegate packs. This guide remained a cost-neutral project with cheaper advertising sales funding production and distribution.

We completed the first round of funding from the \$3.75m Thermal Explorer Regional Events Fund, launched our Food Tourism Action Plan, developed our Draft Destination Management Plan and also developed a Draft Regional Business Events Strategy.

Finally, all our additional marketing and industry development activity is making an impact. The Waikato was recently being identified as one of two regions to record the largest market share increase for domestic visitors over the past 12 months (from 10 percent to 13 percent).

Performance targets

Given the ongoing Covid-19 impacts for the visitor economy, Hamilton & Waikato Tourism (HWT) have seven performance targets which are set in the 'Schedule of Services for Local Government 2021-2022'. The results are provided below.

Measure	Result
 Visitor nights Hold total visitor nights compared to previous year as measured by MBIEs Accommodation Data Programme (ADP)*	 907,433 visitor nights (Jan 2021 to Dec 2021) 35.7% occupancy (NZ: 34.2%) <small>*No comparison figures available in ADP</small>
 Visitor spend 0% increase in total visitor spend across region compared to previous year as measured by MBIEs Tourism Electronic Card Transactions	 3% increase on previous year \$662million annual electronic card transactions (year ending Dec 2021) DOMESTIC Annual Spend 6% more than 2020 and 2% less than 2019.
 Conventions & business events Rebuild and restore market share of total business events to 5% as measured by the Business Events Data Programme	 6% market share of business events & 6% of delegates (Q3 2021)
 Industry investment \$100,000 of industry contributions towards marketing activities	 \$79,230 (\$68,000 Visitor Guide sales) (As at 31 December 2021)
 Media & travel trade 10 media outlets hosted + 150 travel trade trained or hosted	 <div> 2 media outlets hosted </div> <div> 1 agent hosted </div> <div> 52 agents trained </div> (As at 31 December 2021)
 Govt funded projects Successfully deliver STAPP and RESET funded projects	 58% of funding allocated/spent
 Regional Events Fund (REF) Successfully deliver year one of the REF for Waikato, Rotorua, Ruapehu & Taupo	 First round of Regional Event Fund distributed; second round of EOIs closed 1 March 2022; two industry capability workshops delivered

Visitor statistics

As mentioned prior, the first six months of the financial year presented a difficult market environment given the arrival of the Delta variant and now the arrival of Omicron in New Zealand. This led to a second national lockdown, an extended lockdown for our biggest drive market Auckland and the Waikato itself was impacted with alert level changes. NZ is now operating in the red traffic light setting of the Covid Protection Framework. Therefore, many of our visitor statistics have suffered decline across the board.

Visitor expenditure in Waikato Region

The Ministry of Business, Innovation and Employment (MBIE) have discontinued the Monthly Regional Tourism Estimates (MRTes) as they were becoming unreliable within the Covid-19 environment. They have replaced the data with an interim data set capturing electronic card transactions. The key difference is that this data does not make any estimates for online or cash spending.

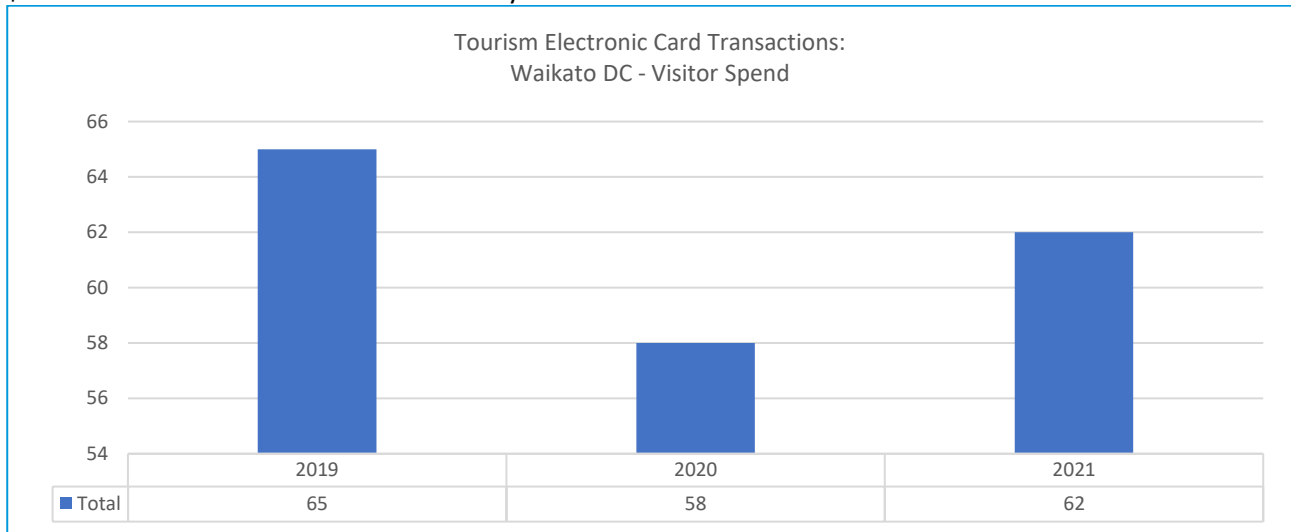
Compared to 2020, tourism spending increased 3% for Waikato for the year ended December 2021.



Source: Tourism Electronic Card Transactions, MBIE (December 2021)

Visitor expenditure in Waikato District

Annual visitor electronic expenditure for Waikato District increased 6% to year end December 2021; injecting \$62million into Waikato District's economy.

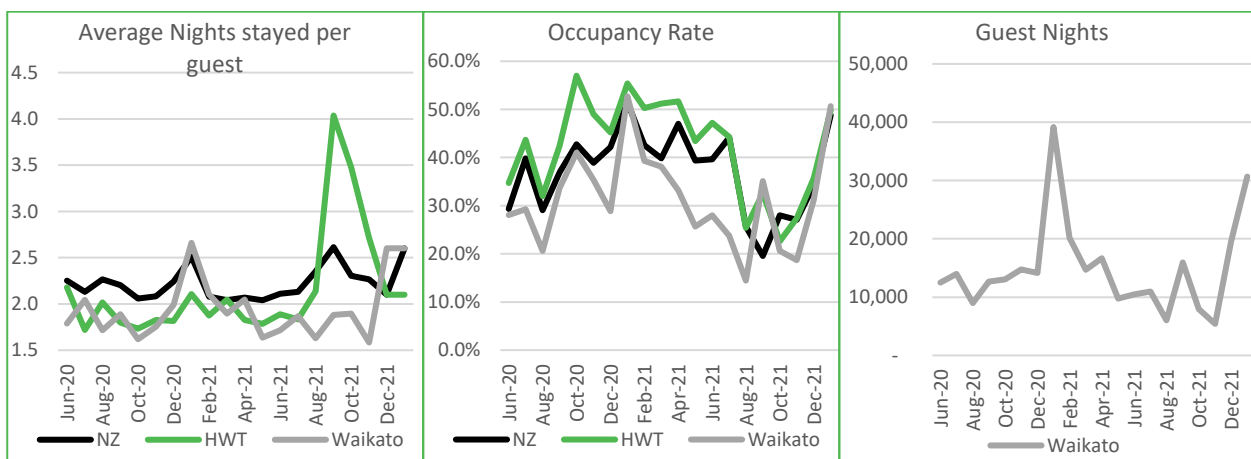


Source: Tourism Electronic Card Transactions, MBIE (December 2021)

Commercial accommodation in Waikato District

The new national 'bed nights' measurement tool, the Accommodation Data Programme (ADP) began providing monthly measurements from June 2020.

Waikato District have 22 commercial accommodation providers contributing data into this programme (unlike the old Commercial Accommodation Monitor, this is not a legal requirement). The Occupancy rate for Waikato District accommodation providers in December 2021 was 31.2%. People stayed an average of 2.6 nights per visit/stay. This resulted in 19,600 guest nights in December 2021; and 176,838 for the 12 months to December 2021.

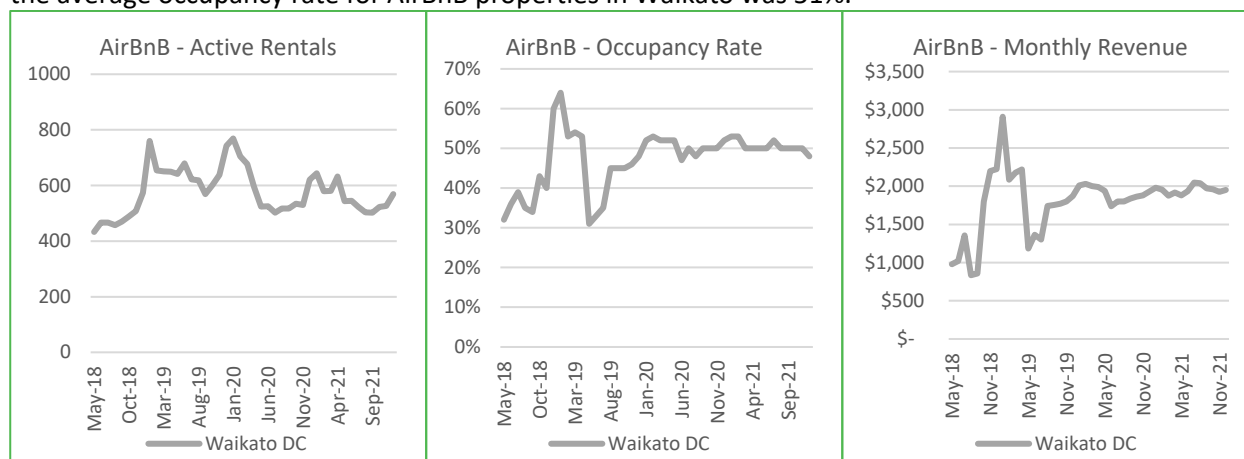


Source: Accommodation Data Plan, MBIE (December 2021)

Non-commercial accommodation in Waikato District

Waikato District also had 569 properties listed on AirBnB during December 2021 as alternative accommodation to the traditional commercial offerings. This is 4 less listings compared to December 2020 and 52 less than December 2019.

These properties experienced 48% occupancy during December 2021. For the 12 months December 2021, the average occupancy rate for AirBnB properties in Waikato was 51%.



Source: AirDNA (December 2021)

Leisure & trade marketing

Domestic marketing

Matariki Events Campaign

A specific 'Waikato Matariki Events' campaign launched in early June and concluded at the end of July to coincide with Matariki from 11 June – 31 July. Working in partnership with and supporting the Matariki Ki Waikato festival, this campaign targeted Waikato residents encouraging them to participate in events happening across the region to celebrate the Māori New Year. Digital ads ran on Facebook, Google Display and Search and 82,000 printed Matariki events guides were also distributed through the Waikato Times, Hamilton Press and Cambridge Edition.

External domestic markets: Winter Campaign

HWT developed a campaign for winter to encourage travel to the Waikato over the months of July-Sept. Targeting key drive and fly markets - Auckland, Bay of Plenty, Central North Island, Wellington and Christchurch, the aim of this campaign being a non-ski destination dispelling the myth there is 'nothing to do in the Waikato' over winter by showcasing the wide variety of experiences on offer. The campaign went live on 13 July and will run until the end of August on Facebook and Google Display. Unfortunately, this campaign had to end early due to the lockdown periods.

Winter School Holidays

Launched on 13 July and concluded on 24 July through Facebook and Instagram, our small digital Winter School Holidays campaign was focused on promoting family-friendly activities and attractions in the region to Waikato residents.

Mighty Local Campaign

When all of NZ moved to Alert Level 4 on 18 August, HWT worked to quickly stand up our Mighty Local campaign again. The Mighty Local messaging was designed to promote and profile everything local across the Mighty Waikato region during the COVID-19 Alert Levels periods.

The campaign aimed to encourage Waikato residents to support local businesses through the various alert levels and adapted to the market depending on what level we were at – from online retail, virtual experiences and takeaways at Level 4 and 3 to visiting our Waikato attractions, dining and accommodation at Level 2.

External domestic markets: Summer Campaign

During Level 3, HWT worked through options for an upcoming summer campaign and had planned to launch in November to inspire summer travel before publications filled up with Christmas content. Unfortunately, lockdown continued for longer than expected, so the majority of campaign activity will occur post-Xmas/early in 2022 targeting key drive and fly markets.

As an alternate to a major campaign pre-Xmas, we published a 48-page 'Waikato Escapes' print supplement with Stuff which was distributed via the Sunday Star Times and Waikato Times in early December. The aim of this publication was to encourage people to travel to the Waikato over summer, and for local residents to stay and explore their own backyard this summer while showcasing the vast range of activities and attractions in the Waikato. This had a print distribution of over 257,000.

External domestic markets: Welcome Back Auckland

We ran a small, dedicated campaign to welcome back Auckland once they could travel from 15 December. This focused on our close relationship as neighbours as our key point of difference to other places in NZ and welcomed Aucklanders back with open arms. The messaging in this campaign was very well received.

Neat Places

In December, HWT partnered with Hamilton Central Business Association on activity with Neat Places to help promote Hamilton over the summer period and develop additional content to align with the latest edition of the pocket guide. As part of this partnership, Neat Places worked with HWT and Hamilton Central on a competition to win a weekend in Hamilton. Content produced from this partnership highlighted 10 of the best things to do in Hamilton this summer, and Hamilton's best creative boutiques and galleries. Content was shared on Neat Places social media throughout December and will continue into January and February.

Regional Events

We have supported regional events during July-December by profiling them in campaign activity, on social media and coverage on waikatonz.com. Events are an important driver for domestic visitation as well as local expenditure, and post-COVID provide great reasons for repeat visitation to a region. A specific 'Summer of Events' campaign is scheduled take place in early 2022.

Always On Facebook

Alongside hero marketing campaigns, HWT have developed a series of ads that will run across Facebook on an ongoing basis. The aim of this is to keep Waikato at the front of minds and to highlight passion points for locals and visitors. This ongoing activity has ads designed for a local Waikato audience as well as visitors from key drive and fly markets.

Annual Visitor Guide

50,000 copies of the 2022 Official Regional Visitor Guide were distributed in late December 2021. They have been distributed nationally through i-SITEs and airports, displayed at visitor attractions, used at trade shows, and conference delegate packs. This guide remained a cost-neutral project with cheaper advertising sales funding production and distribution.

Social Media Stickers

HWT developed some Waikato-related animated ‘stickers’ for use on social media. Stickers offer an interactive way to mix official branding with the more casual, personal nature of social media posts in turn helping to increase brand awareness and engagement. Ten stickers are now available on Instagram, Facebook & Twitter for anyone to use in their posts – from promoting ‘mighty local’ and ‘meet in the Waikato’ to cycling, glowworms and the mighty Waikato River. We are using these in our social channels and have encouraged our operators and wider tourism community to utilise the stickers where relevant.

Media

While international borders remain closed, we have had another successful year for domestic travel media coverage with a number of media pitches, famils and hosting. Domestic media platforms and publications are hungry for content and we have been quick to take up this opportunity. Coverage so far includes content in NZ Herald Travel Supplements, Cuisine Magazine, Our New Zealand, NZ Geographic, 3 separate articles in Kia Ora Magazine and numerous stories across the Stuff network in print and online.

Communications Specialist

HWT employed a 12month Communications Specialist in November. This role has been funded from RESET with some baseline funding inclusion as well. This role sits within the marketing team but will create content for all departments across the organisation including media releases and pitches, case studies/testimonials, articles, e-newsletters, web copy and promotional collateral. This is a very welcome addition to the team, allowing HWT to capitalise on further content and media opportunities.

International marketing

While no physical training or sales activity with off-shore international travel trade has been possible, we have continued to undertake virtual trade training and promotional activities alongside on-shore training and famils over the last six months including:

- Attending the annual conference TECNZ Conference and meeting with 32 inbound tour operators to update them on trade-ready operators in the Waikato
- Attending the TNZ Hui Kaihāpa virtual trade training event for Australian agents
- Preparing and hosting Inbound Tour Operator famils
- Undertaking regional webinars with Tourism New Zealand China, UK and India teams
- Participating in the TRENZ online connections/ meetings portal
- Undertaking trade development support for regional tourism operators

The Explore Central North Island collective continued to promote the central North Island to international travel trade on behalf of, and in conjunction with the eight participating RTOs (Waikato, Coromandel, Bay of Plenty, Rotorua, Taupo, Ruapehu, Tairāwhiti, Hawke’s Bay.)

Marketing activity for Waikato District

A summary of specific trade and leisure marketing for Waikato District is detailed below.

Target market	Campaign or activity	Waikato District experiences profiled
Media – domestic & international famils	Media hosting and famils profiling Waikato District: <ul style="list-style-type: none"> • Big Bus Travel • NZ Herald • UNO Magazine • Cuisine Magazine 	Raglan Fish, Zealong Tea Estate, Raglan Township, Raglan beach, Raglan Roast, Tony Sly Pottery, Raglan Surf School, Rock-it Kitchen, Raglan Roast, Bridal Veil Falls, Raglan Rock, Hampton Downs.
Media - domestic	Waikato District was profiled as part of regional promotions in the following publications: <ul style="list-style-type: none"> • NZ Herald Travel Supplements • Cuisine Magazine • Stuff.co.nz • NZToday RV Lifestyle • Our New Zealand 	Zealong Tea Estate, Raglan Township, Te Awa - the Great NZ River Ride, Ulo's Kitchen, La La Land, Raglan Holiday Park, Cornerstone Alpacas, Raglan Surf Museum, Bootleg Brewery, The Waikato Wars Driving Tour, The Glen Afton Line, Wairēinga/Bridal Veil Falls, Raglan Growers Market, Go Skydive NZ, Raglan Beach, Raglan Wharf, Hakarimata Summit Track, The Sculpture Park at Waitakaruru Arboretum.
Travel Trade – webinars & training	Waikato District profiled in following trade training: <ul style="list-style-type: none"> • TNZ – China market • TNZ – UK/Europe market • TECNZ conference • Hui Kaihāpa (AU market) 	Zealong Tea Estate, Cornerstone Alpacas, GoSkyDive NZ, Te Awa - the Great NZ River Ride, Castaways Resort, Raglan Surf School, Raglan Rock, Raglan Sunset Motel, Wahine Moe.
Domestic consumer - Local, Hamilton & Waikato	<ul style="list-style-type: none"> • Matariki Events June – July 2021 • Winter School Holidays • Spring School Holidays • Mighty Local - Aug–Sep 2021 • Always On Facebook • 48-pg Waikato Summer Stuff Supplement 	Zealong Tea Estate, Hakarimata Summit Climb, Hampton Downs Motorsport Park, Raglan Surf School, Raglan township, GoSkydive NZ, Hakarimata Walkway, Cornerstone Alpacas, Raglan Rock, Raglan Surf School, Wahine Moe, Mt Karioi loop, Te Uku Windfarm, Gallagher Bike Skills Park, Raglan Roast, Tony Sly Pottery, Thundercross Valley, Nikau Caves, The Sculpture Park at Waitakaruru Arboretum, Te Awa - the Great NZ River Ride.
Domestic consumer - External Drive & Fly Markets	<ul style="list-style-type: none"> • Matariki Events June – July 2021 • Winter Campaign – July – August 2021 • Always On Facebook • Welcome back Auckland • 48-pg Waikato Summer Stuff Supplement 	Hakarimata Summit Track, Wairēinga/Bridal Veil Falls, Zealong Tea Estate, GoSkydive NZ, Hampton Downs Motorsport Park, Raglan Surf School, Raglan Rock, Te Awa - the Great NZ River Ride, Raglan township, Cornerstone Alpacas, Raglan Rock, Wahine Moe, Raglan Surf School, Mt Karioi loop, Te Uku Windfarm, Gallagher Bike Skills Park, Raglan Roast, Tony Sly Pottery, Thundercross Valley, Nikau Caves, The Sculpture Park at Waitakaruru Arboretum.

Domestic consumer – Chinese New Zealanders	Ongoing campaign activity has continued through our Weibo social media channel, blogs, forums etc	Cornerstone Alpaca Stud, Cornerstone Alpaca Stud Winter Tour, Te Awa - The Great New Zealand River Ride, Wairēinga/Bridal Veil Falls, Raglan, Raglan Rock, Te Toto Gorge.
Domestic & International consumer and trade	2022 Hamilton & Waikato Regional Visitor Guide	Waikato district and towns profiled in 'Regional highlights' section and 'North Waikato' and 'Raglan' sections. Waikato district-based tourism operators have advertised in their respective sections.
Domestic & international consumer, travel trade and media	Quarterly e-newsletters are distributed to our consumer, trade and media databases Cornerstone Alpacas Stud, GoSkyDive, Zealong Tea Estate, Hampton Downs Motofest, Raglan Rock, Raglan Boat Charter: Wahine Moe.	
Domestic & International consumer	Waikato profiled through HWT's website and various social profiles including Facebook, Instagram, Twitter & YouTube. Cornerstone Alpaca Stud, Pukemokemoke Bush Loop Track, Te Awa - The Great New Zealand River Ride, Matariki Events, Scavenger Hunt at Cornerstone Alpaca Stud, Woodlands Wanderer Homestead And Garden Scavenger Hunts, Woodlands Historic Homestead, The Hampton Downs 2 Hour Race Track Run, Hampton Downs Motor Sport Park, 2020 ClubFest, Woodlands Halloween Night, the Christmas Market with a Spitting Difference, Mt Karioi, Te Toto Gorge, Raglan, Wairēinga/Bridal Veil Falls, Fraser Ross & Jazmine Mary, Karioi Classic Cycle Ride, Raglan Arts Weekend, The Raglan Spirit of Christmas Art Show, Hakarimata summit track, Hakarimata Kauri Loop Track, Port Waikato, Perry Bridge, Ngāruawāhia, Tamahere Reserve, Hakarimata Range, Huntly, Lavender backyard, Raglan beach, Wairēinga/Bridal Veil Falls, Karamu Walkway, ISO bar, Raglan Chamber, Mushroom By the Sea, Whale Bay, Karakariki Waterfall, Karakariki Scenic Reserve, Zealong Tea Estate, , Punnet Eatery, Forever Bound café, Tamahere Lions Best Artisan Market, Tamahere Twilight Market, Poppy Peach, Businesses featured on mightylocal.co.nz: Cornerstone Kitchen, Breaking Bread café & eatery, Cooper Bean, Phat Pattie – The Burger Shop, Hopin Stopin Café, Curry Delight Indian Restaurant, Hot Roast Meals, Iskender Kebab, Southern Cross Fisheries, Thai Food Huntly, Moozy's Pizza, Backyard Jem, Froot King Ngāruawāhia, The Farm Shop, Zealong Tea Estate, Soggy, Bottom Holding Farm ISO Café, Pirates Pizza Club, Raglan Fish, La La Land, The Herbal Dispensary, Soul Food Farm Raglan, Mushrooms by the Sea, Raglan Roast, Hunt and Gather Bee Co., Salsa Brava, Raglan Chocolate, Raglan Artisan Bread, The Space Raglan, Lifted Raglan.	

Conferences, incentives & business events

Overview

The lockdown during the majority of August through to December has been a major challenge for the business events sector, with an emerging trend of clients now holding multiple possible dates when rebooking which has created challenges for venues and suppliers. Most of the events affected were initially moved to November 2021, with the majority of those then postponed to February 2022. These February dates are now currently being pushed out again or cancelled completely due to the Omicron outbreak.

In addition to this, three of our largest commercial accommodation providers continue to be Managed Isolation Facilities which has also impacted on the conference market, significantly reducing our offer. Hosting some of the larger conferences is now very challenging due to limited accommodation availability which includes the majority of our motels continuing to be used for emergency housing.

Uncertainty is also taking its toll with event organisers confidence in booking conference venues and accommodation waning, plus they are afraid of the force majeure clauses in contracts. Currently venues are experiencing short lead-in times which brings its own challenges.

Australia was beginning to show promise; however this has come to a complete standstill due to the closing of the quarantine-free Trans-Tasman travel bubble. Australian Associations are not looking to start exploring travel and hosting conferences in New Zealand until 2023 at the earliest.

We have been conscious to keep connected with our partners through this period and have initiated purposeful visits over the last six months.

New Incentive Video

Working with the HWT marketing team, we have completed filming for our new “Mighty Waikato Incentives” video aimed at the lucrative incentive market. The Waikato region offers corporates unique incentive travel and rewards to inspire high performing employees in our corporate market. The Waikato has something to offer groups of all sizes and tastes. From exhilarating jet boat safaris, breathtaking glowworm caves and magical movie sets through to a number of new awe-inspiring experiences like Tieke Golf Estate and New Zealand’s only tea plantation.

This new video and suggested incentive itinerary and programmes will target the New Zealand and Australia corporate market. The video aims to capitalise on our region currently having a more attractive proposition as an incentive destination with borders still closed to quarantine free travel outside of New Zealand and Australia.

Waikato Business Events Strategy

DUCO events have been contracted to undertake a five-year Business Events Strategy for the Waikato. This started with DUCO individually interviewing reference group members and some industry stakeholders to provide a basis for our first Reference Group Meeting in August. The draft strategy is nearing completion for reference group feedback.

Meet North South

“Meet North South” was launched three years ago between Waikato and Dunedin as a two-year North Island/South Island rotational conference solution for the national conferences of associations, industry and membership organisations.

Dunedin Convention Bureau has hired a new Business Events Manager and discussions have restarted around how we will work together on joint sales activity in 2022. This will see a reactivation of the “Meet North South” marketing activity in 2022 with a focus on the national association market.

Convention Bureau activity

Summary of specific conference marketing activity (1 July 2021 to 31 Dec 2021)

Activity	Detail
Enquiries	20 enquiries and 5 bid proposals managed
Business Activity	<ul style="list-style-type: none"> July 2021: <ul style="list-style-type: none"> CAP funding lunch event at University of Waikato hosted with Tourism NZ Waikato AAPNZ BA4 presentation Dairy NZ morning tea presentation to Event & EA team Sales calls: Harcourts NZ – Auckland, BOINZ - Wellington, Fonterra and Waikato Chamber of Commerce - Hamilton
Buyer hosting	<ul style="list-style-type: none"> July 2021: Kim Preston, MTA – hosted site visits December 2021: Jess Ogg, LJ Hooker – site visits
Trade Show and business event postponements	<ul style="list-style-type: none"> August 2021: <ul style="list-style-type: none"> TNZ AU Roadshow postponed to May 2022, Melbourne, Brisbane and Sydney September 2021: <ul style="list-style-type: none"> AuSAE LINC Conference Rotorua, postponed to Feb 2022 Corporate PA Summit Auckland, postponed to Mar 2022 Waikato BE Showcase, Hamilton, postponed to Nov 2021, then Sept 2022 Association Forum National Conference (AFNC) postponed to April 2022, Melbourne October 2021: <ul style="list-style-type: none"> BEIA Conference, postponed to Sept 2022
Hosted Event postponements	<ul style="list-style-type: none"> September 2022: <ul style="list-style-type: none"> International Hobbit Day PCO hosting postponed to Nov 2021 Post LINC Conference Associations hosting, postponed to Feb 2022 BEW Partner Workshop, postponed to Nov 2021 October 2022: <ul style="list-style-type: none"> Wellington joint partner sales calls, cancelled Wellington Soiree, cancelled November 2022: <ul style="list-style-type: none"> International Hobbit Day PCO hosting, cancelled Waikato Mega Famil, cancelled Joint Claudelands Wellington Sales calls, cancelled

AuSAE NZ Networking Activity	AuSAE – Australasian Society of Association Executives <ul style="list-style-type: none"> July 2022: Networking Breakfast, Wellington July 2022: Networking Lunch, Auckland
Partner Communication & Development	<p>July 2021: Waikato Business Events Strategy reference group meeting</p> <p>October 2021: BEW partner zoom meeting, Tourism NZ update</p> <p>November 2021: Waikato Business News Feature for Novotel Tainui Hamilton and Hobbiton Movie Set</p> <p>Waikato District Business Events partners:</p> <p>Zealong Tea Estate, Castaways Resort, Hampton Downs Motorsport Park, Raglan Sunset Motel, Woodlands Estate</p>

Responding to the Covid pandemic

Hamilton & Waikato Tourism has been instrumental in continuing to respond, restart and rebuild the regional tourism and events sector with the ongoing impacts of COVID-19, especially over the past six months.

There are a number of key initiatives underway to support the Waikato's tourism and events sector which includes tourism businesses, activities and attractions, accommodation providers, retail and hospitality, transport operators, conferences and business events, major events and venues, educational institutions, plus the many suppliers who partner and provide services to the sector.

Tourism Communities: Support, Recovery and Reset Plan

In addition to the \$20.2 million in grants that was allocated to RTOs through the Strategic Tourism Assets Protection Programme (STAPP) by the Government in 2020/2021, the \$26 million Tourism Communities: Support, Recovery and Re-set Plan was announced in May 2021 for RTOs to manage, plan, promote, and market tourism activities in their regions. This funding is for the 2021/2022 financial year.

As a medium-large RTOs with a local government contribution of \$1 million to \$3 million, HWT were eligible to receive up to \$1 million.

This funding support was made available for a programme of activity across three categories and appropriately scaled to the RTO's needs, priorities and agreed investment plan;

1. Destination Management & Planning

2. Industry Capacity Building and Product Development

- Engaging specialist support to assist with planning, industry capability building and product development;
- To provide capacity to implement the work programme across the three categories;
- RTO capability building including participation in MBIE-RTNZ forums and events; and
- Feasibility and business case development (please specify the specific opportunities).

3. Domestic and International Marketing.

- Tactical domestic marketing activity including creative development, enhancing digital platforms, media buying, and PR activity;
- Tactical international marketing activity that complements Tourism New Zealand's marketing activities including creative development, enhancing digital platforms, media buying, and PR activity;
- Event and business event promotion (eg. promotion of venues, events, marketing);

This work can only be completed by using RTO staff, or by external capability.

On 17 August 2021, Minister of Tourism, Hon Stuart Nash, visited the Waikato and announced our Reset Investment Plan application was successful and we received \$1million to undertake the activities listed above and implement the new regional Destination Management Plan.

Adopting a destination management approach for Waikato

Destination management brings together different stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination. It is an ongoing process that requires destinations to plan for the future and considers the social, economic, cultural and environmental risks and opportunities.

Adopting a destination management approach enables communities and destinations to respond to changing conditions and determine the type of tourism they would like to have and the benefits they would like to receive, taking an active role in managing these.

Destination management requires a holistic and integrated approach with three interdependent components:

1. **Visitor Experience:** the Waikato's experience offering, including activities, attractions, supporting infrastructure, services and amenities.
2. **Marketing and Promotion:** the destination's marketing and promotional activity, creating demand and enabling the destination to be competitive, productive and sustainable.
3. **Resource Management:** the region's strategy, policy and regulatory frameworks, Te Tiriti o Waitangi, co-governance arrangements, organisational structures and the investments that support the destination.

We successfully attracted funding from the Tourism Communities: Support, Recovery and Reset Plan to undertake this work. After the first round of stakeholder consultation, a Draft Waikato Destination Management Plan will be released for a second engagement round in February/March 2022.

Regional Events Fund – Thermal Explorer Highway

The four regions of the Thermal Explorer Highway collective including Waikato, Rotorua, Taupō and Ruapehu were approved \$3.75 million for regional events by Tourism Minister Stuart Nash on 18 December 2020.

The Regional Tourism Organisations (RTOs) from Waikato, Rotorua, Taupō and Ruapehu, alongside their council partners, worked together on developing a collaborative regional events investment plan for the next 2-3 years to drive additional domestic visitation into their regions.

This was the first investment from the \$50 million Regional Events Fund to stimulate domestic tourism and travel between regions through holding events. The fund is intended to support the tourism and events sector, while replacing some of the spend from international tourists as a result of COVID-19.

Hamilton & Waikato Tourism were selected as the Lead Entity for the Regional Events Fund across the four regions. We see the collaboration between Waikato, Rotorua, Taupō and Ruapehu will lead to a strong and compelling event proposition for our four regions, who also partnered together for the Domestic Events Fund.

The bulk of the \$3.75 million fund will be used to create a contestable fund with successful events being supported over a three-year period. The focus will be on the development of iconic or anchor events, with a mix of new and expansion of existing events. Another portion of the funding will be used to run capability building workshops and training for event organisers and suppliers, plus develop or update existing regional event strategies; with the remainder to cover administration, legal and event measurement.

The first round of contestable funding was allocated in May 2021 with seven Waikato events successful. Two industry capability workshops have been held and the second round of contestable funding will open shortly.

Conclusion

As we continue to lead the sector in managing the ongoing impacts of COVID-19, our key focus areas for the coming six months include:

- continuing to work with our industry to develop capability and prepare for the reopening of international borders;
- undertake a second round of consultation and community engagement for our Draft Destination Management Plan;
- deliver new Ambassador programmes for Waipa, Otorohanga/Waitomo, Waikato and Matamata-Piako districts;
- support event organisers, venues and suppliers with the ongoing challenges with hosting events, plus lobbying for additional Govt support;
- deliver a second round of the Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupō;
- deliver the remaining programmes of work funded under STAPP/Reset to boost our economic and social recovery; and
- continue to lobby and advocate for the tourism sector with Government.

On behalf of the board and management of Hamilton & Waikato Tourism, we would like to thank Waikato District Council, our local government partners and the industry for their continued support, especially as we continue to work our way through the long-term impacts of COVID-19. Your proactive and supportive approach during COVID-19 has been greatly appreciated by the tourism sector and our community.

Jason Dawson
 Chief Executive
 Hamilton & Waikato Tourism
 January 2022

Nicola Greenwell
 Interim General Manager
 Hamilton & Waikato Tourism
 March 2022

To	Strategy and Finance Committee
Report title	Economic and Community Led Development Update – March 2022

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to provide an overview of the Economic/Key Account Management and Community Led Development frameworks that have been revised, due to two changes to operational delivery within Council, being:

- Re-alignment of Discretionary Funds to the Community and Blueprint Aspiration Budget (CAB Budget) and
- How we manage investment growth across the district

A verbal update on the two attachments to this report will be provided by the Economic and Community Led Development Manager.

2. Executive summary

Whakaraapopototanga matua

Community and Blueprint Aspiration Budget (CAB Budget)

At the Strategy and Finance Committee meeting In October 2021, Council approved the re-alignment of Discretionary Funding to support the communities' aspirations and Blueprint projects. The Community Led Development Team have established a new Community Led Development framework to enable our communities to access the CAB budget to support the delivery of the Blueprints and Community Aspirations projects.

Managing investment growth

With the release of Waikato 2070, the newly recruited Economic Development/Key Account Managers have seen a large increase in investor enquiries. To support and manage this demand, a new Key Account Management framework has been created.

The Economic and Community Led Development Manager will present a verbal update on these two new frameworks.

3. Staff recommendations Tuutohu-aa-kaimahi

That the Strategy and Finance Committee;

- a. receives the report of the new Community Led Development and Economic Development/ Key Account Management frameworks.

4. Next steps Ahu whakamua

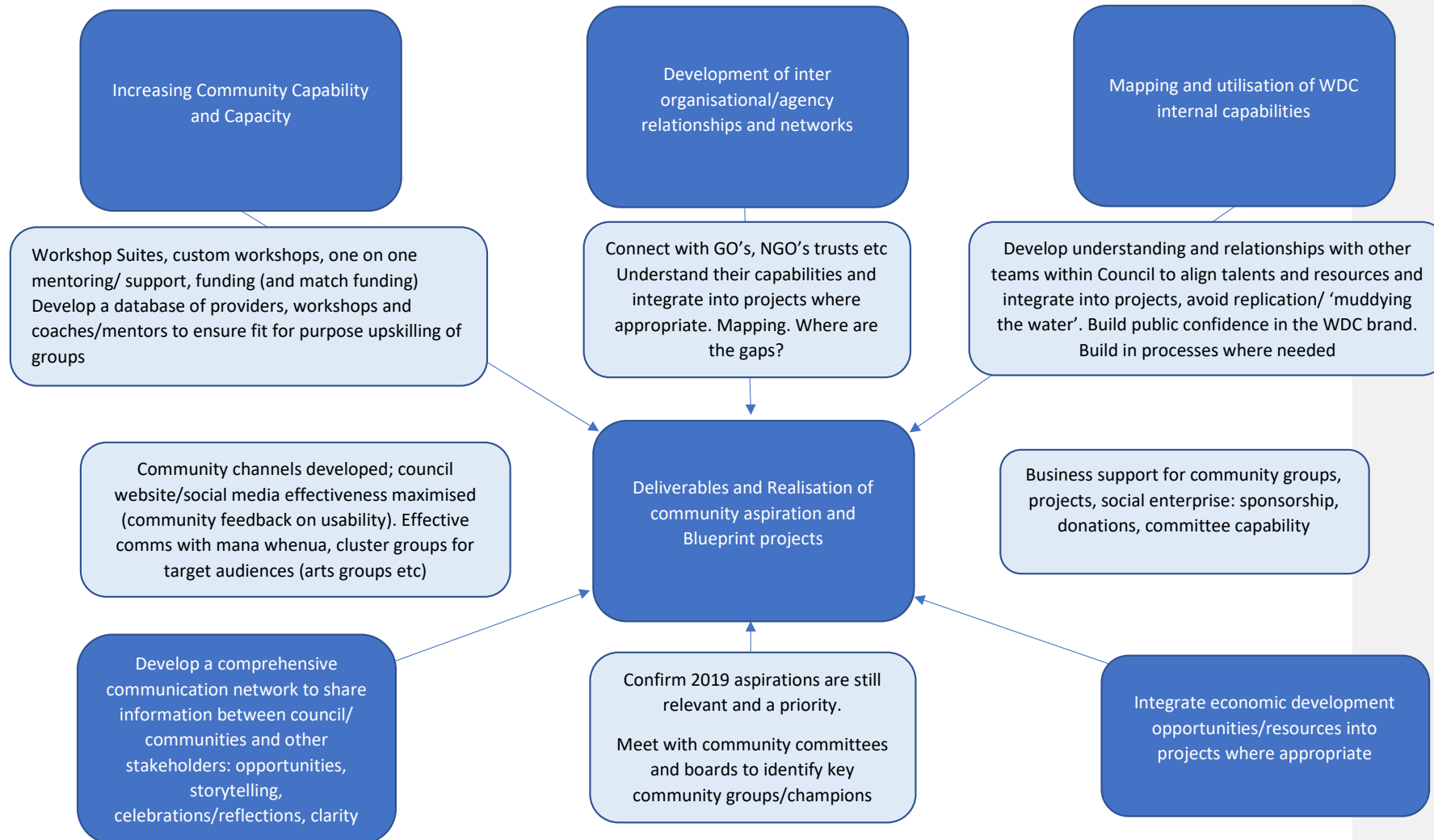
The Strategy and Finance Committee will receive quarterly updates on the Community Led Development and Key Account Management work programmes.

5. Attachments Ngaa taapirihanga

1. Community Led Development Work framework
2. Economic Development and Key Account Management framework

Date:	30 March 2022
Report Author:	Julie Dolan, Economic and Community Led Development Manager
Authorised by:	Clive Morgan, General Manager Community Growth

Community Led Development Work Programme 2022 - 2023



Community Led Development Work Programme 2022 - 2023

Workshop cluster centre

Workshop course (Aim to understand challenges and increase community capability/ capacity to help achieve community aspirations)

Port Waikato/ Onewhero
area

Tuakau – Pokeno
area

Ngaruawahia/ Horotiu/
Whatawhata area

Tamahere – Gordonton
area

Governance

Health check: where is your group at?

Code of conduct, networking,
peer support and learning goals
How to manage your
board/committee/staff/ including
decision making
Checking your founding
documents/deed and
incorporating this into your
strategic vision
Agile governance in a Covid world

Planning to achieve your vision

How to develop a vibrant ,
agile strategic plan

What is your story ?

When to plan

How to align your plan with
funding opportunities

Creating proactive roles
amongst committee
members

Community Waikato

Funding your vision

Building a diverse financial
model- liberation from reliance
on funders

Connecting new businesses to
community projects

(Priming groups to present
attractive propositions for
sponsorship, donations and in
kind services)

Community Waikato

District wide, custom, fit for purpose
workshops, mentoring. Unblock
barriers , solution based focus to
progress projects. Trouble shooting.

E.g. Huntly

(Already completed
workshops above)

Raglan

Dependent on deliveries
provided by Raglan
Naturally

Te Kauwhata/ Mercer/
Meremere area

As required
Needs assessment

Small rural centres

Individual sessions and
needs assessment

Community Led Development Work Programme 2022 - 2023

Develop workshop attendee's database and enrolment channels

Workshop 1	Port Waikato	Pokeno	Ngaruawahia	Matangi
Date	Monday 28th March	Tuesday 29th March	Monday 4th April	Wednesday 6th April
Venue	Community Hall	Community Hall	Ngaruawahia Bowling Club	Matangi Hall
Time	6pm	6pm	6pm	6pm
Theme	Governance	Governance	Governance	Governance
Drop in	Monday May 9 th	Wednesday May 11 th	Monday May 16 th	Wednesday May 18 th
Venue	1-7pm Port Waikato	1-7pm Pokeno	1-7pm Ngaruawahia	1-7pm Tamahere
Workshop 2	Port Waikato	Pokeno	Te Kowhai	Puketaha
Date	Monday 30th May	Wednesday 1st June	Monday 13th June	Wednesday 15th June
Venue	Community Hall	Community Hall	Te Kowhai Community Hall	Puketaha School Hall
Time	6pm	6pm	6pm	6pm
Theme	Strategic planning	Strategic planning	Strategic planning	Strategic planning
Workshop 3	Port Waikato	Pokeno	Ngaruawahia	Matangi
Date	Monday 1st August	Wednesday 6th July	Monday 8th August	Wednesday 10th August
Venue	Community Hall	Community Hall	Ngaruawahia Bowling Club	Matangi Hall
Time	6pm	6pm	6pm	6pm
Theme	Funding	Funding	Funding	Funding

Community Led Development Work Programme 2022 - 2023

Key targets / outcomes (ongoing):

- Key community groups and champions identified
- Key community aspirations and Blueprints are confirmed
- 10 Community Led Development Programmes delivered across the district
- 10 economic or social blueprint or community aspiration projects delivered across the district
- Community led development has become well understood
- Key agencies are effectively partnering with communities to support their aspiration projects
- Capability and capacity baseline across the district is raised
- Alignment of Council teams for significant aspiration projects
- Communication networks throughout community has increased reach/participation
- Economic development opportunities are synergised with communities (and their aspirations)

Internal Council capabilities and outcomes

- Community led development has become well understood
- Touchpoints between council BAU/LTP projects and community projects are identified and optimised for greater outcomes
- Communication and awareness between teams are enhanced and add value

Highlighting information sent to venues **peps.**

Commented [GK1]: Not sure what venues peps means is this actually the heading for the next table?

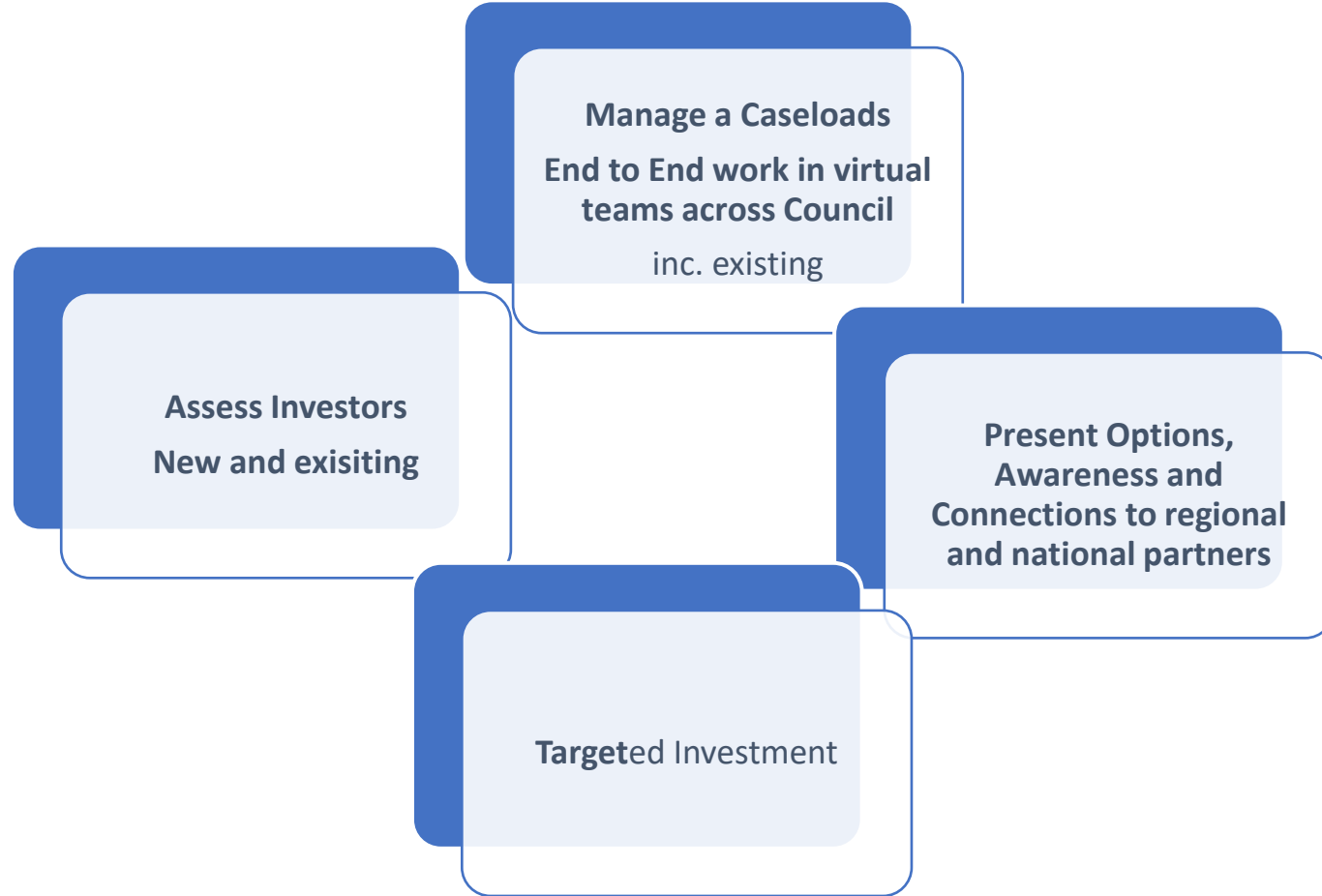
Community Led Development Work Programme 2022 - 2023

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Theme	Funding	Funding	Funding	Funding

Commented [GK2]: Is this just a double up from the above table?

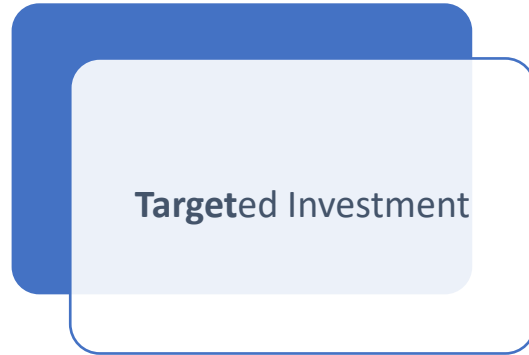
Economic Development and Key Account Management

What we do



Economic Development and Key Account Management

What we do



- Currently building a Waikato District Prospectus to promote nationally and internationally
- Improved self service for customers to identify Waikato District opportunities
- Identification of sector attraction
- Identification of sector clusters
- Developing Business Associations and existing Business Clusters.

Economic Development and Key Account Management

What we do

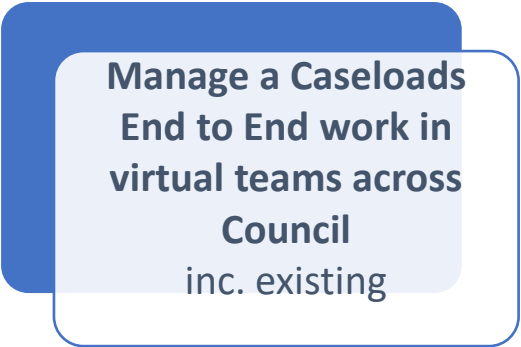


Assess Investments

- Creation of Investment Assessment Tool (*specific criteria to measure the level of service, input and benefits*)
- The design of a 3-tiered Service Level Agreement (Platinum, Gold and Silver)
- Identification of investment capital to provide project management for large scale investments

Economic Development and Key Account Management

What we do

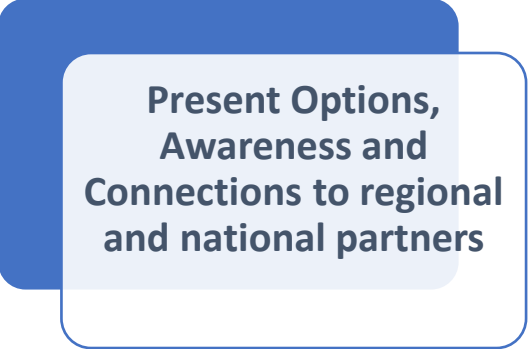


Manage a Caseloads
End to End work in
virtual teams across
Council
inc. existing

- Major project for managing significant Development Opportunities underway
- Case Management framework has been established to ensure good quality service is provided to investors
- All of council virtual team established with every team that touches the investment process on behalf of Council
- Delivering on the true end to end of investments, ensuring all opportunities are maximised for our communities

Economic Development and Key Account Management

What we do



**Present Options,
Awareness and
Connections to regional
and national partners**

Continue to build on national and regional economic partnerships

Assessment tool identification of other potential land options

Provision of a one stop service, lead by Council Economic Development in partnership with regional partners

Open

To	Strategy and Finance Committee
Report title	Exclusion of the Public

1. Staff recommendations

Tuutohu-aa-kaimahi

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
<p>Item number PEX 1 of Confirmation Minutes</p> <p>PEX 2.1 Draft Development Agreement - Deferral of Development Contributions (Tamahere Eventide Homes Trust)</p>	<p>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</p>	<p>Section 48(1)(a)</p>

Item PEX 2.2 Draft Development Agreement - Deferral of Development Contributions (Sanderson Group)		
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This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
Item PEX 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item PEX 2.1 Draft Development Agreement - Deferral of Development Contributions (Tamahere Eventide Homes Trust)	7(2)(b)(ii)	To protect information that would otherwise unreasonably prejudice a person's commercial position
Item PEX 2.2 Draft Development Agreement - Deferral of Development Contributions (Sanderson Group)	7(2)(b)(ii)	To protect information that would otherwise unreasonably prejudice a person's commercial position

2. Attachments

Ngaa taapirihanga

There are no attachments for this report.

Date:	22 March 2022
Report Author:	Grace Shaw, Democracy Advisor
Authorised by:	Gavin Ion Chief Executive