

Audit, Risk and Improvement Committee Meeting

PUBLIC BUSINESS AGENDA

Audit, Risk and Improvement Committee
Public Meeting will be held in the Council Chamber,
Torphin Crescent, Tokoroa
On Wednesday, 14 June 2023
Commencing at 9.30am

OUR VISION

“Healthy people thriving in a safe, vibrant and sustainable community.”

Audit, Risk and Improvement Committee

Membership

Chairperson	Independent Chair – Rachael Dean
Councillors	Cr Nelis Cr Te Kanawa Cr Garner
Independent Member	A Byett
Ex Officio	Mayor
Quorum	Half the number of members, one of whom must be the Chair or Deputy Chair.
Meeting frequency	Quarterly

Purpose

The purpose of the Audit, Risk and Improvement Committee is to assist and advise the governing body in discharging its responsibility and ownership of governance, risk management and internal control. The committee will:

- Monitor the effectiveness of Council's performance management and performance information.
- Obtain assurance from management that all financial and non-financial control and risk management functions are operating effectively and reliably.
- Provide oversight of the implementation of accepted audit recommendations.
- Ensure Council effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- Provide oversight of preparation of the Long-Term Plan (LTP), Annual report and other external financial reports required by statute.

Role

Internal Audit

- Evaluate the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
- Review, approve and monitor the implementation of the internal audit plan.
- Review the reports of the audit function dealing with findings, conclusions and recommendations.
- Review and monitor managements responsiveness to the findings and recommendations – enquiring into the reasons that any recommendation is not acted upon.

Risk Management

- Evaluate whether processes are in place to address key roles and responsibilities in relation to risk management.
- Review, endorse and monitor the implementation of financial policies, framework and strategy.
- Review the effectiveness of risk management and internal control systems including all material financial, operational, compliance and other material controls. This includes legislative compliance (including Health and Safety), significant projects and programmes of work and significant procurement.
- Review risk management reports identifying new and / or emerging risks.

External Audit

- Discuss with the external auditor before the audit commences:
 1. the nature, scope and fees of the external audit
 2. areas of audit focus
 3. error and materiality levels.
- Review with the external auditors' representations required by elected members and senior management.
- Review the external auditor's management letter and management responses and inquire into reasons for any recommendations not acted upon.

Power to Act

The committee:

- has no decision-making powers other than those in these terms of reference.
- may request expert advice through the chief executive where necessary.
- may make recommendations to the Council and / or the chief executive.

Power to Recommend

To Council and/or any standing committee as it deems appropriate.

The Audit, Risk and Improvement Committee is not delegated authority to:

- Develop strategic policy and strategy.
- Develop Council's Financial Strategy, funding and financial policies and non-financial operational policies and plans.

The Audit, Risk and improvement Committee reports directly to full Council.

Review

The committee's operation, terms of reference and membership will be reviewed after 12 months.

Attendees

Members	Independent Chairperson	R Dean
	Councillors	H Nelis M Te Kanawa R Garner
	Independent Member	A Byett
	Mayor Ex Officio	G Petley
Staff	Chief Executive	S Law
	Interim Executive Manager Corporate	M Booth
	Interim Executive Manager Operations	J Hassall
	Interim Executive Manager Transformation	D Lascelles
	Acting Chief Financial Officer	W Cortesi
	Project Management Officer	N Murphy
	Communications Manager	K Fabrie
Executive Officer	J Anderson	

Agenda Confirmed by:

S Law

Chief Executive

*RECOMMENDATIONS contained in reports are NOT to be construed as COUNCIL DECISIONS.
Refer to Council minutes for RESOLUTIONS.*

Order of Business

- 1. **Apologies** 5
- 2. **Confirmation of Agenda** 5
- 3. **Conflicts of Interest** 5
- 4. **Confirmation of Minutes** 6
 - 4.1 Confirmation of Minutes 6
- 5. **Reports** 9
 - 5.1 Capital Portfolio Monitoring Report 9
 - 5.2 Financial Services Report – April 2023 18
 - 5.3 Deloitte External Audit Draft Planning Report for the Year Ended 30 June 2023..... 29
 - 5.4 ARI Committee Forward Work Programme June 2023 Update 55
 - 5.5 Annual Plan Report..... 58

1. Apologies

2. Confirmation of Agenda

3. Conflicts of Interest

4. Confirmation of Minutes

4.1 Confirmation of Minutes

Document Information

Report To:	Audit, Risk and Improvement Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Michael Booth
Author Title:	Interim Executive Manager, Business Support
Report Date:	Monday, 12 June 2023

Purpose

1. To present past minutes.

Recommendation

2. That the Audit, Risk and Improvement Committee:
 - a) Confirms the minutes of the public business agenda of the Audit, Risk and Improvement Committee meeting held on Wednesday 22 March 2023 as a true and accurate record.

Attachment

Unconfirmed Audit, Risk and Improvement Committee Meeting Minutes 22 March 2023 Docset 631325.

Audit, Risk and Improvement Committee Meeting

PUBLIC BUSINESS MINUTES

Audit, Risk and Improvement Committee Meeting
held at the Council Chamber
Torphin Crescent, Tokoroa on
8.30am on Wednesday, 22 March 2023

Attendees

Members	Independent Chairperson Mayor (Ex Officio)	R Dean G Petley
	Councillors	Cr Nelis Cr Te Kanawa Cr Garner
	Independent Member	A Byett
Staff	Chief Executive IEM Corporate Chief Financial Officer Communications Manager Personal Assistant (Minutes)	S Law M Booth W Cortesi K Fabrie C Cawood

1. Apologies

There were no apologies.

2. Confirmation of Agenda

That the agenda, as circulated, is unchanged.

3. Conflicts of Interest

No conflicts of interest were declared.

4. Confirmation of Minutes

4.1 Confirmation of Minutes

Matters of Accuracy

There were no minutes to ratify.

5. Reports

5.1 Audit Risk and Improvement Committee External Audit Management Report – 2023

Report is taken as read.

Deloitte's attended the meeting via teams and presented to the report.

23/61 Resolved

Committee receives and notes the report.

That Report No 2023- 619612, Audit, Risk and Improvement Committee External Audit Management Report – 2023

All in Favour

Carried

5.2 Audit Risk & Improvement Committee Forward Program – 2023

23/62 Resolved

That Report No 2022-619603, ARI Committee Forward Work Program 2023, be received.

ACTION: That consideration be given to holding a Risk workshop for all elected members with an independent chair. Determine the appetite of council with risk and training. Suggestion in June 2023.

ACTION: Health and Safety be included as a standing agenda for future meetings.

ACTION: Business Continuity be included in the Forward Work Program with a deep dive to be considered for a future meeting.

All in Favour

Carried

The meeting closed at 10.45am

5. Reports

5.1 Capital Portfolio Monitoring Report

Document Information

Report To:	Audit, Risk and Improvement Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Nick Murphy
Author Title:	PMO Manager
Interim Executive Manager:	Debbie Lascelles, Strategy & Transformation
Report Date:	Wednesday, 17 May 2023

Purpose

1. To inform the Audit, Risk and Improvement Committee on the performance of the overall capital portfolio and associated key projects and programmes for the 10 months ended 30 April 2023.

Recommendation

2. That the Audit, Risk and Improvement Committee:
 - a) receives the Report 2023-631351, Capital Portfolio Monitoring Report.

Executive Summary

3. This is the second year of the Long Term Plan 2021-31. The Annual Plan 2022-23 approved capital budget is \$16.36 million.
4. Since the approval of the Annual Plan 2022-23, an additional \$16.08 million has been added to the capital budget from carryovers from 2021/22, which was approved during the 4 October 2022 Extra Ordinary Council meeting.
5. On 7 September 2022, Council approved \$1.2 million to be allocated from Asset Replacement Reserves for the secondary treatment plant at Arapuni.
6. The total approved capital budget for 2022/23 is \$33.64 million.
7. The total capital expenditure for the 10 months ended 30 April 2023 is \$9.27 million, 28% of the total approved capital budget.
8. \$20.38 million has been identified as requiring rephasing (carryover) to future years due to project timing.
9. The current forecast expenditure to the financial year end is \$12.55 million.
10. There are three capital portfolio level risks identified that are being managed by staff:
 - Cost escalation
 - Capacity within the market
 - Inclement weather.

11. Five projects across the capital portfolio have been flagged as having risks that are being brought to the attention of Council. Each individual project is listed in paragraphs 31-50.
12. Staff consider the matters to be of low significance and that the recommendations comply with the Council's legal requirements.

Context

13. The following definitions are relevant:
 - Portfolio: refers to the total organisational capital work budget for 2022/23.
 - Programme: refers to two or more projects that are managed in a coordinated way to deliver a set of benefits.
 - Project: refers to the individual project under a particular programme. These projects may have funding from multiple activities and occur across multiple years.
14. This is the second year of the Long Term Plan 2021-31. The Annual Plan 2022-23 approved capital budget is \$16.36 million.
15. Since the approval of the Annual Plan 2022-23, an additional \$16.08 million has been added from carryovers from 2021/22.
16. On 7 September 2022, Council approved \$1.2 million to be allocated from Asset Replacement Reserves for the secondary treatment plant at Arapuni.
17. The total approved capital budget for 2022/23 is \$33.64 million.
18. For the purposes of this Capital Portfolio Monitoring report, there are three main types of capital budget movement that will impact on the forecasted total spend for this financial year. They are:
 - Deferrals and Bring Forwards: These are approved budgets where a timing change has been identified. The timing change is either, a deferral, where the budget is moved out to a future year or a brought forward where the future budget is brought forward to the current year.
 - Savings: these are permanent reductions in the budget due to projects and/or programmes being delivered under budget; and
 - Other Changes: these are new budgets that either did not previously exist or is an amendment to an existing approved budget.

Discussion

Capital Expenditure and Forecasts

19. For the 10 months ended 30 April 2023, the actual expenditure to date is \$9.27 million (\$19.7 million). The amount in brackets is the comparative from the previous financial year.
20. The current forecast expenditure to the financial year end is \$12.55 million. The following table summarises the forecast expenditure:

	Budget (\$)
Annual Plan 2022-23	16,355,026
2021/22 Carryovers	16,084,000
Arapuni WWTP Funding Request	1,200,000
2022/23 Total Approved Budget	33,639,026

Current Year Changes	
Proposed Deferrals	(20,379,026)
Proposed Bring Forwards	0
Proposed Savings	(310,000)
Proposed Other Changes	(400,000)
Forecast to Financial Year End	12,550,000

21. The proposed key deferrals relate to the following projects and programmes:

Project Name	Deferral (\$)
Putaruru Wastewater Treatment Plant (WWTP) Wetlands	780,000
Arapuni Tirau St Wastewater Pipe Upgrade	1,669,000
Tokoroa Wastewater Treatment Plant (WWTP) Digestor	1,459,000
Tokoroa Pools Upgrade	5,358,534
Rural Residential Subdivision	549,611
Maraetai Road Intermodal Business Park (MRIBP)	5,026,000
Tokoroa WWTP Duplicate Drum Filter	210,000
Arapuni WWTP Secondary Treatment	1,200,000
Tokoroa Library/Community Hub	184,016
Districtwide Roding Capital Programme	1,600,000

22. The attachment provides an overview of performance for the capital portfolio as at 30 April 2023, along with an update on key projects and programmes.

Portfolio Risks

23. There are currently three portfolio risks that are being monitored and managed.

Cost escalation

24. This risk relates to the ongoing dynamic economic environment, along with the national and international demand for certain materials. The risk consequences are project delays and escalating project costs.
25. Staff are continuing to monitor the economic environment and are considering this as part of the Annual Plan 2023-24 process to ensure that capital budgets remain adequate to deliver the required outcomes.

Capacity within the market

26. This risk relates to both supply of materials and labour. Significant weather events over the past six months, including Cyclone Gabrielle, and the extent of damage across the North Island is still yet to be fully quantified.
27. It is predicted that there will be a large amount of resourcing required to repair the significant damage and the national workload may affect future project and programme delivery.

Inclement weather

28. This risk relates to the consistent poor weather over the traditional summer months, and in particular January, February, and March. Continued poor weather is likely to have an impact on the progress of some projects.

29. Staff continue to monitor progress and there is the potential for some work needing to be carried over to the 2023/24 construction season.

Project Risks

30. Five projects across the capital portfolio have been flagged as having risks that are being brought to the attention of Council.
31. All five projects are classified as Amber, indicating risks to scope, budget and/or schedule that are being monitored and managed.

Putaruru Wastewater Treatment Plant (WWTP) Wetlands

32. This project is required to meet resource consent conditions. There is a requirement to construct a post-treatment wetland adjacent to the WWTP.
33. Meetings have been held with both Raukawa and Waikato Regional Council (WRC), with both confirming their support for the proposed actions to extend the timeframes required to meet resource consent conditions.
34. Both ground water and surface water quality assessments have shown no significant sign of contamination to Oraka Stream. Assessments have been sent to Raukawa for further discussion.
35. Internal discussions on viable options for location and design of solution are underway. Once investigations have been completed, staff will prepare remedial options for consideration to confirm the project scope and required budget.
36. There is a risk that the current budget will be inadequate to deliver the preferred solution.

Arapuni Tirau St Wastewater Pipe Upgrade

37. This is a three-phase project. Phases Two and Three are in the construction phase.
38. Phase One has encountered underground conflicts around the crossing of State Highway 1 requiring redesign to that area.
39. KiwiRail have approved application for Deed of Grant to continue works under State Highway 1. Staff are preparing tender documents for Phases 1 and 3.
40. Even though progress has been made with the KiwiRail Deed of Grant, this has delayed Phases 1 and 3 physical works into 2023/24, requiring a deferral of budget.

Tokoroa Wastewater Treatment Plant (WWTP) Digester

41. This project is required to rehabilitate the old digester tank to enable appropriate management of the wastewater sludge at the Tokoroa WWTP.
42. Biosolid quality test results have been deemed acceptable by Envirowaste to be disposed of at Hampton Downs. This has come at an additional cost to the project that was not part of the original scope and budget.
43. Initial Structural Assessment indicates the existing 1960's digester tank may not be suitable for refurbishment. Desktop structural assessment of the old digester tank has been completed. Staff are reviewing viable options. It is likely the demolition and site clearance will need to be considered as part of the upcoming Long-Term Plan.

Putāruru Skate Park Development

44. This project is refurbishment of the existing skate bowl and the creation of new facilities for multi-age users and the wider community.
45. Project is progressing slowly due to the continued adverse weather, which has had a significant impact on the programme timeline.

46. Majority of the works in the lower area are complete with the focus now being on progressing the upper section. Forecast completion is by the end of the financial year but may require budget deferral to complete the works.

Maraetai Road Intermodal Business Park (MRIBP)

47. This project is the creation of an industrial subdivision on the MRIBP site to create 18 industrial lots. This will benefit the Tokoroa township, as well as the wider South Waikato area with increasing employment opportunities and development.
48. Project has incurred significant delays in lodgements of subdivision and stormwater consents with the Waikato Regional Council (WRC). Staff are currently working with WRC so consents can be granted in scheduled timeframes and enabling works can progress during the winter period.
49. Tender documents for the full physical works programme are being prepared with a forecast start date in the 2023/24 construction season.

Risks

50. The portfolio and project risks have been identified above.

Significance & Engagement Policy

51. The matters and recommendation contained in this report do not trigger Council's Significance and Engagement Policy.

Attachment

Capital Portfolio Performance as at 30 April 2023 (2023-630077).

Capital Portfolio Performance

As at 30 April 2023

\$9.27m

2022/23 Actual Spend to Date

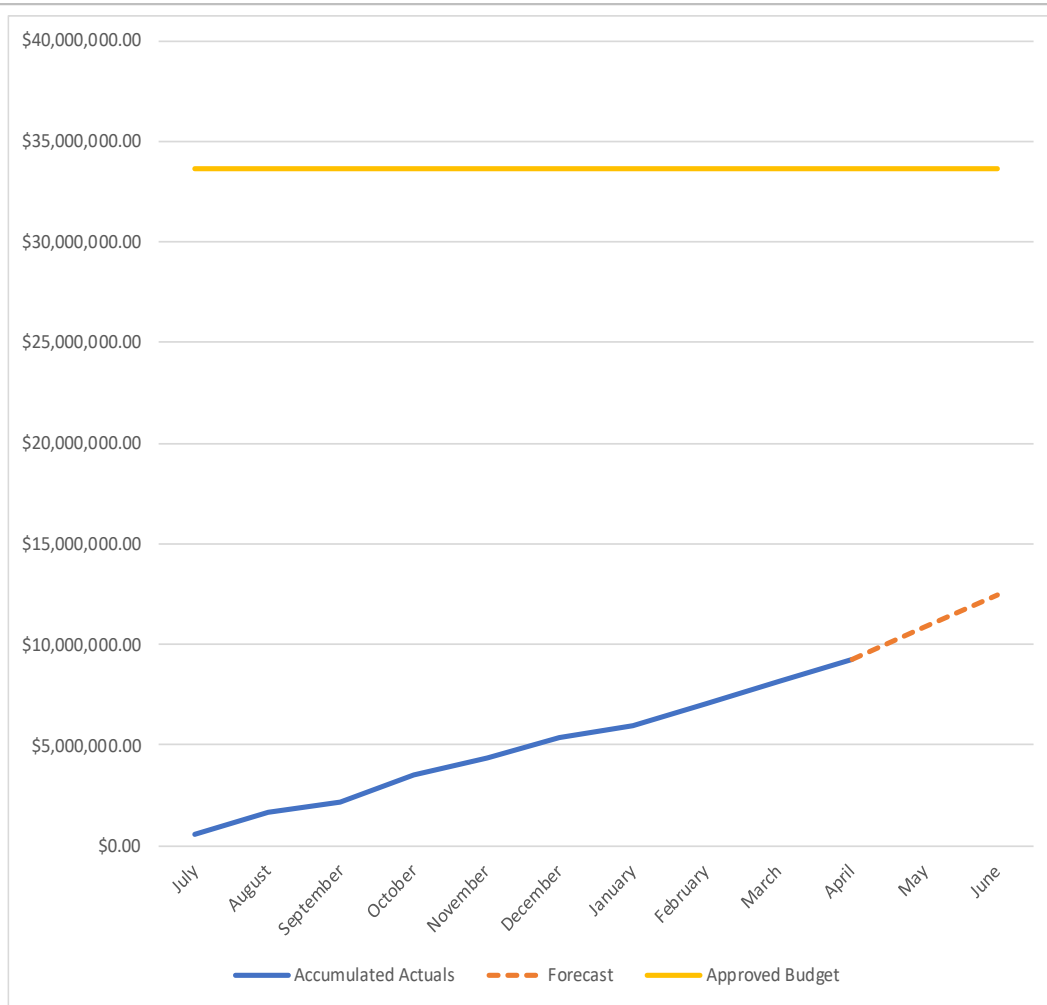
\$33.64m

2022/23 Total Approved Budget

\$12.55m

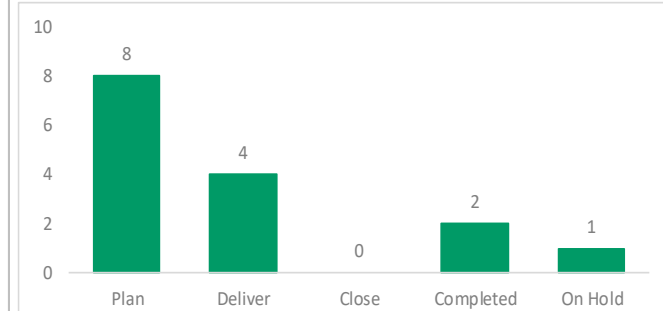
2022/23 Forecast Expenditure to Financial Year End

2022/23 Financial Performance



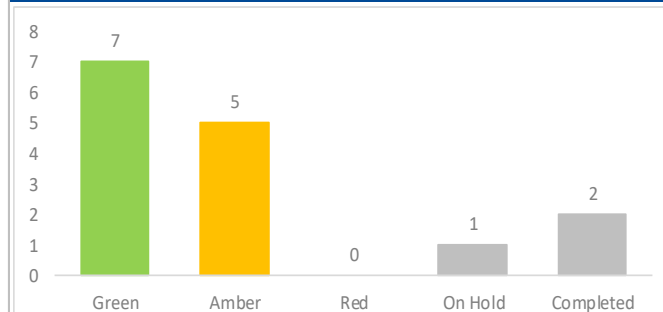
Stage / Phase

Key Projects and Programmes



Status

Key Projects and Programmes



Capital Portfolio Performance

As at 30 April 2023

Programme/Project Name	Purpose	Total Multi-Year Budget	Forecast Completion Date	Stage	Overall Status	Budget Status	Scope / Quality Status	Schedule Status	2022/23 Actual Spend	2022/23 Forecast to Financial Year End	2022/23 Total Approved Budget	2022/23 Variance	Commentary
Putāruru Wastewater Treatment Plant (WWTP) Wetlands	To construct a wetland in Putāruru WWTP as required by the resource consent	\$ 1,040,000.00	TBC	Planning	Amber	Amber	Amber	Amber	\$ 118,957	\$ 204,720	\$ 992,000	\$ 787,280	Both ground water and surface water quality assessments have shown no significant sign of contamination to Oraka Stream. Assessments have been sent to Raukawa for further discussion. Internal discussions to occur on viable options for location and design of solution.
Arapuni Tirau St Wastewater Pipe Upgrade	To upgrade wastewater pipelines in Putāruru to accommodate growth	\$ 2,017,000.00	Dec-23	Planning	Amber	Green	Green	Amber	\$ 173,245	\$ 200,000	\$ 1,869,000	\$ 1,669,000	KiwiRail have approved application for Deed of Grant to continue works under State Highway 1. Staff are preparing tender documents for Phases 1 and 3. Construction for Phase 2 (Lorraine Moller Reserve) is ongoing.
Tokoroa Wastewater Treatment Plant (WWTP) Digester	To rehabilitate the old digester tank to enable appropriate management of the wastewater sludge	\$ 3,157,000.00	Dec-23	Delivery	Amber	Amber	Amber	Amber	\$ 258,998	\$ 600,000	\$ 2,059,000	\$ 1,459,000	Biosolid quality test results have been deemed acceptable by Envirowaste to be disposed of at Hampton Downs. Desktop structural assessment of the old digester tank have been completed. Staff are reviewing viable options. Ongoing work with contractor of new digester to complete snag list and fault log.
Putāruru Skate Park Development	To refurbish the existing skate bowl and create new facilities for multi-age users / community	\$ 550,000.00	Jun-23	Delivery	Amber	Amber	Green	Red	\$ 408,266	\$ 600,000	\$ 550,000	-\$ 50,000	Project is progressing slowly due to the continued adverse weather, which has had a significant impact on the programme timeline. Majority of the works in the lower area are complete with the focus now being on progressing the upper section. Forecast completion by 30 June.
Tokoroa Pools Upgrade	Major upgrade of all aspects of the existing pools facility to "future proof" the venue for a further 25 years	\$ 12,940,000.00	TBC	Planning	Green	Green	Green	Amber	\$ 151,495	\$ 483,466	\$ 5,842,000	\$ 5,358,534	Preliminary design is complete. Slight delay to developed design due to previously received seismic report needing to be updated.
Putāruru Pools Refurbishment & Upgrade	To install BBQ, shelters, and changing rooms. Refurbishment of changing rooms, upgrade to kiosk, and new storage facility	\$ 240,000.00	Oct-23	Planning	Green	Green	Green	Amber	\$ 175,256	\$ 175,256	\$ 184,000	\$ 8,744	Physical works for this financial year are now complete. Planning underway for next stage to be completed in 2023/24 (pending Annual Plan confirmation).
Tirau Pools Refurbishment & Upgrade	New toilets and overall improvements to the appearance and maintenance condition of the facility	\$ 550,000.00	Oct-23	Planning	Green	Green	Green	Green	\$ 50,923	\$ 50,923	\$ 80,000	\$ 29,077	Physical works for this financial year are now complete. Planning underway for next stage to be completed in 2023/24 (pending Annual Plan confirmation).

Capital Portfolio Performance

As at 30 April 2023

Programme/Project Name	Purpose	Total Multi-Year Budget	Forecast Completion Date	Stage	Overall Status	Budget Status	Scope / Quality Status	Schedule Status	2022/23 Actual Spend	2022/23 Forecast to Financial Year End	2022/23 Total Approved Budget	2022/23 Variance	Commentary
Rural Residential Subdivision	Development of existing Council owned land into a 11 plot residential subdivision	\$ 1,466,000.00	Oct-23	Delivery	Green	Green	Green	Amber	\$ 213,139	\$ 855,389	\$ 1,405,000	\$ 549,611	Construction contract has been awarded. Site works starting imminently. 'Schedule' status of amber due to risk of continued bad weather that will impact on road sealing works.
Dumfries 800m New Link Road	New road to link the existing cul-de-sacs of Pelikan Place and Dumfries Road. Provides improved (safer) access to local schools and Event Centre, as well as creating additional parking for visitors to Tokoroa Cemetery	\$ 1,600,000.00	Nov-23	Planning	Green	Green	Green	Amber	\$ 242,307	\$ 439,722	\$ 416,000	-\$ 23,722	Original scope of works is complete. Contract for construction of traffic calming measures to be awarded. 'Schedule' status of amber due to risk of continued bad weather that will impact on construction programme.
Maraetai Road Intermodal Business Park (MRIBP)	Plan to build an industrial subdivision on the MRIBP site to create 18 industrial lots. This will benefit the Tokoroa township, as well as the wider South Waikato area with increasing employment opportunities and development	\$ 8,965,000.00	Oct-24	Planning	Amber	Green	Green	Amber	\$ 392,171	\$ 500,000	\$ 5,526,000	\$ 5,026,000	Project has incurred significant delays in lodgements of subdivision and stormwater consents with the Waikato Regional Council (WRC). Staff currently working with WRC so consents can be granted in scheduled timeframes and enabling works can progress during the winter period. Tender documents for full construction are being prepared with forecast start date in the next construction season (September / October 2023).
Depot St (Tirau) Pump Station	Increase pumpstation capacity and emergency storage for Depot St, Tirau	\$ 1,025,000.00	Jun-24	Planning	Green	Green	Green	Green	\$ 79,700	\$ 100,000	\$ 100,000	\$ -	The design phase is progressing as expected with concept designs now reviewed and approved. Tender process for supply of the pump station has been completed and consultant has provided recommendation for preferred supplier. Detailed design and contract documentation for construction are underway with forecast delivery during the 2023/24 summer months.
Tokoroa Library/Community Hub	Design and build of a replacement library building that provides a future-proofed facility and improves the library's ability to provide a service that will serve the community	\$ 5,466,170.00	TBC	On Hold	On Hold	On Hold	On Hold	On Hold	\$ 45,783	\$ 45,783	\$ 229,799	\$ 184,016	This project is currently on hold pending the outcome of the Town Concept Plans and Growth Strategy programme of work.
Districtwide Additional Public Toilets Programme	To renew, upgrade and/or install new public toilet facilities across the district to increase utilisation of reserves, playgrounds and/or other Council spaces and places	\$ 243,000.00	Mar-23	Completed	Completed	Completed	Completed	Completed	\$ 184,594	\$ 184,594	\$ 243,000	\$ 58,406	Programme for this LTP has been completed. Due to increased costs, the Pioneer Park toilets project has been deferred and will be discussed as part of the upcoming LTP process.

Capital Portfolio Performance

As at 30 April 2023

Programme/Project Name	Purpose	Total Multi-Year Budget	Forecast Completion Date	Stage	Overall Status	Budget Status	Scope / Quality Status	Schedule Status	2022/23 Actual Spend	2022/23 Forecast to Financial Year End	2022/23 Total Approved Budget	2022/23 Variance	Commentary
Districtwide Roading Capital Programme	To provide a safe and efficient road network within the district	\$ 5,720,059.00	Jun-23	Delivery	Green	Green	Green	Amber	\$ 1,551,387	\$ 4,120,059	\$ 5,720,059	\$ 1,600,000	Due to adverse weather over the summer construction season, the work programme has been delayed. Staff have looked at alternative delivery options with contractor to progress as much as possible this financial year.
Districtwide Water Reticulation Renewals Programme	Renewal and upgrades to the water reticulation network across the district	\$ 1,021,500.00	Jun-23	Completed	Completed	Completed	Completed	Completed	\$ 1,007,162	\$ 1,007,162	\$ 1,021,500	\$ 14,338	This financial year's programme has been completed. Increased costs / cost fluctuations have required prioritisation of the work programme and deferral of some projects to the next financial year.

5.2 Financial Services Report – April 2023

Document Information

Report To:	Audit, Risk and Improvement Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Wiki Cortesi
Author Title:	Chief Financial Officer
Interim Executive Manager:	Michael Booth, Corporate
Report Date:	Thursday, 18 May 2023

Purpose

1. To inform the Audit, Risk and Improvement Committee on the financial performance of Council to 30 April 2023.

Recommendation

2. That Council:
 - a) Receives and notes the Report 2023-631244, Financial Services Report – April 2023.

Executive Summary

3. The financial performance of Council is an indication of what the level of income and expenses are being received and spent in relation to budget estimates at any point in time and how that impacts on Council equity at the same point.
4. At 30 April 2023, we have identified that there is a \$4.7m operating deficit to date. There is \$1.2m of capital funding included in the subsidies and grants revenue that makes the full deficit picture look better than what is occurring from an operational perspective.
5. At 30 April 2023, we have identified that Council has \$97.3m more in net assets. The total assets of Council are \$94m higher than expected and total liabilities are \$3.3m lower than expected.
6. At 30 April 2023, we have identified that the percentage of fixed rate debt maturities are outside policy. Our advisors, PriceWaterhouseCoopers (PwC), are currently reviewing our strategy. The strategy detail from our advisors will be presented at the next Audit, Risk and Improvement Committee meeting to review.
7. There is a higher number of accounts in arrears compared to this period last year which corresponds with a lower percentage of rates arrears collection in the same period.
8. The ratio measures indicate that we have a current ratio of 1.3 which means we \$1.30 of current assets to every \$1 of current liabilities and that our net debt to revenue ratio is currently 38%.
9. There is a \$290k increase in reserve balances since the March 2023 Financial Services Report was presented to Council. This is mainly due to there being less targeted rate funded costs than what has been rated for.

Context

10. The detail discussed in this report is aligned with the Council vision, community outcomes, Council policies and the Council strategy. We want to keep Council informed and up to date with the relevant financial information through the financial services report.
11. A rates arrears update report was presented to Council on 7 June 2023.

Discussion

12. The Performance Report to 30 April 2023 has 4 main components. These are the financial statements comprised of the statement of comprehensive revenue and expenditure and statement of financial position, treasury report, rates overview and Council reserve balances.

Reference

13. Annual Plan 2022/2023.

Attachments

Performance Report to 30 April 2023.

PERFORMANCE REPORT

To 30 April 2023



1. Financial Statements

For the year ended 30 April 2023		YTD		Annual	Revised	YTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE		Actual	Budget	Plan	Budget	Difference
REVENUE AND EXPENSE		2023	2023	2023	2023	2023
		\$000s	\$000s	\$000s	\$000s	\$000s
Revenue						
Rates, excluding targeted water supply rates	27,488	27,894	33,473	33,473	(406)	
Fees, charges, and targeted rates for water supply	3,786	4,062	4,883	4,875	(276)	
Development and financial contributions	687	189	227	227	498	
Subsidies and grants	5,418	5,153	4,879	6,183	265	
Finance income	223	309	370	370	(86)	
Other revenue	1,887	1,803	2,155	2,163	84	
Total revenue	39,489	39,410	45,987	47,292	79	
Expenditure						
Employee benefits expense	10,872	10,397	12,476	12,476	475	
Depreciation and amortisation expense	8,443	8,033	9,640	9,640	410	
Finance costs	911	631	818	757	280	
Other expenses	22,799	21,488	25,507	26,486	1,311	
Total expenditure	43,025	40,548	48,441	49,359	2,477	
Surplus/(Deficit)	(3,536)	(1,138)	(2,454)	(2,067)	(2,398)	
Other comprehensive revenue and expense						
Gain/loss in Asset Revaluation Reserve	-	11,409	19,558	19,558	(11,409)	
Gain/loss in Investment Revaluation Reserve	1,373	-	-	-	1,373	
Total other comprehensive revenue and	1,373	11,409	19,558	19,558	(10,036)	
Total comprehensive revenue and expense	(2,163)	10,271	17,104	17,491	(12,434)	

Commentary

The statement above indicates that although the year-to-date total revenue is \$79k more than expected, \$1.2m of the revenue included in the subsidies and grants is capital funding. The statement shows that there has been \$2.4m more year to date total expenditure than expected. This has resulted in an actual operating deficit year-to-date of \$4.7m and a total deficit of \$3.5m.

The main contributors to the increase in revenue over budget include:

- More development and financial contributions income received from more processed consents and subdivisions than expected.
- The increase noted above is offset by lower-than-expected finance income from the Wealthnet portfolio.

The main contributors to the increase in expenditure over budget include:

- the increase in interest costs on borrowing due to the current borrowing structure.
- an increase in power costs with the most significant changes identified at our three water services sites and at the Tokoroa indoor pools.
- an increase in insurance costs mainly attributable to the revaluations on our three waters and roading infrastructure assets.
- an increase in repairs and maintenance requirements especially in wastewater reticulation, roading vegetation control and roading high shoulder (flanking) work.

The gain in the investment revaluation reserve is directly attributable to the unrealised gain received to date from the Wealthnet investment portfolio. This portfolio is managed by BNZ and is an investment fund specifically set up for asset replacement/renewal and should align with the asset replacement reserves.

As at 30 April 2023		YTD	Annual Plan	Revised	YTD	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		Actual	Budget	Budget	Difference	
		2023	2023	2023	2023	
		\$000s	\$000s	\$000s	\$000s	
Equity						
Retained earnings		148,621	165,636	163,972	165,636	(17,015)
Other reserves		420,831	306,491	306,491	306,491	114,340
Total equity		569,452	472,127	470,463	472,127	97,325
Assets						
Current assets						
Cash and cash equivalents		6,933	2,803	2,803	2,803	4,130
Receivables		4,642	7,058	4,540	7,058	(2,416)
Inventories		105	171	171	171	(66)
Other financial assets		116	-	-	-	116
Non-current assets held for sale		1,758	-	-	-	1,758
Derivative Financial Instruments		534	-	-	-	534
Total current assets		14,088	10,032	7,514	10,032	4,055
Non-current assets						
Property, plant and equipment		582,683	493,303	493,303	493,303	89,380
Other financial assets		22,026	22,548	22,548	22,548	(522)
Derivative Financial Instruments		1,377	-	-	-	1,377
Intangible assets		7	328	328	328	(321)
Total non-current assets		606,093	516,179	516,179	516,179	89,914
Total assets		620,181	526,211	523,693	526,211	93,969
Liabilities						
Current liabilities						
Payables and deferred revenue		4,819	6,819	5,965	6,819	(2,000)
Employee benefit obligations		1,001	609	609	609	392
Borrowings		5,000	1,904	1,904	1,904	3,096
Provision for landfill closure		38	748	748	748	(710)
Trust accounts		-	-	-	-	-
Total current liabilities		10,856	10,080	9,226	10,080	777
Non-current liabilities						
Provision for landfill closure		649	873	873	873	(224)
Borrowings		39,000	42,883	42,883	42,883	(3,883)
Derivative Financial Instruments		-	-	-	-	-
Employee benefit obligations		223	248	248	248	(25)
Total non-current liabilities		39,872	44,004	44,004	44,004	(4,132)
Total liabilities		50,729	54,084	53,230	54,084	(3,355)
Net assets		569,452	472,127	470,463	472,127	97,324

Commentary

The statement above indicates that our net assets are \$97.3m more than expected.

The main reasons for the net asset movement includes:

- the increase in the expected non-current property, plant and equipment values. This is mainly due to the movement in the three water and roading infrastructure assets in 2021/2022 because of the revaluation undertaken in that year.
- There has only been \$9.2m of the expected \$33.6m capital expenditure undertaken to date. A full comprehensive capital expenditure report will be provided by the Project Management Officer.
- Borrowing costs in total are almost at the point of where we expected to be due to borrowing to cover operational expenses.

Ratio Measures

South Waikato District Council's current ratio (current assets divided by current liabilities) is 1.3. This ratio identifies the ability to pay short term obligations. At present, we have \$1.3 of current assets to every \$1 of current liabilities which is good.

South Waikato District Council's net debt to revenue ratio (net debt divided by revenue) is 38%. This ratio evaluates the financial leverage of an entity. Our limit is 175%.

2. Treasury Report

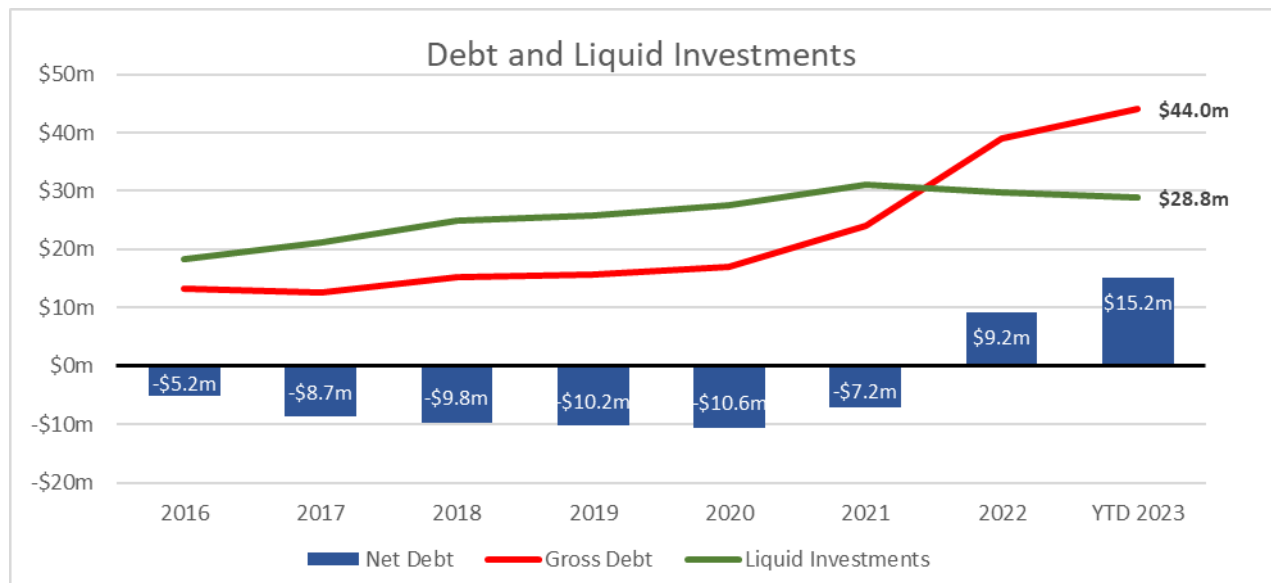
The table below shows our compliance in relation to our Treasury Policy limits and the chart below shows gross debt and liquid investments.

Compliance with Treasury Policy Limits

			Result @	Policy
Policy Compliance	Measure	Policy	30-Apr-23	Compliance
Fixed rate debt maturity	all years	within annual parameters	not achieved for some	X
Funding maturity	0 - 3 years	15% - 60%	39%	✓
	3 - 7 years	25% - 85%	61%	✓
	7 - 10 years	0% - 60%	0%	✓
Liquidity ratio	minimum	110%	118%	✓
Counterparty credit risk	maximum	BNZ \$15m	achieved	✓

We are not within policy for the minimum percentage of fixed rate debt maturities in some years. Staff are in discussion with our advisors, PriceWaterhouseCoopers, to plan our strategy. The strategy detail from discussions with our advisors will be provided at the next Audit, Risk and Improvement Committee meeting to review. This measure relies on accurate long-term debt forecasting. Current uncertainty exists as a result of three waters, annual plan and long-term plan outcomes.

Debt



The chart above shows gross debt and liquid investments. The difference between the two is net debt (as measured by LGFA). Council is well within debt covenants, noting that from the 2022 year we have become a net borrower rather than a net investor.

The weighted average cost of funds for gross debt is 3.7%.

3. Rates

Rates are the main source of income for Council. Collection of rates is an important task to ensure that Council can operate and provide services to meet the requirements of the community in which it serves.

The detail that follows provides some information on the outstanding rates in dollar terms, rates collection as a percentage compared to the same month in the prior year and examples of percentage collection and rates accounts arrears in a graph format that shows comparatives for the last four years in relation to this current financial year.

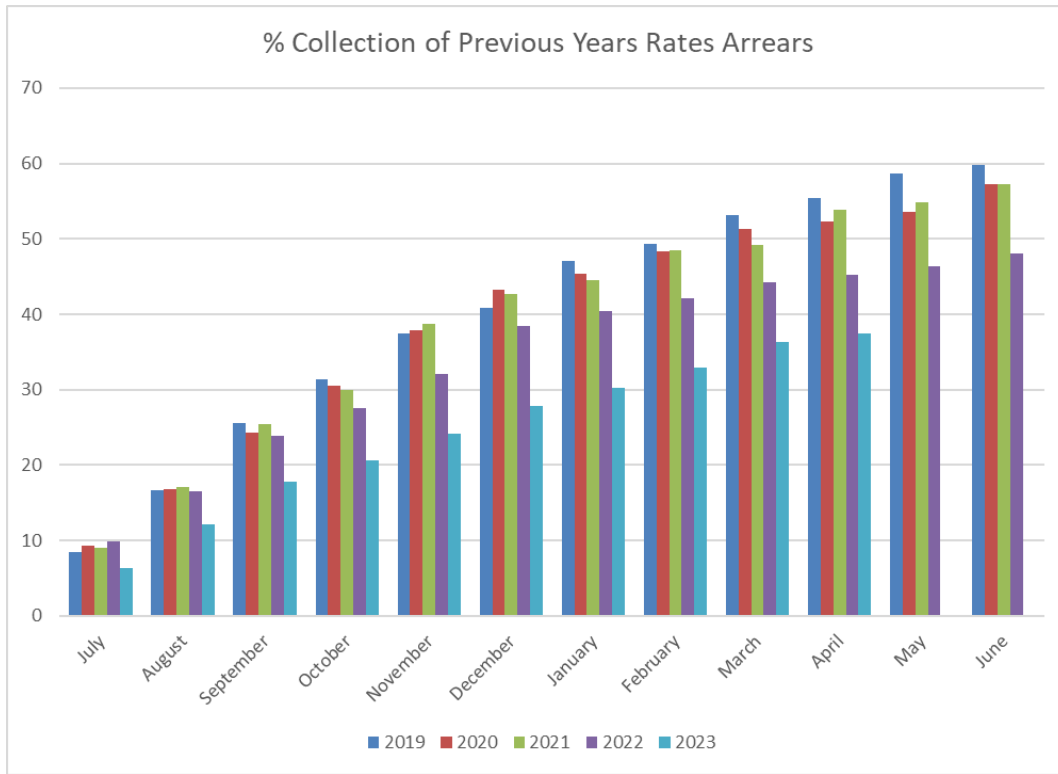
Rates outstanding as at 30 April 2023

Current instalment balance	\$ 7,254,380
Arrears relating to rates charged this year	\$ 902,588
Penalties balance	\$ 223,847
Arrears still outstanding from previous years	\$ 1,460,188
Court Costs	\$ 0
Total	\$ 9,841,003

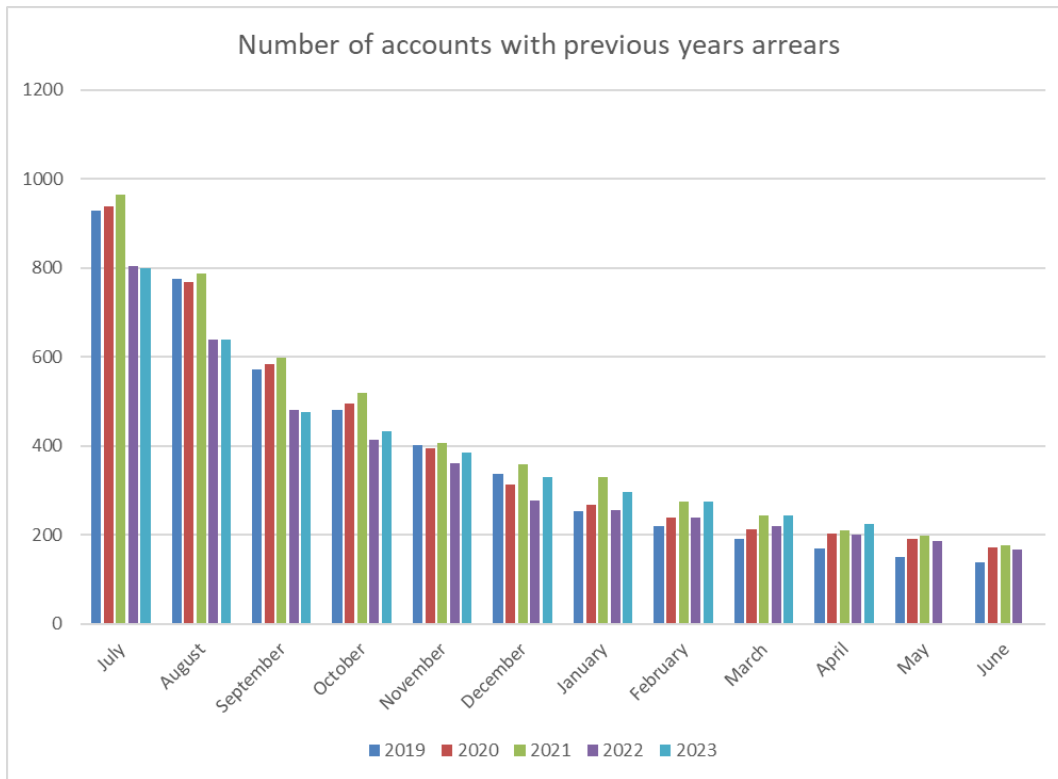
Rates Collection – shown as a percentage

		% Rates Collected YTD This Year	Comparison to same month last year
Arrears as at 1 July 2022	\$ 2,333,944	37.4%	45.3%
Current Year Levied	\$ 38,895,640	79.0%	79.1%
Penalties charged	\$ 355,673	37.1%	35.4%
Current year including penalties	\$ 39,251,313	78.7%	78.8%

Current Rates and Penalties Collection Percentage History



Rates Account Arrears History



4. Council reserves as at 30 April 2023

Asset replacement reserves

An amount of money equivalent to the current year's depreciation is transferred to these reserves during the year. These funds are then available to fund future capital expenditure and loan repayments.

Asset Replacement Reserves	Opening Balance at 1 July 2022 \$ (favourable)	Closing Balance at 30 April 2023 \$ (favourable)
TOTAL	(15,503,700)	(13,837,368)

Targeted rate reserves

Targeted rates are levied on specific properties for a specific purpose. The funds are kept in separate reserve accounts, so they are only used for that specific purpose.

Targeted Rate Reserves	Opening Balance at 1 July 2022 \$ (favourable)	Closing Balance at 30 April 2023 \$ (favourable)
TOTAL	(1,410,914)	(1,819,409)

Council created reserves

These reserves are created by Council for a specific purpose. The funds have been set aside and are able to be used at Council's discretion.

Council Created Reserves	Opening Balance at 1 July 2022 \$ (favourable)	Closing Balance at 30 April 2023 \$ (favourable)
TOTAL	959,735	1,564,177

Performance Report Explanatory Notes

1. The Financial Statement section in relation to financial performance is as follows:
 - a) The Statement of Comprehensive Revenue and Expenditure (also known as an income statement) looks at the overall income and expenses of the organisation.
 - b) The Statement of Financial Position (also known as the balance sheet) looks at the current and non-current assets and liabilities of the organisation.

2. The Treasury Report section in relation to treasury policy compliance and debt and liquid investments is as follows:
 - a) The Treasury Policy compliance

Measures are set with the intention to manage council's various risks associated with borrowing. When policy compliance is achieved, risk is at an acceptable level. If policy is breached it is an indicator that a risk is greater than a prudent level and we will work towards regaining compliance as soon as practicable.
 - b) Fixed rate debt maturity

This places an upper and lower limit on the percentage of debt that is able to be at fixed rates of interest per financial year to manage exposure to interest rate movements.
 - c) Funding Maturity

Ensures there is a spread of debt maturity dates so that council's exposure to interest rates upon refinancing the debt is not concentrated.
 - d) Liquidity Ratio

Ensures there is access to liquid investments of at least 10% of debt to enable council to meet cashflow requirements.
 - e) Counterparty credit risk

Limits any risk of losses arising from a counterparty defaulting on a financial instrument. Note that amounts contracted with the NZ Government and the LGFA are not limited.

3. The rates section provides information as follows:
 - a) Rates outstanding

Broken down into different line items to give the total value of rates outstanding at the time in which we are reporting
 - b) Rates collection

Provided on a rates percentage collection in comparison to the same month of the previous year.
 - c) Graph information

Five years of comparative information showing the rates and penalty collection history and the rates accounts arrears history.

4. The reserves section provides information as follows:
 - a) Asset replacement reserves

An amount of money equivalent to depreciation that can be used to fund future capital projects and loan repayments.

b) Targeted rate reserves

Levies on specific properties that are then utilised for specific purposes associated with those specific properties.

c) Council created reserves

Created by Council for a specific purpose. The funds are generally generated from a specific action or activity. Funds are then held to be used at the discretion of Council based on the specific purpose.

5.3 Deloitte External Audit Draft Planning Report for the year ended 30 June 2023

Document Information

Report To:	Audit and Risk Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Wiki Cortesi
Author Title:	Chief Financial Officer
Interim Executive Manager:	Michael Booth, Business Support
Report Date:	Friday, 2 June 2023

Purpose

1. To inform the Audit, Risk, and Improvement Committee on the proposed audit plan for the financial statement audit of the South Waikato District Council for the year ending 30 June 2023.

Recommendation

2. That the Audit, Risk and Improvement Committee
 - a) receives Report No 2023-631246, Deloitte External Audit Draft Planning Report for the year ended 30 June 2023.
 - b) endorses the Deloitte External Audit Draft Planning Report for the year ended 30 June 2023 to be accepted by Council.

Executive Summary

3. The attached report, provided by Deloitte, is designed to outline their respective responsibilities in relation to audit, to present their audit plan and to facilitate a two-way discussion on the plan presented.
4. The report includes the audit plan, including key areas of audit focus and planned procedures and key accounting, regulatory and corporate governance updates, relevant to South Waikato District Council.
5. Based on expected results of the Council, quantitative planning materiality for the 2023 audit is \$1.45m. Any misstatements in excess of \$73k will be reported. This is based on 5% of the materiality level.
6. Key areas of audit focus in the 2023 audit that are considered significant include the valuation of infrastructural assets and management's ability to override controls which has a fraud risk.
7. Items of consideration that Deloitte are looking forward to discussing include:
 - a) concerns regarding internal controls, including completeness over related parties;
 - b) risk matters, including fraud, affecting the financial statements;
 - c) the Audit, Risk and Improvement Committee's assessment of materiality;
 - d) any other matters the Audit, Risk and Improvement Committee deems appropriate.
8. The continuous communication and reporting throughout the year and 2023 audit ensures that the audit process is as smooth as possible. The timing for the audit is expected as follows:
 - a) Planning in May/June 2023 as per this report including the discussion of the scope of the audit;

- b) Pre year end fieldwork in June 2023 which includes onsite interim audit visits, control review and testing and the OAG sector brief testing;
 - c) Year end fieldwork in August – September 2023 to have the final 2023 Annual Report available for the Audit Committee to review and signing of the audit report in respect of the financial statements;
 - d) Post reporting activities in October 2023 including presenting the final 2023 Annual Report to Council to meet the statutory filing deadline.
9. The independence and fees outlining the proposed audit fee for the 2023 audit is still in the process of being reviewed by the Office of the Auditor General. Once the Auditor General has approved the proposed audit fee for negotiation this will be presented for consideration.

Discussion

10. The Draft Planning Report for the South Waikato District Council provided by Deloitte aligns with Council's strategic plans and policies as it meets the requirements of the Local Government Act.

Options

11. No options are available to Council to consider because the audit is a legislative requirement under section 69 of the Local Government Act 2002 and we do not have the time to seek an audit engagement with another auditor.

Attachment

12. South Waikato District Council Planning Report to the Audit, Improvement and Risk Committee for the year ended 30 June 2023.



South Waikato District Council

**Planning report to the Audit, Improvement and
Risk Committee for the year ended 30 June 2023**

23 May 2023

Purpose of report

This report has been prepared for South Waikato District Councils' Audit, Improvement and Risk Committee (the 'Committee') and is part of our ongoing discussions as auditor in accordance with our engagement letter and as required by New Zealand auditing standards.

This plan is intended for the Committee (and other Council members) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures to date and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Council members.

Responsibility statement

We are responsible for conducting an audit of South Waikato District Council (the 'Council') for the year ended 30 June 2023 in accordance with auditing standards issued by the Auditor-General that incorporate the New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Public Audit Act 2001, the Crown Entities Act 2004 and the Financial Reporting Act 2013, with the objective of forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Council. The audit of the financial statements does not relieve management or the Council of their responsibilities.

Our audit is not designed to provide assurance as to the overall effectiveness of the Council's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.

Table of contents

1. Executive summary

2. Our Audit

- A. Identifying the areas of audit focus
- B. Areas of focus explained
- C. Continuous communication and reporting
- D. Our team

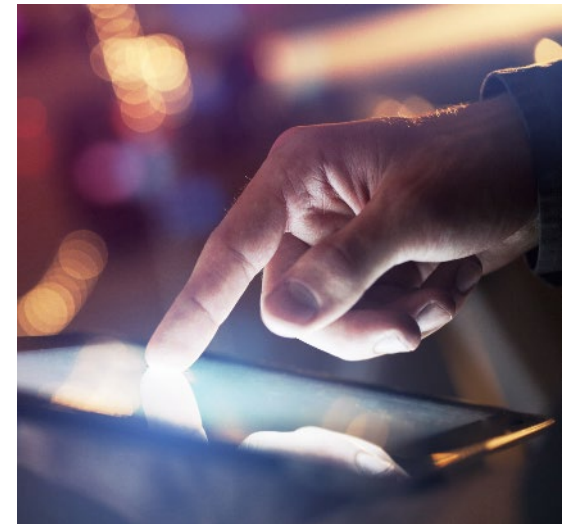
3. Other reporting matters

- A. Fraud responsibilities and representations
- B. Independence and fees

4. Financial reporting and other developments

Developments in financial reporting – overview

DRAFT



To navigate within this report, you may click on the icons on the right-hand side of the page



1. Executive summary

Thank you for the opportunity to present our audit plan for the financial statement audit of South Waikato District Council for the year ending 30 June 2023.

This report is designed to outline our respective responsibilities in relation to the audit, to present our audit plan and to facilitate a two-way discussion on the plan presented. Our report includes:

- Our audit plan, including key areas of audit focus and our planned procedures; and
- Key accounting, regulatory and corporate governance updates, relevant to you.

We have an evolving audit plan that is established with input from management. The audit plan is tailored to the Council's environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances and findings from activities performed.

This plan is intended for the Audit, Improvement and Risk Committee (the 'Committee') (and other Council members) and should not be distributed further.

We appreciate the opportunity to serve the Council. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our plan.

Bruno Dente
Partner
for Deloitte Limited
Appointed Auditor on behalf of the Auditor-General
Hamilton | 23 May 2023



Key areas of audit focus

Our current assessment of the key areas of audit focus are as follows:

Valuation of infrastructural assets	
Management's ability to override controls	
Revenue recognition	
Government reviews and proposals	
Public sector specific procedures	
Statement of Service Performance	
ESG and climate change	
2023 flooding events	



Consistent with the prior year



New area of focus

We comment further on these key areas of audit focus in Part 2C of this report.



1. Executive summary (cont.)



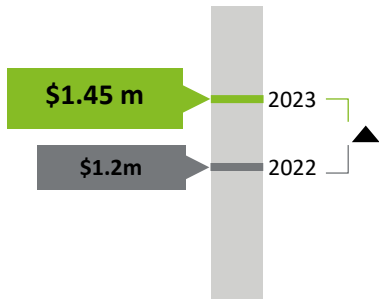
Planning materiality

Based on expected results of the Council, our quantitative planning materiality for the 2023 audit is as follows:

The planning materiality is based on a percentage of budgeted expenditure and consideration of other factors using our professional judgement.

The materiality is expected to be \$1.45m and we will report any misstatements in excess of \$73k. This is based on 5% of our materiality level. We note that materiality will be revisited based on final year end results, any change will be communicated to you during the audit.

We comment further on our determination of materiality in Part 2A of this report.



Quality and Independence

We take our independence and the quality of the audit work we perform very seriously. We confirm that we have maintained our independence in accordance with Professional and Ethical Standards.

We provide an overview of the relationships and non-audit services provided to you in Section 3B of this report.



Items for consideration

We look forward to discussing our audit plan with you and are interested in your views on the following matters:

- Any concerns regarding internal controls, including completeness over related parties;
- Any risk matters, including fraud, affecting the financial statements;
- Your assessment of materiality;
- Any other matters that should be brought to our attention.



2. Our audit

DRAFT



2A. Identifying the areas of audit focus

Identification of audit risks

Our audit approach is underpinned by the identification of relevant audit risks and tailoring appropriate audit responses to address those risks. We consider a number of factors when deciding on the significant areas of audit focus, such as:

- the risk assessment process undertaken during the planning phase of our engagement;
- our understanding of the business risks faced by the Council;
- discussions with management during the course of our audit;
- the significant risks and uncertainties previously reported in the financial statements, including any NZ IAS 1 critical accounting estimates or judgements;
- our assessment of materiality; and
- any changes in the business and the environment it operates in since the last annual report and financial statements.

The next page summarises the significant risks and other areas that we will focus on during our audit.

We continually update our risk assessment as we perform our audit procedures, so our areas of audit focus may change. We will report to you on any significant changes to our assessment as part of our final report to the Committee.

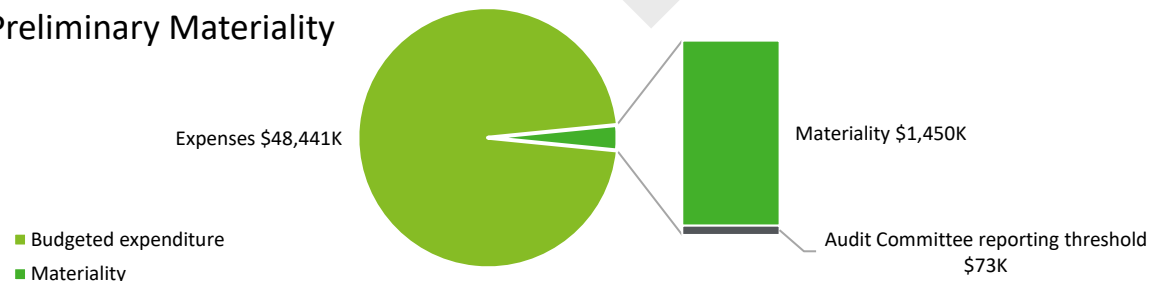
Determining materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our quantitative materiality for the 2023 audit will be based on expected expenditure in line with prior periods as this is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those statements.

The extent of our procedures is not based on materiality alone but also on local considerations of the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

Preliminary Materiality



Although materiality is the judgement of the audit partner, the Audit Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.



2B. Areas of audit focus - dashboard

Area of audit focus	Significant risk	Fraud risk	Planned controls testing approach	Level of management judgement required
Valuation of infrastructural assets	✓	✗	D+I	●
Management's ability to override controls	✓	✓	D+I	n/a
Revenue recognition	✗	✗	D+I	●
Government reviews and proposals	✗	✗	N/A	●
Public sector specific procedures	✗	✗	D+I	●
Statement of service performance	✗	✗	N/A	●
ESG and climate change	✗	✗	N/A	●
2023 flooding events	✗	✗	D+I	●

Planned approach to controls

D+I: Testing of the design and implementation of key controls

OE: Testing of the operating effectiveness of key controls

Level of management judgement required



Low

High



2B. Areas of audit focus – Valuation of infrastructural assets

Area of audit focus

Valuation of infrastructural assets

The Council has a significant asset base with infrastructural assets carried at fair value.

Each asset class is revalued on a regular basis, generally on a three year basis. In years when an asset class is not revalued, a fair value assessment needs to be performed.

The following are the asset classes and the year they were last revalued:

- Land and Buildings – Operational and Restricted – 30 June 2021
- Parks and Reserves – 30 June 2021
- Roads, Footpaths, Streetlights, Large Culverts and Bridges – 30 June 2022
- Three Waters Infrastructure – 30 June 2022

The fair value assessment of infrastructure assets is an area that continues to receive increased focus in the sector. This is especially critical for the current year with the current market conditions and high inflation rates which may cause material movements in valuations and it is possible that classes of assets that are not due to be revalued would be required to be revalued.

Management have completed an initial assessment of the fair value movements. Where there are indicators that the carrying value is materially different to the fair value a revaluation is required to be undertaken. There is early indication of significant movements in the values of roading assets, therefore a fair value revaluation should be undertaken in the current year. The assessment requires a degree of judgement by Management on the assumptions used in determining fair value. Input into these assumptions may come from in-house or independent experts

The valuation of assets can be a complicated process and Management and the Councillors need to ensure that a robust review of the valuation process is performed irrespective of the valuation being performed in-house or by an independent expert.

Our approach

For assets carried at fair value but not revalued in the current year, we plan to:

- Obtain Management’s assessment of the indicative movement in fair value for all assets classes carried at fair value;
- Obtain supporting documentation from independent valuers supporting the indicative fair value movement (if applicable); and
- Review the key assumptions applied in determining the indicative fair value, assess and challenge Management’s overall conclusions.

For assets carried at fair value and revalued in the current year, we plan to:

- Obtain the revaluation of infrastructure class(es);
- Obtain representation directly from the independent valuer confirming their methodology;
- Review the key underlying assumptions used to ensure these assumptions are reasonable and in line with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”); and
- Ensure the revaluation transaction is correctly accounted for and disclosed in the financial statements in order to comply with PBE IPSAS.



2B. Areas of audit focus - Management's ability to override controls

Area of audit focus

Management's ability to override controls

ISA (NZ) 240 The auditor's responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in management's ability to override controls.

We are required to design and perform audit procedures to respond to those risks and therefore this is a focus area for our audit.

Management's override of controls is identified as a fraud risk because it represents those controls in which manipulation of the financial results could occur.

It has a potential impact to the wider financial statements and is therefore a significant risk for our audit.

Our approach

We plan to:

- Understand and evaluate the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements.
- Test the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments.
- Review accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management.
- Perform a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements.
- Obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the entity and its environment.



2B. Areas of audit focus – Revenue recognition

Area of audit focus

Revenue recognition

ISA (NZ) 240 The auditor's responsibility to consider fraud in an audit of financial statements requires us to presume there are risks of fraud in revenue recognition and therefore this is a focus area for the audit.

The Council has various revenue streams which need to be considered separately to ensure they are in-line with PBE Standards.

Failure to comply with rating law and the associated consultation requirements can create risks for rates revenue. Compliance with the detail of the Local Government (Rating) Act 2002 (LGRA) is vital; if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.

Management and Council need to ensure that the requirements of the LGRA are all adhered to and that there is consistency between the rates resolution, the funding Impact Statement for that year, and the Revenue and Financing Policy in the respective Long Term Plan (LTP) or Annual Plan (AP).

Material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may also result from an understatement of revenues through, for example, improperly shifting revenues to a later period. Through our understanding of the Council with the processes in place and level of risk assessed we have rebutted the significant risk of fraud associated with revenue recognition.

Our approach

We will perform the following audit procedures to ensure that revenue recognition is appropriate:

- Understand, evaluate and assess the relevant controls that address the risks of revenue recognition;
- Assess the quality of information produced from the IT system and ensure accuracy and completeness of reports that are used to recognise revenue;
- Complete a 'rates questionnaire' compiled by the OAG*, to confirm whether rates have been correctly set; and
- Review the meeting minutes recording the adoption of the rates resolution, to ensure the rates are in accordance with the Revenue and Financing Policy as well as reviewing any other information available with regards to rates;
- Complete analytical procedures by developing expectations based on our knowledge of the sector and key performance measures; and
- Assess the impact of any changes to revenue recognition policies.

*Please note that the completion of the 'rates questionnaire' is not a legal exercise but aims to provide us with some indication of the rates setting processes being used by the Council. We remind Council that the overall responsibility for the compliance of rates rests with the Councillors.



2B. Areas of audit focus - Government reviews and proposals

Area of audit focus

Government reviews and proposals

There continues to be change in the sector with new regulatory requirements (new and updated national policy statements) in place or proposed (most notably the three waters reform), and other areas being considered by the Government. This constant change makes it challenging for councils to plan ahead, particularly because of uncertainties of regulatory settings and the significant cost implications of these changes.

Three waters reform

The Government is currently carrying out the Three Waters Reform Programme through a suite of legislation including;

- The Water Services Entities Act
- The Water Services Legislation Bill
- The Water Services Economic Efficiency and Consumer Protection Bill

In early April 2023 the Government announced changes to the water services reform programme. These changes included increasing the number of new water services entities from four to ten. The ten new entities will replace the services currently managed by 67 territorial local authorities.

The Government also decided to change the establishment date of the entities, with the new entities going live sequentially from early 2025 with this process to be completed by 1 July 2026 at the latest.

The Government intends introducing and passing legislation to implement these changes and associated matters before the 2023 general election.

Our approach

As part of our audit process we will:

- Continue to follow up and discuss with management on the impact of these initiatives to the Council, where necessary, will consider them within our audit approach; and
- Maintain close communication with the Office of the Auditor-General ('OAG') if there are any other areas that requires further consideration.

Our audit report will likely draw readers' attention to disclosures made in the financial statements setting out the three waters reforms and their impact on the councils' operations, and ensure that any disclosures made by councils should be balanced and fair.



2B. Areas of audit focus - Public sector procedures

Area of audit focus

Public sector procedures

A number of good practice guides are made available by the OAG on its website, with published guides relating to:

- Managing sensitive expenditure
- Managing conflicts of interest; and
- Severance payments

Good practice involves the establishment of policies and controls to ensure that relevant focus areas have been made transparent and are appropriate in all aspects.

This includes expenses to have a justifiable business purpose; preserve impartiality; have been made with integrity; are moderate and conservative; have regard to the circumstances; have been made transparently and with proper authority.

A copy of these guides are accessible here:

<https://oag.parliament.nz/good-practice/good-practice-guides>

Areas also specifically raised by the OAG that we will assess include:

- Related party transactions and disclosures
- Compliance with laws and regulations

Other main areas of focus include:

- Procurement: Procurement is an area of focus for the work programme of the Auditor-General (OAG) and while no specific projects have been identified relating to local government at this stage for 2022/23, it is expected that major capital projects and significant procurement activity are areas where audit effort is focused.
- Central government/stimulus funding: It is important that Council is accounting for this funding in accordance with PBE accounting standards, being transparent with communities and meeting any obligations.

Our approach

During the course of the audit we will:

- Check whether the Council has reviewed the sensitive expenditure policy against the OAG good practice guide and update where appropriate.
- Continue to remain alert to issues and risks related to effectiveness and efficiency, waste and a lack of probity or financial prudence;
- Test a sample of items of sensitive expenditure against the OAG's guidelines for probity, performance and waste;
- Inquire management as to how the Council is comfortable that its employees know how to identify, disclose and manage a conflict of interest;
- Inquire management if there is any severance payment and perform testing where appropriate.
- For funding received, we will review contracts and focus on the risk that income may not be recoded in the appropriate accounting period due to incorrect recognition or deferral. This could arise from incorrectly identifying conditions or restrictions associated with revenue transactions or incorrectly applying the contractual terms associated with the timing of when income is recognised;

We will report any areas of concern to the Committee and the OAG.



2B. Areas of audit focus – Statement of service performance

Area of audit focus

Statement of Service Performance

The Council's annual report is required to include an audited Statement of Service Performance (SSP) which reports against the performance framework included in the annual plan/long-term plan. This is in line with the requirements of *PBE FRS 48 Service Performance Reporting*.

The SSP is an important part of Council's annual performance reporting and it is important it adequately "tells the performance story" for each group of activities.

Our audit opinion considers whether the service performance information:

- Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results; and
- Fairly reflects actual service performance for the year (i.e. not just reports against forecast).

Our approach

We plan to:

- **Review** Council's SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the 2021-2031 LTP;
- Audit a sample of the reported performance measures, with a focus on the more significant groups of activities;
- Review the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. "tells the performance story".

DRAFT



2B. Areas of audit focus – ESG and climate change

Area of audit focus	Our approach
<p>ESG and Climate Change</p> <p>Matters related to climate and the broader Environment, Social and Governance (ESG) landscape are rapidly evolving. Stakeholders are increasingly asking entities to provide transparent disclosures about climate-related risks, and the New Zealand Government is taking action to reduce our emissions profile which over time will impact most entities.</p> <p>ESG and climate related matters will likely create physical and transitional risks and opportunities for the Council and these matters could lead to potential impacts on the financial statements.</p>	<p>As part of the audit process, we will consider ESG and climate-related risks and their potential impact on the Council's financial statements. We will consider the councils consideration of ESG and climate risks and tailor our audit approach as required.</p>

DRAFT



2B. Areas of audit focus – 2023 flooding events

Area of audit focus

Our approach

2023 flooding events

In 2023, weather-related events including Cyclone Gabrielle caused flooding that significantly disrupted several regions of New Zealand. Potential implications include:

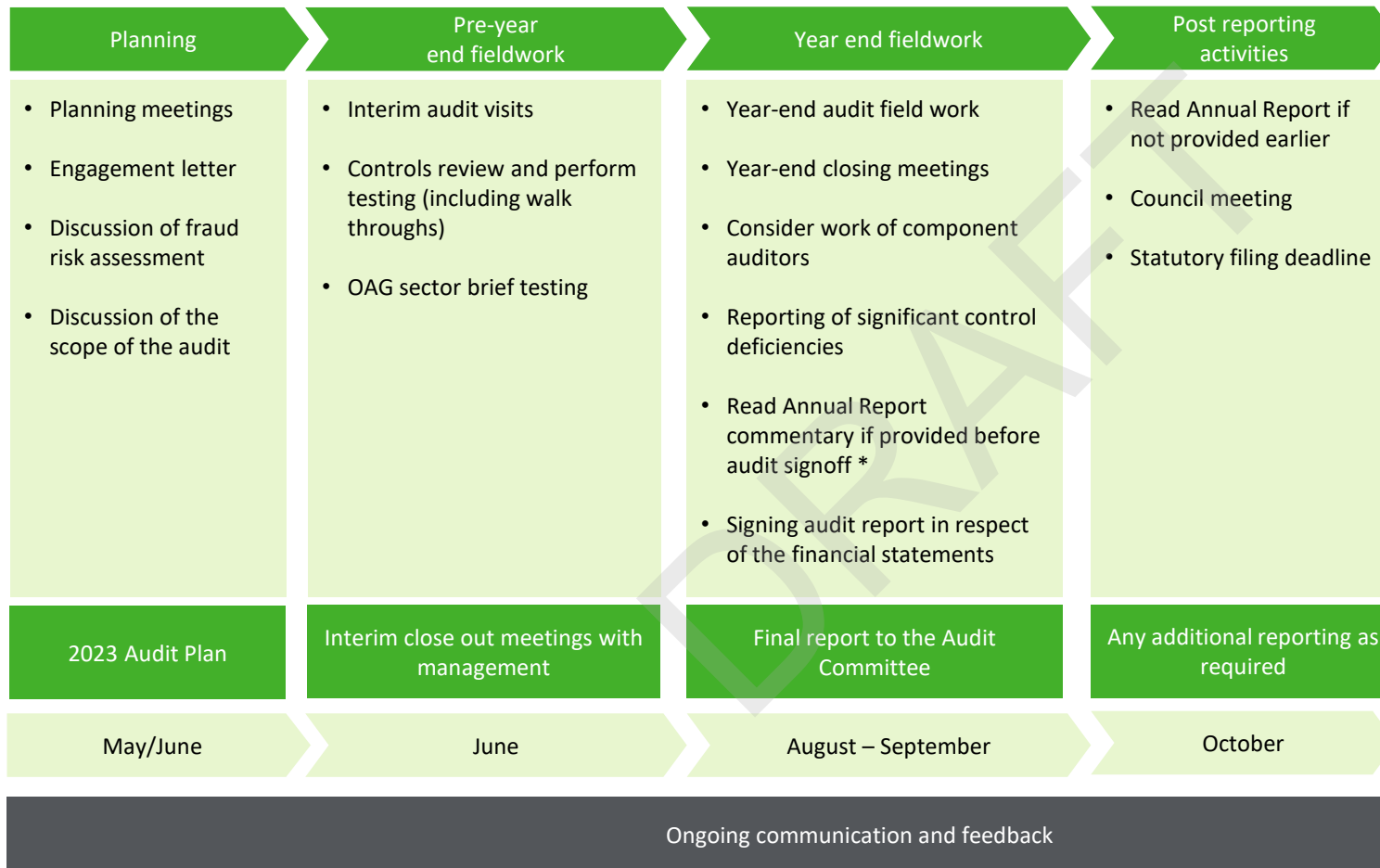
- whether internal controls used to manage council financial and service performance information systems remained design and operationally effective when operations were disrupted;
- the impairment and/or disposal of PPE that cannot be repaired;
- how the unrepaired damage to revalued PPE is reflected in any resulting valuation;
- the recognition of insurance proceeds received or receivable from insured assets that are damaged;
- the recognition of any grants received or receivable from the Crown or other third parties;
- how to reflect the performance story of the flooding events in the reported performance information;
- whether there is any risk to councils of litigation resulting from the flooding events; and
- whether there are implications to the going concern assumption.

We plan to meet with management to understand how the weather-related events has impacted the Council. In particular, we will perform audit procedures over impairment of PPE, recognition of insurance and grants received or receivable, presentation of flooding events in the reported performance information, litigation arising from flooding events and implications to the going concern assumption.



2C. Continuous communication and reporting

As the audit plan is executed throughout the year, the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



* We are required to read the other information to consider if there are any material inconsistencies which we are obliged to report on. We will need sufficient time to perform the review.



2D. Our team

Our audit will be led by Bruno Dente as Audit Partner and Appointed Auditor. He will oversee the co-ordination of the audit and has primary responsibility for working with the Committee and your management team.

Nalina Dheda will be the primary point of contact for the finance team and will oversee the day to day execution of our audit.

Name / Role

Bruno Dente
Audit Partner

Nalina Dheda
Audit Manager

Contact details

bdente@deloitte.co.nz

nalinadheda@deloitte.co.nz

DRAFT



3. Other reporting matters

DRAFT



3A. Fraud responsibilities and representations



Your responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



Our responsibilities:

- We are required to obtain representations from those charged with governance regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the areas of audit focus section of this document, we have identified the risk of fraud in management override of controls as a significant audit risk for your organisation.
- As required, we will consider any significant related party transactions outside the entity's normal course of business



Fraud characteristics:

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will make inquiries of management, internal audit and others within the entity as appropriate, regarding their knowledge of any actual, suspected or alleged fraud affecting the Council. In addition, we are required to discuss the following with the Committee:

- Whether the Committee has knowledge of any fraud, suspected fraud or allegations of fraud;
- The role that the Committee exercises in oversight of the Council's assessment of the risks of fraud and the design and implementation of internal control to prevent and detect fraud;
- The Committee's assessment of the risk that the financial statement may be materially misstated as a result of fraud.

We will be seeking representations in this area, including those relating to your assessment of any impacts resulting from COVID-19, from the Council in due course.



3B. Independence and fees

The proposed audit fee for the 2023 audit is the process of being reviewed by the Office of the Auditor General. The Office of the Auditor General is responsible for monitoring audit fees to ensure that fees are based on realistic hours (that is, hours that reflect the nature and extent of work required), an appropriate audit team mix, and charge-out rates that are in line with market rates.

Once the Auditor General has approved the proposed audit fee for negotiation this will be presented to Management and the Committee for consideration.

	CY (\$'000)	PY (\$'000)
Fees payable for the audit of the financial statements	TBC	157.9
Scope extension	-	13
Total audit fees for financial statements	TBC	170.9
Other assurance services		
- Long Term Plan amendment		54
- Trustee Reporting	TBC	7.5
Total audit related and other assurance fees (Total fees)	TBC	232.4



4. Financial reporting and other developments

DRAFT



Developments in financial reporting – overview

The following table provides a high level summary of the major new accounting standards, interpretations and amendments that are relevant to the Council. A full list of the standards on issue but not yet effective is released quarterly and is available here:

https://www2.deloitte.com/nz/en/pages/audit/articles/accounting-alert.html?icid=top_accounting-alert

Major new standard, interpretation or amendment	Effective date (periods beginning on or after)
PBE FRS 48 Service Performance Reporting	1 January 2022
PBE IFRS 9 Financial Instruments	1 January 2022*
PBE IPSAS 41 Financial Instruments	1 January 2022
PBE IFRS 17 Insurance Contracts	1 January 2023

*Will be superseded by PBE IPSAS 41 but early adoption is still permitted if the date of initial application was before 1 January 2020

Early implementation efforts recommended

Early effort to consider the implementation of these standards is recommended in order to provide stakeholders with timely and decision-useful information. Implementation steps are outlined opposite.

Steps for implementation

Determine extent of impact & develop implementation plan

Monitor progress and take action where milestones are not met

Identify required changes to systems, processes, and internal controls

Determine the impact on covenants & regulatory capital requirements, tax, dividends & employee incentive schemes



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte New Zealand brings together more than 1400 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

5.4 ARI Committee Forward Work Program June 2023 Update

Document Information

Report To:	Audit, Risk and Improvement Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Michael Booth
Author Title:	Interim Executive Manager, Business Support
Report Date:	Friday, 9 June 2023

Purpose

1. To provide the Committee with an update on the Forward Work Program of proposed Committee Reports for 2023.

Recommendation

2. That the Committee:
 - a) receives and notes the Report Docset 631334, ARI Committee Forward Work Program June 2023 Update.

Executive Summary

3. The updated forward work program for Committee meetings is set out in Attachment A.
4. The main changes as highlighted in the attachment primarily relate to delays with some activities due to resourcing limitations and other priorities.

Context

5. The Committee was provided with an initial Forward Work Program at its 22 March 2023 meeting. A Forward Work Program is seen as a “better practice” tool to assist Councils to manage and schedule key activities and compliance requirements.

Discussion

6. The attached reports outline management’s expected reporting timelines for Committee meetings for the remainder of 2023. This information is a useful tool for Councillors, staff and the community to monitor reporting to, and deliberations by the Committee, of its various responsibilities as outlined in its terms of reference. As circumstances can change rapidly updates to the reports will be provided to each Committee meeting.

Attachment

Audit, Risk & Improvement Committee Annual Workplan June 2023 Update Docset 631333.

**SOUTH WAIKATO DISTRICT COUNCIL
AUDIT, RISK & IMPROVEMENT COMMITTEE
ANNUAL WORKPLAN
JUNE 2023 UPDATE**

Responsibility	Consideration	Mar	Jun	Sep	Dec
Financial Reporting	Review of Financial Reports		X	X	X
	Review proforma financial statements		X		
	Review Annual Financial Statements			X	
	Review significant accounting issues		X		
	Review management assurance statement			X	
	Review financial reporting timetable and milestones			X	
External Audit	Audit Briefing on topical issues, performance audits		X	X	X
	External Audit Plan		X		
	Closing Report			X	
	Final management letter				X
Internal Audit	Review performance				X
	Status of Annual Plan		X	X	
	Review internal audit reports		X	X	X
	Review and endorse 3 year strategic plan		X	X	X
	Review internal audit charter				X
Audit Issues	Review issues register		X	X	X
Risk Management	Review risk management framework		X	X	
	Consider reports on management review of risk registers		X	X	X
	Review fraud and corruption control plan				
	Update on actual frauds and losses		X		X

**SOUTH WAIKATO DISTRICT COUNCIL
AUDIT, RISK & IMPROVEMENT COMMITTEE
ANNUAL WORKPLAN
JUNE 2023 UPDATE**

Responsibility	Consideration	Mar	Jun	Sep	Dec
	Review cyber risk response			X	
	Review insurance arrangements			X	
Compliance	Assess management reports on compliance risk		X		
	Review incidents of non-compliance		X	X	X
Governance arrangements	Review governance structure. including financial delegations				X
	Review management oversight of major projects and outsourced functions		X	X	X
Performance Management	Review performance systems		X	X	
	Review annual report				X
Audit Committee Effectiveness	Review committee and member performance				X
	Review and endorse committee charter				X
Improvement	Review reports on process and procedure improvement		X	X	X
Policies	Review reports on new policies		X	X	X
	Review status report policy register		X		
Workplace Health & Safety	Quarterly Status Report			X	X
Business Continuity	Planning - Deep Dive				X
	Emergency Management				X

5.5 Update on Draft 2023-24 Annual Plan

Document Information

Report To:	Audit, Risk and Improvement Committee
Meeting Date:	Wednesday, 14 June 2023
Author:	Wiki Cortesi
Author Title:	Chief Financial Officer
Interim Executive Manager:	Michael Booth, Business Support
Report Date:	Thursday, 8 June 2023

Purpose

1. To provide the Audit, Risk and Improvement Committee with an update on consultation requests relating to the Draft Annual Plan 2023-24.
2. To recommend to the Audit, Risk and Improvement Committee that the information provided in this report be endorsed for consideration by the Council as part of its decision on the 2023-24 Annual Plan.

Recommendation

3. That Audit, Risk and Improvement Committee:
 - a) receives Report 2023-631253, Draft 2023-24 Annual Plan Information Update.
 - b) endorse this report to Council for consideration as part of the Annual Plan 2023-24 process.

Executive Summary

4. The Council has recently undertaken community consultation as part of the development of the 2023-24 Annual Plan. In line with the Council's strong governance process, an information update has been prepared for consideration by the Audit, Risk and Improvement Committee in accordance with its Terms of Reference.
5. Through the consultation process, several queries and requests for additional information have been made to better understand the financial detail.
6. This report provides additional financial information to clarify the level of detail required for consultation and the format in which the detail has been provided.

Context and Discussion

Level of Financial Information Reported

7. The detail discussed in this report is aligned with the Council vision, community outcomes, Council policies and Council strategy. The Audit, Risk and Improvement Committee needs to be provided with information that is pertinent to their role in a Governance context.
8. The 2022-23 Annual Plan was not consulted on by the Council with the community as the Council deemed the variation between year 2 of the 2021-2031 Long Term Plan was not significant. The 2022-2023 Annual Plan was released to the public on an information only basis.

9. In previous years, line-by-line operational general ledger detail was provided to Councillors for review as part of the Annual Plan process. Changes to budgeted amounts would sometimes be made by the Elected members. However, under changes made to the Local Government legislation to strengthen the separation of Elected Members and Local Authorities, this level of analysis and input is neither appropriate nor transparent. Accountability for financial and operational performance was obscured.
10. Past annual plan review processes also had a primary focus on the rates increase percentage. It would appear that the focus was not on the operating bottom line. Balancing the books from an operational perspective has been a focus of the 2023-24 Annual Plan process.
11. Governance is about setting direction, articulating the vision and identifying the priorities and framework. Having those in place, the governing body then provides the oversight and holds management to account for delivery. Management focuses on organising and monitoring the work to deliver the framework as set by Council. Councillors are not accountable for each general ledger line item so working at that level is detrimental to good governance and risks the derogation from the critical roles at the higher level. In colloquial terms, the organisation runs the risk of “missing the forest for the trees”.
12. Providing information at the correct level ensures that the accountability is clear and at the right level. Staff are the experts in the delivery of the service and are accountable to their managers, executive and the Chief Executive. The Chief Executive is accountable to Council and delivering a programme of work that ensures the vision, priorities and framework outcomes are met.
13. The Forecast Financial Statements for the 2023-24 Annual Plan is a source of financial information that has been provided as part of the community engagement consultation process and is at a level that is suitable for Governance and the community. This has been provided here as Appendix A.
14. Council is not obliged to provide a full draft Annual Plan 2023-24 document as part of the consultation process. The reason for this is that this hinders the consultation process as it implies that a decision has been made already. It also allows for any changes during deliberations to be captured correctly and not distort the information that is being shared with the community.
15. Council is also not required to provide Financial Impact Statements (FIS) for each activity as part of the Forecast Financial Statements for the 2023-24 Annual Plan nor the full draft Annual Plan 2023-24 document.

Capital Program

16. The proposed capital portfolio programme for 2023-2024 including proposed carryovers was provided to Council in a workshop on 7 June 2023. The breakdown per activity from that workshop is in Appendix B with what is the portion of carryovers used and what is proposed to be included as part of the 2023-24 Annual Plan budget.
17. It should be noted that the original capital programme breakdown for the Forecast Financial Statements for 2023-24 prepared as part of the consultation information is different to what has been outlined as part of the workshop detail and in Appendix C.
18. Each activity will have their individual capital programme financial information included as part of their activity statements in the final 2023-24 Annual Plan. This is consistent with previous adopted annual plans.

Rates Calculation and Impact

19. Council needs to be aware that by changing an activity or level of service in dollar value will not reduce the 18.5% proposed average rate increase. The starting point of 27% is where those changes will impact, essentially closing the gap between the 27% and the proposed 18.5% average rate increase.

20. As identified at community consultation sessions where specific property examples, using the online tool, was demonstrated, those urban properties in Tokoroa all had an estimated rate increase of over 20%. The rates for the current year and the proposed rates for the three properties is supplied in Appendix C.
21. The Uniform Annual General Charge (UAGC) component of the rates is an option that can be reviewed as part of the deliberations process and detail will be provided to Council. The UAGC is a mechanism that can help smooth the rates increase impact.
22. The UAGC is \$342.12 for the 22/23 year based on 16%. The proposed 2023-24 annual plan rates calculation for the 18.5% average includes a 16% UAGC percentage base of \$426.87. This is based on Local Government Rating Act section 21. The ratio calculation for the 16% is the UAGC plus certain targeted rates which must total the 16%.
23. As the UAGC is a charge that all ratepayers pay regardless of property type, reducing the UAGC means that the spread across all ratepayers is reduced. The upper limit for the UAGC is 30%. Any reduction from the proposed average rate increase of 18.5% will impact the ratepayers in different ways. Most ratepayers who pay a greater share of targeted rate services will not see the benefit of a change in the same way that a ratepayer who doesn't have those services do.
24. As noted in 19. above most ratepayers, whom are the urban/residential ratepayers, will not benefit from a lower average rate increase which is one reason why the 18.5% has been recommended.
25. Appendix D shows the UAGC calculation of 16% tables for three different scenarios.

Operating Deficits

26. Council has been functioning based on an operating deficit for at least the last four years. During that same period the 2019-20 year to 2021-22 years actual operating deficit has been higher than what was budgeted. The 2022-23 year has an expected operating budget deficit of \$4.5m. The calculation of the operating deficit rightly should exclude capital funding as that is intended for a specific Capex purpose.
27. Detail in Appendix E shows the annual plan detail and annual report detail for the period noted in 26. above. This appendix includes the relevant publicly available references.
28. A full comprehensive Annual Plan 2023-24 document will be provided to Council at the extraordinary meeting scheduled for 29 June 2023 for adoption. This will be like that of prior years with the notable exclusion of FIS for each activity as identified in 12. above. It will include any changes identified as part of the deliberation process.

Consultation (External)

29. External consultation has been held with the South Waikato District Council community through public sessions from 22 May 2023 to 7 June 2023. The basis of consultation is as per the Draft Annual Plan 2023-24 Statement of Proposal provided as Appendix F.

Reference

2022-23 Annual Plan

Attachments

Appendix A: Forecast financial statements for the 2023-24 Annual Plan

Appendix B: Proposed capital portfolio programme 2023-2024

Appendix C: Urban property rates examples

Appendix D: UAGC calculation table examples

Appendix E: Operating deficit table for 2019-20 to 2022-23

Appendix F: Draft Annual Plan 2023-24 Statement of Proposal

Appendix A: Forecast financial statements for the 2023-24 Annual Plan

Prospective Statement of Comprehensive Revenue and Expenses

Prospective Statement of Comprehensive Revenue and Expenses Forecast for the year ending 30 June 2024	2022-23	2023-24	2023-24
	Annual Plan	Long-Term Plan	Annual Plan
	\$000s	\$000s	\$000s
Revenue			
Rates revenue	33,473	35,804	40,468
Development and financial contributions	227	344	437
Subsidies and grants	4,879	5,212	5,168
Fees and charges	4,883	6,149	4,397
Finance revenue	370	362	431
Other revenue	2,155	2,146	889
Total revenue	45,988	50,017	51,790
Expenditure			
Personnel costs	12,476	12,265	12,944
Finance expenses	818	1,377	1,872
Depreciation and amortisation	9,640	10,592	10,422
Other expenses	25,507	25,774	27,471
Total expenditure	48,441	50,008	52,709
Net surplus/(deficit)	(2,454)	9	(919)
Other comprehensive income			
Increase in asset revaluation reserves	19,558	2,054	40,000
Total other comprehensive revenue and expenses	19,558	2,054	40,000
Total comprehensive revenue and expense	17,105	2,063	39,081

Prospective Statement of Financial Position

Prospective Statement of Financial Position Forecast as at 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long-Term Plan \$000s	2023-24 Annual Plan \$000s
ASSETS			
Current assets			
Cash and cash equivalents	2,803	1,435	1,435
Receivables	4,540	3,680	3,680
Inventory	171	171	171
Total current assets	7,514	5,286	5,286
Non-current assets			
Property, plant and equipment	493,303	555,080	718,516
Other financial assets	22,548	22,972	16,575
Intangible assets	328	328	328
Total non current assets	516,179	578,380	735,419
Total assets	523,693	583,666	740,705
LIABILITIES			
Current Liabilities			
Payables and deferred revenue	5,965	7,085	7,085
Employee entitlements - current	609	893	893
Borrowings - current	1,904	3,226	6,000
Provisions	748	968	50
Total current liabilities	9,226	12,172	14,028
Non current liabilities			
Employee entitlements	248	250	250
Provisions	873	677	600
Borrowings	42,883	71,154	64,000
Total non-current liabilities	44,004	72,081	64,850
Total liabilities	53,230	84,253	78,878
Net assets	470,463	499,413	661,827
EQUITY			
Accumulated funds	163,972	169,380	163,053
Council created reserves	1,078	(1,634)	(2,686)
Restricted reserves	23,428	22,606	15,736
Asset revaluation reserves	278,569	305,645	482,308
Investment revaluation reserves	3,416	3,416	3,416
Total equity	470,463	499,413	661,827

Prospective Statement of Changes in Equity

Prospective Statement of Changes in Equity Forecast for the year ending 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long-Term Plan \$000s	2023-24 Annual Plan \$000s
Equity at beginning of year	453,368	497,350	622,746
Net surplus/(deficit)	17,105	2,063	39,081
Total equity at end of year	470,473	499,413	661,827
Components of equity			
Accumulated surplus/(deficit) at beginning of year	162,560	168,447	164,964
Net surplus/(deficit)	(2,454)	9	(919)
Net other movements	3,865	924	(993)
Accumulated surplus/(deficits) at end of year	163,972	169,380	163,053
Council created reserves at beginning of year	1,077	(1,404)	(3,039)
Transfers to/(from) reserves	1	(230)	353
Council created reserves at end of year	1,078	(1,634)	(2,686)
Restricted reserves at beginning of year	27,294	23,300	15,097
Movements	(3,866)	(694)	640
Restricted reserves at end of year	23,428	22,606	15,736
Revaluation reserves at beginning of year	262,427	307,007	445,724
Revaluation surplus/(deficit)	19,558	2,054	40,000
Revaluation reserves at end of year	281,985	309,061	485,724
Total equity at end of year	470,463	499,413	661,827

Prospective Statement of Cash Flows

Prospective Statement of Cash Flows Forecast for the year ending 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long-Term Plan \$000s	2023-24 Annual Plan \$000s
Cash flows from operating activities			
Rates	33,473	35,804	40,468
Subsidies and grants	4,879	5,212	5,168
Development and financial contributions	227	344	437
Finance revenue	370	362	30
Fees, charges and other revenue	7,038	8,295	5,286
Finance expenses	(818)	(1,377)	(1,872)
Cash disbursed to suppliers and employees	(37,983)	(38,038)	(40,415)
Cash flows from operating activities	7,186	10,602	9,102
Cash flows from investing activities			
Proceeds from investments	681	665	401
Purchase/(withdrawal) of investments	-	1,002	(1,828)
Property, plant & equipment acquired	(16,355)	(38,868)	(26,537)
Cash flows from investing activities	(15,674)	(37,201)	(27,964)
Cash flows from financing activities			
Loans raised	7,697	30,056	23,000
Loans repaid	(2,393)	(2,858)	(6,000)
Cash flows from financing activities	5,304	27,198	17,000
Net increase/(decrease) in cash and cash equivalents	(3,184)	599	(1,862)
Cash and cash equivalents at start of year	5,986	836	3,297
Cash and cash equivalents at end of year	2,802	1,435	1,435

Prospective Whole of Council Funding Impact Statement

Prospective Whole of Council Funding Impact Statement Forecast for the year ending 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long-Term Plan \$000s	2023-24 Annual Plan \$000s
Sources of operating funding			
General Rates, Uniform Annual General Charges, rates penalties	22,813	23,321	26,667
Targeted Rates	10,319	12,123	13,446
Subsidies & grants for operating purposes	2,558	2,980	3,053
Fees, charges & targeted rates for water supply	5,179	6,456	4,752
Interest & dividends from investments	711	695	431
Local authorities fuel tax, fines, infringement fees, and other	494	707	889
Total operating fuunding (A)	42,074	46,282	49,238
Application of operating funding			
Payments of staff & suppliers	34,746	34,847	38,398
Finance Costs	818	1,376	1,872
Other operating funding applications	1,605	1,570	990
Total application of operating funding (B)	37,169	37,793	41,260
Surplus/(deficit) of operating funding (A-B)	4,905	8,489	7,978
Sources of capital funding			
Subsidies & grants for capital expenditure	2,052	1,761	2,115
Development & financial contributions	227	344	437
Increase (decrease) in debt	5,305	27,197	17,000
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	7,584	29,302	19,552
Application of capital funding			
Capital expenditure:			
- to meet additional demand	2,931	2,516	7,505
- to improve the level of services	6,335	20,480	7,922
- to replace existing assets	7,089	15,871	11,110
Increase (decrease) in reserves	(3,866)	(1,076)	993
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	12,489	37,791	27,530
Surplus/(deficit) of capital funding (C-D)	(4,905)	(8,489)	(7,978)
Funding balance ((A-B)+(C-D))	-	-	-

Prospective Reserve Movements

Prospective Reserve Movements					
Forecast for the year ending 30 June 2024					
	Note	Opening Balance	Transfers in	Transfers out	Closing Balance
Council created reserves					
Pensioner housing	A	(807)	160	-	(646)
Roading - extra NZTA subsidy	B	(966)	-	-	(966)
Riverside access	C	428	-	-	428
National waste levy	D	242	450	(210)	482
Financial contributions - roading	E	436	-	-	436
Financial contributions - reserves	E	71	-	-	71
Financial contributions - stormwater	E	2	-	-	2
Financial contributions - water	E	1	-	-	1
Financial contributions - wastewater	E	16	-	-	16
Forestry / airport	F	629	-	-	629
Land purchase	G	(2,843)	-	(47)	(2,890)
Whakamaru forestry	H	47	-	-	47
Solid waste ringfencing	I	(295)	-	-	(295)
Total council created reserves		(3,039)	610	(257)	(2,686)
Asset replacement reserves					
General	J	(60)	244	(309)	(125)
Water	J	2,657	670	(855)	2,471
Wastewater	J	3,652	1,131	(528)	4,255
Stormwater	J	5,991	235	-	6,227
Refuse disposal	J	(168)	168	(156)	(156)
The Plaza	J	37	16	-	53
Vehicles	J	(16)	137	(300)	(179)
Toilets	J	(124)	49	(92)	(167)
Sport and events centre	J	952	109	(85)	976
Sportsgrounds	J	35	97	(464)	(332)
Parks and reserves	J	(157)	551	(315)	79
Cemeteries	J	(18)	43	(42)	(17)
Libraries	J	(42)	-	-	(42)
Pools	J	(52)	324	-	272
Bridges	J	709	-	-	709
General properties	J	37	309	(297)	49
Putaruru CCTV	J	46	-	-	46
Tokoroa CCTV	J	33	8	-	41
Information services	J	(2)	-	-	(2)
District recycling	J	163	15	(27)	152
Total asset replacement reserves		13,675	4,105	(3,469)	14,310
Restricted reserves					
Water	K	950	3,728	(3,728)	950
Wastewater	K	1,135	6,926	(6,926)	1,135
Stormwater	K	(349)	867	(867)	(349)
Refuse collection	K	(287)	1,549	(1,549)	(287)
Piarere Hall	K	-	1	(1)	-
Upper Atiamuri Hall	K	(14)	10	(8)	(12)
Puketurua Hall	K	13	10	(10)	13
Waotu Hall	K	1	8	(8)	1
Lichfield Hall	K	7	5	(5)	7
Arapuni Hall	K	25	17	(17)	24
Tapapa Hall	K	22	13	(11)	25
Tirau Community Board	K	7	21	(21)	7
Tirau CCTV	K	14	18	(18)	14
Tokoroa CBD	K	185	131	(131)	185
Putaruru Promotion (CCTV)	K	58	80	(80)	58
Putaruru CBD	K	18	68	(68)	18
District recycling	K	(363)	581	(581)	(363)
Total restricted reserves		1,422	14,032	(14,028)	1,426
Total reserves		12,058	18,748	(17,755)	13,051

Purpose of reserves

- A Pensioner housing** - Manage the surpluses and deficits from the pensioner housing activity, when more or less rental is collected than is required to fund the annual expenditure of the pensioner houses.
- B Roothing - extra NZTA Subsidy** - Created from additional subsidy provided from NZTA as a result of the change in the subsidy rates. The reserve will be used to fund part of the roading programme in future years.
- C Riverside access** - Manage sale of proceeds from certain stopped roads. This is to be used for opening up areas to public access in the South Waikato district.
- D National waste levy** - Manage the funds distributed by government from the national waste levy.
- E Financial contributions** - Manage financial contributions levied from the development of subdivisions to provide infrastructure.
- F Forestry / Airport** - To ring fence the proceeds of the sale of harvested logs near the airport to be used in the future to fund the replacement of the runway and maintenance of the planted forest.
- G Land purchase** - To ring fence the loan costs from the purchase of strategic land. When this land is sold, the proceeds will be applied against this reserve.
- H Whakamaru Forestry** - To ring fence the proceeds of the sale of trees from the Whakamaru reserve to be used in the future at the reserve.
- I Solid waste ringfencing** - The Tokoroa landfill was closed in October 2020. The increased fees which were applied from 1 March 2019 were to fund additional operating costs from 1 March to its closure. This reserve is being used to ring fence the costs associated with the Tokoroa landfill and Tokoroa Transfer Station.
- J Asset replacement reserves** - These accumulate funds from rates and are used for the future capital funding for the replacement of assets. Each major activity group has their own depreciation reserve so that the funds from each can be applied to the appropriate activity's capital expenditure.
- K Restricted (targeted rate) reserves** - Targeted rate reserves are used to manage the surpluses and deficits of specific targeted activities such as water, stormwater, wastewater and halls that arise when more or less rates revenue is collected to fund the annual expenditure of that activity. This ensures that rates collected from a certain group of targeted rate payers can only be used for the benefit of that group.

CAPEX PROJECTS

Project Name	Project Description	Proposed 2023-24 Annual Plan
ECONOMIC & COMMUNITY DEVELOPMENT		
Economic Development	Council's involvement in residential property	300,000
Economic Development	Maraetai Road Intermodal Business Park	3,324,000
Economic Development	Stanley Park Development	1,600,000
		\$5,224,000
PARKS & RESERVES		
Toilets - Leith Place	Upgrade to Leith Place Toilets	1,000,000
Sportsgrounds - General	Glenshea Park Netball Courts Resurfacing	430,000
Reserves - General	Walkways Renewal	22,000
Reserves - General	Walkways Additional	28,000
Reserves - General	Play Equipment Additional	4,500
Reserves - General	Rural Bike Racks	11,500
Reserves - General	Playgrounds Digital Games Elizabeth Park	8,000
Reserves - General	General	32,000
Reserves - General	Playgrounds	110,000
Reserves - General	Signage, Furniture, Bins & Fences	17,500
Reserves - General	Retaining Walls Renewals	175,000
Reserves - General	Play Equipment Renewals	100,000
Reserves - General	Internal Roads	25,000
Reserves - General	Tokoroa Reserves	102,000
Cemeteries - Tokoroa	Additional Berms	12,000
		\$2,077,500
COMMUNITY FACILITIES		
Events Centre	South Waikato Sport and Events Centre plant replacement	5,000
Events Centre	SWSEC - Replacement of arena carpet tiles	80,000
Pools - Tokoroa	Tokoroa Heated Swimming Pool Upgrade	2,300,000
Pools - Tokoroa	Tokoroa Pool Equipment Replacement	30,000
Pools - Putaruru	Putaruru Pool Refurbishments	50,000
Pools - Putaruru	Putaruru Pool Equipment Replacement	10,000
Pools - Putaruru	Pool Relining	175,000
Pools - Tirau	Tirau Pools Refurbishment	470,000
Pools - Tirau	Tirau Pools Equipment Replacement	10,000
Libraries - District	Library collection and information resources	125,000
Libraries - Putaruru	Shelving & Furniture	10,000
		\$3,265,000
SOLID WASTE & RECYCLING		
Waste Disposal - Putaruru	Refuse Transfer Station Renewals	5,000
Waste Disposal - Putaruru	Refuse Transfer Station Upgrade Programme	325,000
		\$330,000
TRANSPORT & ROADING		
Sealed maintenance	Road formation w idening	389,000
Sealed Road Resurfacing	Sealed Road Resurfacing	1,823,000
Drainage Renewals	Drainage Renewals	590,000
Pavement Rehabilitation	Pavement Rehabilitation Programme	1,077,000
Traffic Services Renewals	Streetlighting Capitals	200,000
Traffic Services Renewals	Traffic Services Signs Renewals	76,000
Minor Improvements	Widening associated with pavement rehab - LCLR (low cost low risk)	216,000
Minor Improvements	Old Taupo Road 13k curve improvements - LCLR	108,000
Minor Improvements	Old Taupo Road 14k alignment improvements - LCLR	108,000
Minor Improvements	Domain Road geometric and sight benching improvements - LCLR	108,000
Minor Improvements	Wiltsdown Road corridor study and improvements - LCLR	22,000
		\$4,717,000

CAPEX PROJECTS CONTINUED

Project Name	Project Description	Proposed 2023-24 Annual Plan
WASTEWATER		
WW - District	Health & Safety	15,000
WW - District	Wastewater Development Contributions	15,000
WW - District	Water and Wastewater Telemetry/SCADA	1,152,000
WW - Tokoroa	Wastewater Treatment Plant - Plant & Equipment Replacement	315,000
WW - Tokoroa	Wastewater Main renewal programme	115,000
WW - Tokoroa	Wastewater Treatment Plant - Duplicate drum filter	210,000
WW - Tokoroa	Maraetai Road Intermodal Business Park	294,000
WW - Putaruru	Plant & Equipment Replacement	52,500
WW - Putaruru	Putaruru WWTP Consent Upgrades	275,000
WW - Tirau	Depot St Pumpstation - Stage 1	925,000
WW - Tirau	Plant & Equipment Replacement	25,000
		\$3,393,500
STORMWATER		
Stormwater - District	Minor New Works	30,000
Stormwater - Tokoroa	Maraetai Road Intermodal Business Park	1,175,000
Stormwater - Putaruru	Putaruru stormwater	1,500,000
		\$2,705,000
WATER SUPPLY		
Water - District	Health & Safety improvements	15,000
Water - District	Water and Wastewater Telemetry/SCADA	1,157,000
Water - Tokoroa	Watermain Renewal Programme	600,000
Water - Tokoroa	Plant & Equipment Replacement	15,000
Water - Tokoroa	Elizabeth Park Water Supply Headworks Improvements	150,000
Water - Tokoroa	Honowhenua Water Supply	308,000
Water - Tokoroa	Maraetai Road Intermodal Business Park	489,000
Water - Putaruru	Watermain Renewal Programme	149,500
Water - Putaruru	Reticulation minor new works	10,000
Water - Tirau	Watermain Renewal Programme	42,000
Water - Tirau	Plant & Equipment Replacement	15,000
Water - Tirau	Reticulation minor new works	10,000
Water - Arapuni	Plant & Equipment Replacement	5,000
		\$2,965,500
REGULATORY		
Resource Management	District Plan - ePlan - Planning and IS costs	50,000
Emergency Management	Replacement Generator	38,000
		\$88,000
PROPERTY		
Plaza Theatre	Seat Replacement	60,000
Pensioner Housing	Property Upgrades	80,000
Property Development	CCTV Renewals	21,000
Property Development	Property Upgrade Works	30,000
Property Development	Charging hub for EV's in Council car park	50,000
Tokoroa Office	HVAC	115,000
Tokoroa Office	Front Portaco Replacement	135,000
Tokoroa Depot	Office Building Renewal	20,000
		\$511,000

CAPEX PROJECTS CONTINUED

Project Name	Project Description	Proposed 2023-24 Annual Plan
GOVERNANCE & CORPORATE		
Information Systems	Council Online Web Services Development Programme	40,000
Information Systems	Desktop PC Hardware	90,500
Information Systems	IS Core Infrastructure - Firewall Replacement	27,000
Information Systems	IS Core Infrastructure - Network Equipment Rolling Replacement	12,000
Information Systems	Business Improvement - Offline / Mobile Data Collection - Mobile Forms Capability	36,000
Information Systems	Smartsheet Automation - 3 month Sprint 1 of 3	26,000
Information Systems	Smartsheet Automation - 3 month Sprint 2 of 3	26,000
Information Systems	Digital Signage (iSite +)	51,000
Information Systems	Innovation Fund	66,000
Information Systems	Cloud Migration - Cloud-based CCTV Programme	41,000
Information Systems	3WR Data Migration	50,000
Information Systems	SOC + SIEM	60,000
Information Systems	Knowledge Base and CRM	20,000
Information Systems	Magiq ERP Development	100,000
Information Systems	CCTV Server Replacement	20,000
Information Systems	Meeting Room Upgrades	80,000
Information Systems	Physical Network Redesign	50,000
Information Systems	Online Resource Consents	20,000
Information Systems	Online Dog Registrations	20,000
Information Systems	Website Development	20,000
Information Systems	HRIS Managed HR Software	75,000
Information Systems	Governance Agenda Management	20,000
Vehicles	Vehicle Replacement	300,000
Property Administration	Furniture renewals	10,000
		\$1,260,500
Total		\$26,537,000

Appendix B: Proposed capital portfolio programme 2023-24

Programme	Proposed 2023-24 Annual Plan	Deliverable carryover from 2022-23	Total for Capital Programme for 2023-2024
ECONOMIC & COMMUNITY DEVELOPMENT	\$200,000	\$4,000,000	\$4,200,000
PARKS & RESERVES	\$923,500	\$0	\$923,500
CUSTOMER SERVICES & LIBRARIES	\$135,000	\$0	\$135,000
SOLID WASTE & RECYCLING	\$200,000	\$0	\$200,000
TRANSPORT & ROADING	\$4,717,000	\$1,600,000	\$6,317,000
THREE WATERS	\$8,956,000	\$3,033,500	\$11,989,500
PROPERTY	\$1,246,000	\$1,350,000	\$2,596,000
GOVERNANCE & CORPORATE	\$343,000	\$700,000	\$1,043,000
TOTAL	\$16,720,500	\$10,683,500	\$27,404,000

Appendix C: Urban Property Rates Examples

	Current		New
Area (Hectares)	0.0809		
Land Value	180,000	Land Value	180,000
Improvements Value	70,000	Improvements Value	70,000
Capital Value	250,000	Capital Value	250,000

Rates for Current Year - 2022/23

[Top](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	250,000.00	660.75
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	44.71
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	342.12
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	424.18
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	600.07
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	175.43
043	Stormwater Rate - Tokoroa - Capital Value	250,000.00	55.50
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	6.35
	Total Rates Levied 2022/23		2,309.11
	(GST on Rates Levied)		301.19
	Rates Last Year 2021/22		2,019.45
	Last Year's Final Instalment		504.86

Rates for Next Year - 2023/24

[Top](#)

[Hide rates for next year](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	250,000.00	754.00
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	55.30
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	426.87
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	492.35
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	792.49
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	189.32
043	Stormwater Rate - Tokoroa - Capital Value	250,000.00	81.00
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	4.04
	Estimated Levy 2023/24 (21.06% Increase)		2,795.37

Notes

Majority of rates charges are fixed dollar amounts

Current		New	
Area (Hectares)	0.1098		
Land Value	215,000	Land Value	215,000
Improvements Value	280,000	Improvements Value	280,000
Capital Value	495,000	Capital Value	495,000
Nature of Improvements	DWG OB OI	Nature of Improvements	DWG OB OI

Rates for Current Year - 2022/23

[Top](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	495,000.00	1,308.29
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	44.71
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	342.12
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	424.18
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	600.07
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	175.43
043	Stormwater Rate - Tokoroa - Capital Value	495,000.00	109.89
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	6.35
	Total Rates Levied 2022/23		3,011.04
	(GST on Rates Levied)		392.74
	Rates Last Year 2021/22		2,525.81
	Last Year's Final Instalment		631.45

Rates for Next Year - 2023/24

[Top](#)
[Hide rates for next year](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	495,000.00	1,492.92
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	55.30
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	426.87
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	492.35
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	792.49
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	189.32
043	Stormwater Rate - Tokoroa - Capital Value	495,000.00	160.38
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	4.04
	Estimated Levy 2023/24 (20.01% Increase)		3,613.67

Notes

Majority of rates charges are fixed dollar amounts

	Current		New
Area (Hectares)	0.0827		
Land Value	200,000	Land Value	200,000
Improvements Value	265,000	Improvements Value	265,000
Capital Value	465,000	Capital Value	465,000
Nature of Improvements	DWG 01	Nature of Improvements	DWG 01

Rates for Current Year - 2022/23

[Top](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	465,000.00	1,229.00
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	44.71
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	342.12
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	424.18
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	600.07
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	175.43
043	Stormwater Rate - Tokoroa - Capital Value	465,000.00	103.23
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	6.35
	Total Rates Levied 2022/23		2,925.09
	(GST on Rates Levied)		381.53
	Rates Last Year 2021/22		2,466.78
	Last Year's Final Instalment		616.69

Rates for Next Year - 2023/24

[Top](#)

[Hide rates for next year](#)

Type	Description (Basis)	Factor	Amount \$
031	General Rate - District-wide - Capital Value	465,000.00	1,402.44
032	District Recycling Charge - District-wide - Fixed Dollar	1.00	55.30
034	Uniform Annual General Charge - District-wide - Fixed Dollar	1.00	426.87
040	Water Supply Charge - Tokoroa - Fixed Dollar	1.00	492.35
041	Wastewater Disposal Charge - Tokoroa - Fixed Dollar	1.00	792.49
042	Waste Collection Charge - Tokoroa - Fixed Dollar	1.00	189.32
043	Stormwater Rate - Tokoroa - Capital Value	465,000.00	150.66
048	Tokoroa Ward Charge - Tokoroa Ward - Fixed Dollar	1.00	4.04
	Estimated Levy 2023/24 (20.11% Increase)		3,513.47

Notes

Majority of rates charges are fixed dollar amounts

Appendix D: UAGC calculation table examples

27% average rate increase

UAGC %	16.00%	UAGC \$471.21
Average Rate Revenue Increase	(UAGC \$471.21)	27%
	Long Term Plan Y3 2023/24	Long Term Plan Y3 2023/24
Rates Examples		
(GST Inclusive)		
Tokoroa Urban Residential		
Average Property Value	\$380,000	\$380,000
Total Annual Rates	\$3,393	\$3,393
Change	26.5%	\$13.69
Putāruru Urban Residential		
Average Property Value	\$475,000	\$475,000
Total Annual Rates	\$3,770	\$3,770
Change	26.6%	\$15.21
Tirau Urban Residential		
Average Property Value	\$555,000	\$555,000
Total Annual Rates	\$4,072	\$4,072
Change	26.6%	\$16.44
Arapuni Urban Residential		
Average Property Value	\$485,000	\$485,000
Total Annual Rates	\$3,923	\$3,923
Change	26.2%	\$15.66
Tokoroa Ward Farm - two dwellings		
Average Property Value	\$4,917,000	\$4,917,000
Total Annual Rates	\$17,424	\$17,424
Change	26.5%	\$70.16
Putāruru Ward Farm - two dwellings		
Average Property Value	\$3,620,000	\$3,620,000
Total Annual Rates	\$13,137	\$13,137
Change	26.6%	\$53.14
Tirau Ward Farm - two dwellings		
Average Property Value	\$3,889,000	\$3,889,000
Total Annual Rates	\$14,042	\$14,042
Change	26.6%	\$56.70
Tokoroa Lifestyle		
Average Property Value	\$730,000	\$730,000
Total Annual Rates	\$2,960	\$2,960
Change	27.5%	\$12.27
Putāruru Lifestyle		
Average Property Value	\$750,000	\$750,000
Total Annual Rates	\$3,057	\$3,057
Change	27.3%	\$12.62
Tirau Lifestyle		
Average Property Value	\$810,000	\$810,000
Total Annual Rates	\$3,266	\$3,266
Change	27.2%	\$13.42

18.5% average rate increase

UAGC %	16.00%	UAGC \$426.87
Average Rate Revenue Increase	UAGC \$426.87	18.50%
	Long Term Plan Y3	Long Term Plan Y3
	2023/24	2023/24
	<small>Long Term Plan Y3</small>	
	<small>2023/24</small>	
Rates Examples		
(GST Inclusive)		
Tokoroa Urban Residential		
Average Property Value	\$380,000	\$380,000
Total Annual Rates	\$3,229	\$3,229
Change	20.4%	\$10.54
Putāruru Urban Residential		
Average Property Value	\$475,000	\$475,000
Total Annual Rates	\$3,576	\$3,576
Change	20.0%	\$11.49
Tirau Urban Residential		
Average Property Value	\$555,000	\$555,000
Total Annual Rates	\$3,853	\$3,853
Change	19.8%	\$12.23
Arapuni Urban Residential		
Average Property Value	\$485,000	\$485,000
Total Annual Rates	\$3,726	\$3,726
Change	19.9%	\$11.88
Tokoroa Ward Farm - two dwellings		
Average Property Value	\$4,917,000	\$4,917,000
Total Annual Rates	\$15,796	\$15,796
Change	14.7%	\$38.85
Putāruru Ward Farm - two dwellings		
Average Property Value	\$3,620,000	\$3,620,000
Total Annual Rates	\$11,915	\$11,915
Change	14.9%	\$29.64
Tirau Ward Farm - two dwellings		
Average Property Value	\$3,889,000	\$3,889,000
Total Annual Rates	\$12,736	\$12,736
Change	14.8%	\$31.58
Tokoroa Lifestyle		
Average Property Value	\$730,000	\$730,000
Total Annual Rates	\$2,688	\$2,688
Change	15.7%	\$7.02
Putāruru Lifestyle		
Average Property Value	\$750,000	\$750,000
Total Annual Rates	\$2,778	\$2,778
Change	15.7%	\$7.25
Tirau Lifestyle		
Average Property Value	\$810,000	\$810,000
Total Annual Rates	\$2,968	\$2,968
Change	15.6%	\$7.69

15% average rate increase

UAGC %	16.00%	UAGC \$408.37
Average Rate Revenue Increase	UAGC \$408.37	15%
Rates Examples	Long Term Plan Y3	Long Term Plan Y3
(GST Inclusive)	2023/24	2023/24
Tokoroa Urban Residential		
Average Property Value	\$380,000	\$380,000
Total Annual Rates	\$3,164	\$3,164
Change	18.0%	\$9.28
Putāruru Urban Residential		
Average Property Value	\$475,000	\$475,000
Total Annual Rates	\$3,499	\$3,499
Change	17.5%	\$10.01
Tirau Urban Residential		
Average Property Value	\$555,000	\$555,000
Total Annual Rates	\$3,767	\$3,767
Change	17.1%	\$10.56
Arapuni Urban Residential		
Average Property Value	\$485,000	\$485,000
Total Annual Rates	\$3,648	\$3,648
Change	17.4%	\$10.37
Tokoroa Ward Farm - two dwellings		
Average Property Value	\$4,917,000	\$4,917,000
Total Annual Rates	\$15,147	\$15,147
Change	10.0%	\$26.36
Putāruru Ward Farm - two dwellings		
Average Property Value	\$3,620,000	\$3,620,000
Total Annual Rates	\$11,427	\$11,427
Change	10.2%	\$20.26
Tirau Ward Farm - two dwellings		
Average Property Value	\$3,889,000	\$3,889,000
Total Annual Rates	\$12,214	\$12,214
Change	10.1%	\$21.56
Tokoroa Lifestyle		
Average Property Value	\$730,000	\$730,000
Total Annual Rates	\$2,578	\$2,578
Change	11.0%	\$4.91
Putāruru Lifestyle		
Average Property Value	\$750,000	\$750,000
Total Annual Rates	\$2,666	\$2,666
Change	11.0%	\$5.09
Tirau Lifestyle		
Average Property Value	\$810,000	\$810,000
Total Annual Rates	\$2,849	\$2,849
Change	10.9%	\$5.39

Appendix E: Operating deficit table for 2019-20 to 2022-23

Comparative review of years 2019-20 to 2022-23

Year	Annual Plan		Annual Report		Document Sources - South Waikato District Council Website
	Budget Surplus/(deficit) \$	Budgeted Adjusted Surplus/(deficit) \$ (also known as the operating budget)	Actual Surplus/(deficit) \$	Actual Adjusted Surplus/(deficit) \$ (also known as the operating actuals)	
2022-23	(2.45m)	(4.5m)			Final Annual Plan 2022-23 for website.pdf (southwaikato.govt.nz)
2021-22	(205k)	(1.86m)	3.4m	(1.6m)	Adopted 15 March 2023 - Annual Report 2021-22 [1].pdf (southwaikato.govt.nz)
2020-21	198k	(2.24m)	(1.04m)	(2.8m)	ECM 571474 v1 FINAL AUDITED Annual Report 2020-21.pdf (southwaikato.govt.nz)
2019-20	1.1m	(1.06m)	(195k)	(2.16m)	Signed Annual Report 2019-20 small.pdf (southwaikato.govt.nz)

Key

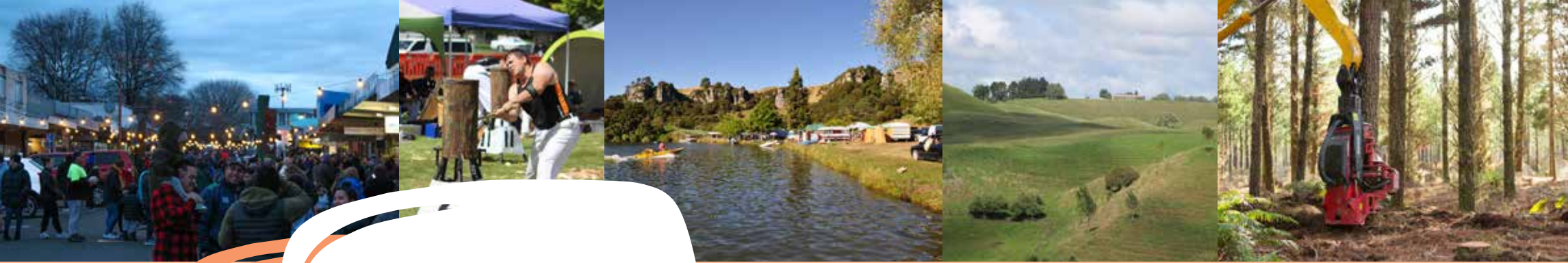
	Surplus
	Deficit
	No detail yet

Footnote

From a surplus and deficit position we need to consider what was proposed as part of the budget (annual plan) in an in the statement surplus/deficit and an adjusted surplus/deficit excluding capital funding received against what was identified as the actual spend (annual report) from an in statement surplus/deficit and an adjusted surplus/deficit.

An operating surplus or deficit excludes the capital funding received and any transactions that aren't considered capital.

A full comprehensive balancing the books statement may be an option as part of the Long Term Plan



Appendix F: Draft Annual Plan 2023-24 Statement of Proposal

kōrero mai
now we're
talking...



Draft Annual Plan - 2023-24

He mahere hukihuki ā - tau 2023-24

Statement of Proposal
Submissions close Friday 9 June 2023

SECURING TODAY. SHAPING TOMORROW. STRONG FUTURE.

Stepping towards sustainability – Whāia te pae whakauka kia tata

Introduction - Whakatakinga

The draft Annual Plan sets out what projects and work Council proposes to deliver in the 2023-24 financial year (starting 1 July 2023) and the budget to achieve the mahi (work). The 2023-24 financial year is Year 3 of the 2021-31 Long-term Plan (LTP).

The proposal sees an average rate revenue increase is high at 18.5%.

The drivers and reasons behind this proposal are outlined in this document and we encourage you to read on.

Council is consulting on this proposal now. Consultation closes Friday 9 June 2023.



PANUI
READ
the
Consultation
Document



WHAKAARO
THINK
about the
proposal and
drivers



TUHITUHI
WRITE
your feedback
(see back
page)



We want to hear from you.

Ā tēnā, kōrero mai ki a mātou.

Proposal - Whakakaupapa

For the upcoming Annual Plan 2023-24, we are proposing a holding position to give Council time to repair the underlying financial issues. By doing this, in the future, Council can refocus its spending to ensure it can deliver projects and services that are necessary, in an affordable way. The present projections are not sustainable in providing even basic services. This work is currently underway through the Long Term Plan (LTP) process. This is where Council's resources must be focussed.

Our focus for this Annual Plan is to work towards sustainable financial management in the face of significant challenges. Detailed analysis, investigation, planning and community consultation for our full suite of activities and services is underway – but not complete. This work will feed into the next LTP.

This draft Annual Plan is in keeping with Council's key focus of embracing and rising to the challenge of growth (te tupunga ohanga), building both Council and community resilience (kia eke panuku) and fostering relationships (ngā hononga) for the betterment of our people.

What is an Annual Plan? He aha tēnei mea, te mahere ā - tau?

Every three years we develop a Long Term Plan in consultation with the community. The LTP sets our direction and work plans for the following ten years. The LTP 2021-32 was completed in June 2021 and amended in 2022, to include capital works projects in the three waters space.

For the two years following the adoption of the LTP, we develop an Annual Plan (Years 2 and 3 of the LTP). Essentially, it's an update of what we agreed through the LTP. It highlights our budgets and work plans for the respective years.

We then report back to the community each year through the Annual Report.

We consult with our community on changes, as legislation requires.

The current draft Annual Plan 2023-24 is changed from the LTP. We would like your feedback on the change and the proposal.



The key change - Ko te panonitanga matua


Council is proposing an average rate revenue increase of 18.5%. Rates on some properties will be higher and/or lower than this average. Please see the rates examples alongside.


You can also go to our website and use the rates calculator for a more accurate result specific to your property.


This is changed from what was adopted in the LTP 2021-31 in June 2021 of 6.3% and increased to 7.2% through the LTP Amendment last year.

Average rate increases - Ko te pikinga toharite o ngā tāke kaunihera

Average rate increases vary across properties for several reasons, including your property type (rural, lifestyle, urban, other) and valuation where you live (Tokoroa, Putāruru, Tīrau etc).

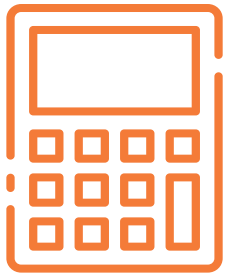
Urban 		Current Year - 2022-23 (year 2 of the LTP)		Next year - 2023-24 (year 3 of the LTP)	
		Avg Property Value	Current rates	Proposed rates	Avg increase/week
Arapuni		\$485,000	\$3,108	\$3,726	\$11.88
Tīrau		\$555,000	\$3,218	\$3,853	\$12.23
Putāruru		\$475,000	\$2,979	\$3,576	\$11.49
Tokoroa		\$380,000	\$2,682	\$3,229	\$10.54

Lifestyle 		Current Year - 2022-23 (year 2 of the LTP)		Next year - 2023-24 (year 3 of the LTP)	
		Avg Property Value	Current rates	Proposed rates	Avg increase/week
Tīrau		\$810,000	\$2,569	\$2,968	\$7.69
Putāruru		\$750,000	\$2,401	\$2,778	\$7.25
Tokoroa		\$730,000	\$2,323	\$2,688	\$7.02

Rural 		Current Year - 2022-23 (year 2 of the LTP)		Next year - 2023-24 (year 3 of the LTP)	
		Avg Property Value	Current rates	Proposed rates	Avg increase/week
Tīrau		\$3,889,000	\$11,093	\$12,736	\$31.58
Putāruru		\$3,620,000	\$10,373	\$11,915	\$29.64
Tokoroa		\$4,917,000	\$13,776	\$15,796	\$38.85

The DRIVERS behind the 18.5% proposal – Ko ngā take e piki ai ki te 18.5%

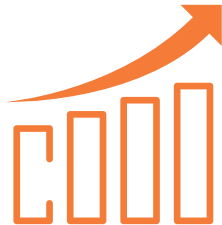
INTEREST RATES Itareti



Interest rates have doubled which increases the cost of repaying our debt.

INFLATION Tāmi ahumoni

Inflation is hitting everyone hard, and our business is no different. The inflation rate of 7.2% affects a range of expenses.



ZERO% RATE INCREASE Ko te pikinga koretanga o ngā take kaunihera

During COVID, Council made the decision to adopt a zero percent rate increase (for the 2020-21 financial year). We did this at the time due to the hardships amid the COVID crisis. We were always going to have to make that up. Catching up from the zero increase from several years ago accounts for 7% of the 18.5% proposed total.



COST ESCALATION – Te pikinga ake o te utu

Escalating infrastructure costs, including costs for freight, materials, fuel and labour have made capital works far more expensive to deliver. Supply chain delays have particularly affected the procurement of civil engineering materials, as well as necessary equipment. These factors are facing all councils. While some councils have made the decision to reduce operational spend by cutting or postponing capital projects and reducing services, our Council is not able to do that because our district is already behind in its response to growth. If we take our foot off the accelerator now, we're never going to catch up.

ENERGY costs have increased by 83% with a further 29% since 2021.



CONTRACT costs have increased by 30% since 2021.

SALARY increases as talent shortages continue to create a competitive job market and difficulty in recruitment.



Two years of **COVID** recovery from lockdowns and skills shortages have seriously impacted our economy.

SUPPLY CHAIN DEMAND has resulted in escalating infrastructure costs, including costs for freight, materials, fuel and labour are impacting progress and budgets.



OPERATING DEFICIT/DEPRECIATION

Takarepa Whakahaere/Pūtea hekenoa wāriu

Our district has been growing for the past five to six years. Prior to that we were declining. We have cut our cloth to suit this decline, but that has changed. As we moved out of a decline phase into a growth phase, we were also mindful of keeping rates as low as possible. But we've done this for too long and it's catching up with us.



In the past Council has borrowed money (by loans and from reserves) to subsidise operations and under-funded depreciation. This is not a sustainable solution. It's like borrowing from the bank to pay your grocery bill. Borrowing is good, *IF* it's for a house or even a car, but not for your day-to-day expenses. Using loan funding and/or reserve funding to prop up operational spend is not sustainable. It basically means that our income has not kept pace with the cost of running Council. As a result of this method of funding operations we have a forecasted deficit of \$7 million.

How did we get to 18.5% - He aha te take i whakatauria ai te 18.5%

Council looked at three scenarios to arrive at the proposed 18.5% average increase.

Partly address the deficit - 18.5% - Ki te anganui hukihukitia te takarepa -18.5%

This scenario is the only feasible way forward in Council's view. The longer we delay addressing the fundamental financial sustainability problem coupled with the financial challenges that are not going away and will likely only get worse, the more severe the correction will be when it comes.

We can't keep funding operational expenses through debt. Our annual deficit just grows.

To bring our deficit to a manageable level at \$4 million (reduced from \$7 million) we are proposing an 18.5% average rate increase. This gives us the necessary breathing space to focus our efforts on the upcoming LTP. Over time, the deficit starts to reduce and Council won't reach its debt cap. As part of this process, we will address structural budget reform, external challenges, a complete activity review, a review of levels of service, funding models and other; alongside community engagement.

Our Council has kept rates increases as low as possible for years. Most of our neighbouring councils have been increasing rates to cover cost challenges over the past years. We've tried to remain low, but it's not sustainable.

The proposed average rate increase of 18.5% strikes a balance between financial sustainability and rates affordability.

The proposed 18.5% rate increase in dollar terms is \$13.77 per week. Please see the rates examples earlier in this document (on page 4) for more detail.

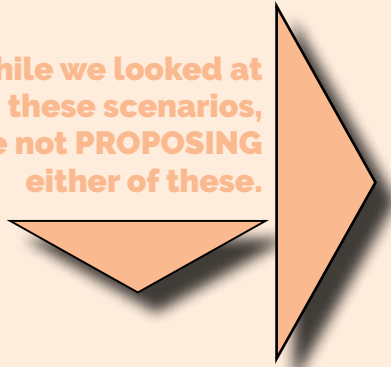


We can't keep funding operational expenses through debt. Our annual deficit just grows.



This is our PROPOSAL

While we looked at these scenarios, we're not PROPOSING either of these.



Address the deficit issues - 27% - Ki te anganuitia te āinga ā ōhanga - 27%

To fix the deficit, cope with the bow wave caused by the zero per cent rate increase we adopted during COVID and meet the current financial challenges, we need approximately 27% more income than we're currently receiving.

Obviously a 27% average rate increase is too high.

Don't address the deficit – 10% - Ki te kore te takarepa e anganuitia -10%

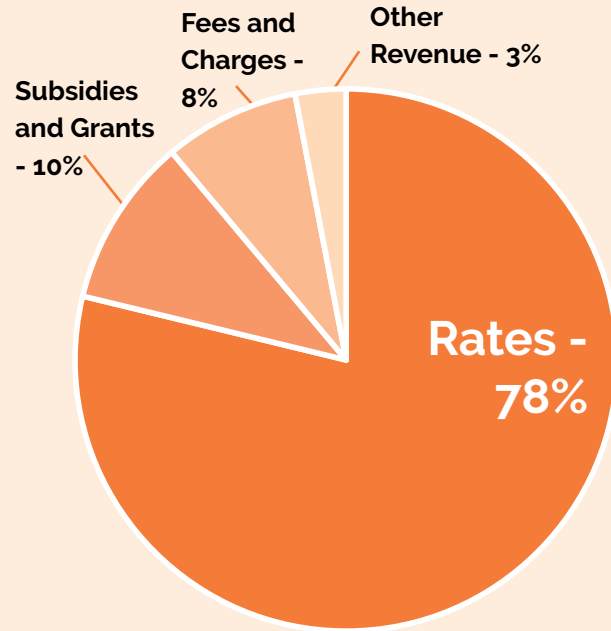
We looked carefully at not addressing the deficit of \$7 million at all. Under this scenario, we would still need a 10% rate increase to tread water. We don't believe this is sustainable. At a high level, we looked at a range of services and activities to achieve some savings. Some savings have been made, however most of the items (or activities) require significant levels of analysis, robust community engagement and an LTP Amendment. This volume of work is better done as part of the next LTP, not mid-LTP cycle. The analysis below is incomplete. It is a massive amount of work that we need more time to do properly before having robust discussions with our community.

But it's worth including for our community to start thinking about the services and activities our people get from Council and what sorts of things people would be willing to change, reduce or receive differently.

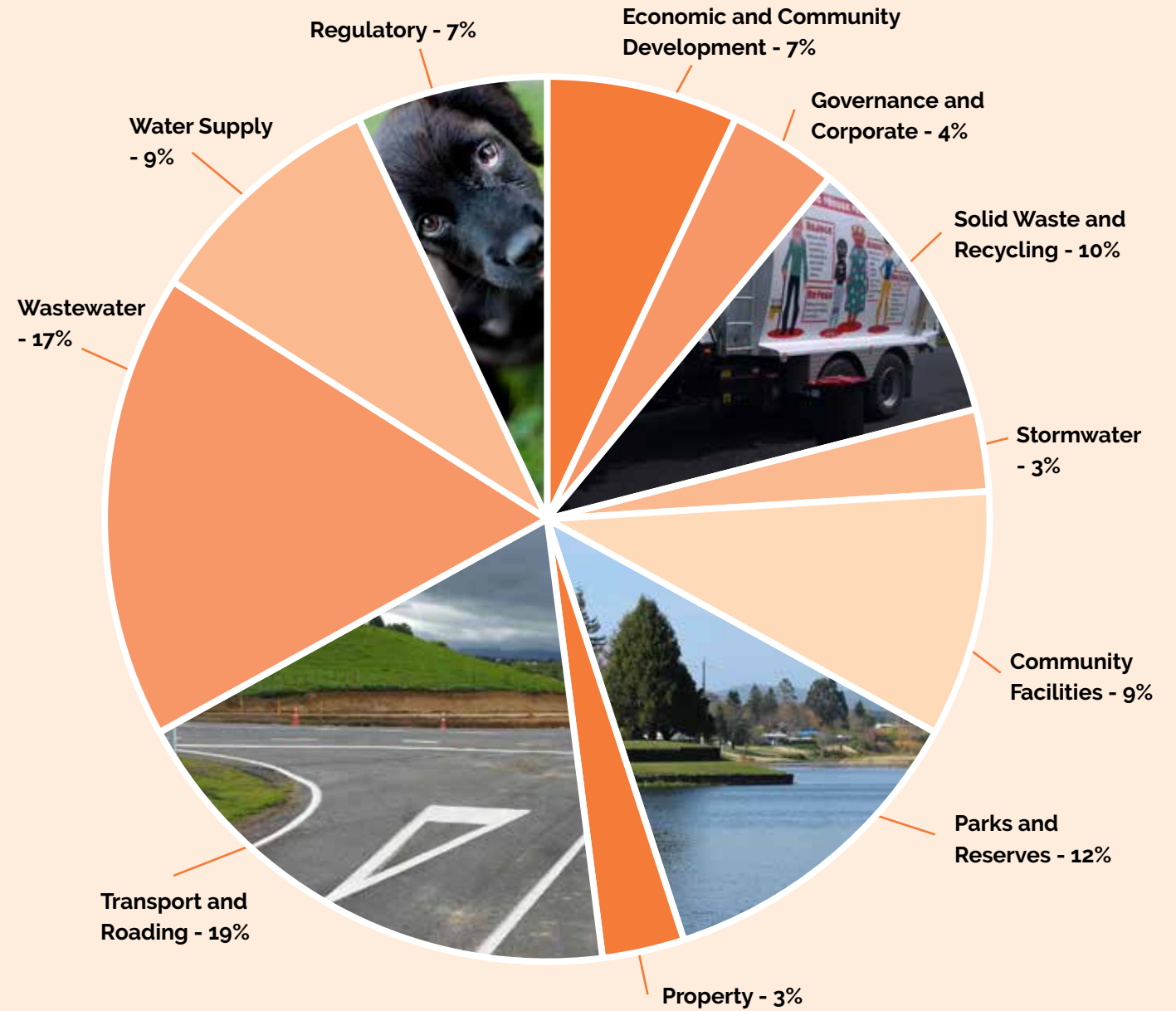
Activity	What we could potentially look to change	Possible impacts
Roading	Reduce roadside mowing, second road marking, maintenance/issue response times, cleaning cycles, information collected.	Safety, land instability, network availability, unkempt, knowledge
Parks and Reserves	Increasing grass height, removal of flower beds, reduced maintenance of play equipment and other park structures	Scruffy looking, litter accumulation, visual appeal, safety, reduced reserve use, negative perception
Solid Waste	Close or reduced hours of transfer stations	Increased travel for residents, reduced access, increase in illegal dumping, negative perception of district
Community contracts	Council has several community contracts in place amounting to almost \$1M.	Need for groups to source funding elsewhere, loss of community service
Community grants	Council's grant scheme supports a range of community groups to deliver programmes to our community	Lower levels of community support for a range of programmes
Facilities	Closure or reduced operating hours of facilities such as Tīrau i-site, Putāruru service centre	Community accessibility, staffing, leasing arrangements, service delivery
Pools	Closure and/or reduced operating hours of Indoor pools and/or seasonal pools	Availability for community, service delivery
Consultants	Consultants are used by Council for specialist work that staff cannot do	Ability to obtain specialist advice compromised
Council owned buildings	Reduce maintenance schedules	Unkempt Council buildings, facility deterioration

The money - Te pūtea

Where our money comes from - I ahu mai te pūtea i whea?



What your money pays for - He aha tāu pūtea i utua ai?





A word on three waters – He kōrero mō Ngā Wai e Toru


You may have read that Council is only partly supportive of the water reforms proposed by Central Government. Even with the more recent announcements that increases the number of water entities from four to ten, we still have concerns about asset ownership and loss of local voice.

Council has committed over \$50 million to several capital projects in the three waters space. This is being loan funded to minimise the impact on rates. This is an example of good borrowing.

When/if the Government takes three waters off local government, they take our assets, reserves, costs and debt. This means that our debt commitment becomes the entity's debt. This was set to happen in 2024 (next year) but it has been pushed out to 2026. Which means we could keep our debt for two years longer than anticipated.

Planning around our Three Waters' needs is challenging for next year's LTP. There is even talk of councils doing budget modelling for two LTP scenarios – one with three waters and one without. Lack of clarity in this space continues to be an issue. Uncertainty from Government around the resource management reforms is also complicating our budgeting planning for the long term. Economic circumstances in New Zealand are not getting any better. There is also a very real struggle in both the public and private sectors for talent, capability, contractors, suppliers and materials.

We've already started work on this. The community will have opportunity to be involved.



The 2024-34 Long Term Plan - Ko te mahere pae tawhiti

We have already started doing work on the 2024-34 Long Term Plan. This is where we must put our limited resources and effort. The landscape has changed dramatically since the 2021-31 LTP was adopted. This is why Year 3 (the coming 2023-24 year) has such a large average rate revenue increase.

During 2023 and the early part of 2024, staff will be engaging with communities regarding the full breadth of our services - what we deliver and how, at what level we deliver each service, and how to best fund the activity between rates and fees and charges.

We're signaling change. We cannot continue to deliver the current suite of services at the current level, sustainably into the future. So together we're going to have to make some tough decisions. We'll need to decide what services we can cut, what services we can deliver using a different more efficient model (shares service for instance with other councils), and what services we can no longer afford to deliver at the current level.

How to have your say | E whakatakoto whakaaro ai koe

The consultation period is open from Friday 12 May and closes on Friday 9 June 2023. When you make a submission you can choose if you want to speak to Council at a public hearing which will be held on 16 June. You will be given 10 minutes to share your views and additional time for questions if necessary.

If you don't wish to speak, your feedback will be presented to Councillors as part of the Hearings Agenda. Council will consider all submissions. All submissions will be publicly available on Council's website (names and submission only, not contact details). All submitters will receive a response following decisions.

- Online submission - link at our website.
- Email - info@southwaikato.govt.nz - please write Annual Plan 2023-24 in the SUBJECT bar.
- Write - SWDC, Private Bag 7, Tokoroa, 3444
- Phone - 07 885 0340 (8am - 5pm Monday to Friday).
- Attend one of our Annual Plan drop-in sessions or public meetings (watch Council's social media channels, Antenna and/or our local newspaper, South Waikato News).



Prefer to do an online submission?

Go to www.southwaikato.govt.nz. Click on: *Community Engagement*

Office use only

Submission form | He puka tāpae kōrero

Name: _____ Surname: _____ Street address: _____ Town: _____

Email: _____ Phone: _____

If your submission is on behalf of an organisation, please identify: _____

Do you wish to speak to your submission at the hearings, please circle: Y N

Council's consultation process is public and your comments will be available for public inspection. Your submission won't be returned to you. If you require a copy, please make one before submitting. You may include additional sheets of paper.

Q1 - What are your thoughts about the proposed Annual Plan rate increase?

Q2 - Do you have anything else you would like to add?

Use additional paper if needed.