

Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee

Ngā Tāpiritanga – Mēneti | Attachments – Minutes

Attachments – Minutes of a meeting of an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee held in the Council Chambers. 35 Kenrick Street, TE AROHA on 25 Feb 2025 at 09:00.

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Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

Chief Executive Officer Report to the Risk and Assurance Committee February 2025

Report Purpose

The purpose of the report is for the Chief Executive Officer to provide his perspective on activities in the organization that relate to the functions of the Risk and Assurance Committee

Executive Summary

The report provides Chief Executive comments and perspectives on matters considered relevant to the Risk and Assurance Committee:

- Performance against Long-Term Plan and Annual Plan targets
- External Audits
- Internal Audit
- Compliance with Laws and Regulations
- Risk Management and Internal Controls
- Special Projects/Emerging Issues

In reference to functions of the Committee, I would hope the report provides reassurance that:

- We are transparent about actual and potential significant risks
- We acknowledge the need for improvement in processes and systems
- There is evidence that improvements are occurring.

Recommendation

That the report be received.

Background

The Chief Executive Officer previously provided a verbal update to the Risk and Assurance Committee.

As a new Chief Executive, I am taking the opportunity to take a different approach and provide a formal report to the Committee.

As this is my first report, I wanted to ensure the format met the expectations of the Committee chair and the Mayor. As a consequence, the report was not circulated with the agenda.

Once the Risk and Assurance Committee approves the format (with any amendments), the report will be circulated with the agenda in the future.

Issues

Performance against Long-Term Plan and Annual Plan targets

Note that the six month report is on the agenda.

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Non-financial performance: The report notes a risk that the survey results for 2024/25 will differ from those of prior years. This is considered a minor matter.

Staff are expected to manage activities within budget. This expectation has been reinforced in light of the over-expenditure operating results in the last two financial years. The overall operating result for the half-year is positive. Items outside staff control have contributed to this position.

The risk to the operating position is assessed as low. It is expected that any significant financial variances (excluding non-cash transactions eg losses on disposal of assets) for the final two quarters would have to arise from matters beyond staff control.

Capital expenditure – the report on projects is a separate item on the agenda. The Matamata wastewater treatment plant project is significantly larger (in value) than any other project we have completed. Progress on this project will have a significant impact on the total capital spend.

It is expected that we are more likely to complete a higher proportion of the budgeted capital projects than previous years. This is due to the introduction and concerted focus on the project management framework.

Accounting standards – There are no significant accounting policy changes or issues identified at this time.

Annual Report preparation status

In past audits, performance measures related to customer requests and response times have been problematic. Staff particularly focused on this area through 2023/24, and the resulting audit had a positive outcome. This focus has been maintained in 2024/25.

Staff will again check with Audit New Zealand regarding expectations regarding non-financial performance measures. If the expectations are consistent with the 2023/24 audit, no issues are anticipated.

Asset revaluations will again present the greatest risk to the audit time-frame. The relevant staff are aware of the need to ensure third party valuers meet our expected time-frames.

External Audits

Audit New Zealand

We have an audit engagement letter with expected fees which has been previously sent to Risk and Assurance. Staff have advised Audit NZ that our ideal Annual Report adoption date this year is 8 October ahead of Local Government Elections on 11 October. Our newly elected members are not due to be sworn in until 4 November which is after the 31 October deadline for adoption. We are awaiting a response from Audit NZ as to whether they can make this deadline.

Building Consent IANZ Audit - the next audit is due to commence in late March. I am aware that the relevant staff have been preparing for the audit for many months.

Progress again Audit recommendations

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The Audit Management report for 2023/24 is on the Council agenda.

The following is a summary of the outstanding recommendations:

- 5 Urgent
- 17 Necessary
- 2 Beneficial

None of the recommendations materially affected the 2023/24 annual report. In my opinion if not completed to the auditors satisfaction, they would not materially affect the accuracy of the 2024/25 annual report. I respect the statutory role and professional standards that provide the guiding parameters for our Auditors. We have noted where we disagree with the auditor's recommendations.

I agree with the recommendations otherwise, as they are consistent with our internal drive for high-quality, efficient systems and processes.

Internal Audit

Internal audit program status

The internal audit programme is currently focused on audits related to the Food Regulations 2015. To meet section 110 (Quality Management System), 27 audits are required. The internal audit schedule for February – November 2025 has been set. This year, the team will only focus on the 15 high-risk areas. Next year, the full 27 audits will be undertaken (15 high-risk and 12 low-risk). All 27 audits were completed in 2024.

Following the review of our top organisational risks (one of the priorities listed in the risk management work programme), a further internal audit programme will be established.

Focusing only on high-risk audits may result in lost opportunities for the low-risk areas. However, this is likely to be minimal, as they were audited last year and will be audited again next year.

Key findings and recommendations and management responses

In 2024, 27 audits were conducted, seven of which were conducted in November. The opportunities for improvement raised have all been actioned.

Four audits were conducted in December, and the team plans to meet soon to review the outcomes and note any opportunities for improvement.

Compliance with Laws and Regulations

Status of regulatory compliance – Waikato Regional Council

Annual Consent Reports submitted to the Regional Council are audited for overall compliance with consent conditions. An annual compliance report outlines findings, any follow-up actions, or potential enforcement measures. The various treatment plants are categorised as follows, based on the last compliance status report:

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- Low risk non-compliance – three plants
- Moderate non-compliance – four plants
- Serious non-compliance – one plant.

The Waihou treatment plant was assessed as seriously non-compliant and is no longer in operation. The sewage from that settlement is now piped to the Te Aroha plant. I have reviewed the January compliance reports with the Three Waters Compliance and Improvement Manager and the Water and Wastewater Operations Manager. The purpose was to enhance my understanding of the status of waters and wastewater regulation compliance.

My summary is as follows:

- The leadership team have a strong focus on compliance and follow-up actions
- It was pleasing to note that most actions from the last compliance report had been completed. Progress is being made against the outstanding items.
- There is a drive in the team to look for improvements in our processes and/or treatment facilities.
- The team is communicating regularly with the Waikato Regional Council.

I will continue to review this area closely (ie to improve my understanding) and will consider how we should/could report to our Governance groups.

Importantly, I want to understand areas of support that might be required from the Executive Team.

The desludging work at the Matamata Wastewater Treatment Plant was known to create a risk of non-compliant discharge to the receiving waters. This occurred in November. The team mitigated the risk by implementing additional aeration equipment. The discharge returned to compliance, but the risk continues. Updates are regularly provided to Waikato Regional Council, and the project team has also informed Manawhenua.

My assessment is that the Three Waters Team's efforts and focus have reduced the risk of non-compliance in relation to matters that we can control.

Status of regulatory compliance – Drinking Water Standards

We currently report monthly on 10 water treatment sources. This relates to factors that the Water regulator wants to monitor regularly. There is an annual report that includes additional factors.

I reviewed the January report with the Three Waters Compliance and Improvement Manager and the Water and Wastewater Operations Manager, once again, to improve my understanding of the compliance status.

The following is a summary of the extent of compliance plants have achieved from July to January (ie 7 months) :

- 7 months in compliance – 6 plants

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- 6 months in compliance – 2 plants
- 5 months in compliance – 2 plants

The main source of non-compliance appears to be monitoring requirements. Three incidents that are not monitoring-related are still under investigation.

Again, I am reassured by the importance that the Three Waters leadership team attaches to compliance in these activities. In this regard, I expect that the level of compliance achieved relating to factors that we can control will improve.

Any non-compliance incidents

In addition to the non-compliance associated with Matamata Wastewater Treatment Plant desludging, there were two other minor incidents of potential non-compliant discharge reported to the Regional Council in January.

In December, we reported one incident of non-compliance with the Privacy Act to the Privacy Commissioner. We have met all of the Commissioner's requirements in relation to that incident.

The incident highlighted the need for improved awareness and training for staff. Work on this has commenced.

Status of claims against Council

The Group Manager Growth and Regulation maintains a schedule of legal or other claims against Council.

The following is a summary of the active claims from the last report:

- Notified to Insurance (ie potential public liability) - 7
- Active claims with insurance – 1
- Waitangi Tribunal – 1
- Disputes tribunal - 2
- Ombudsman – 2

The relevant teams will address any learnings arising from these incidents.

Some of these matters (e.g. items notified to the Council's insurers) may result in court action.

The prosecution for the non-compliant discharge for the Waihou Treatment Plant is progressing. Parties are in discussion about the statement of facts.

Risk Management and Internal Controls

The following reports on the agenda are relevant to this section:

**Chief Executive Officer Report to the Risk and Assurance Committee
February 2025**

1. Risk Report – I am pleased with the opportunity we have to advance our risk management practices with the assistance of AON.
2. Insurance – advancements in risk management will eventually be reflected in a review of various aspects of insurance.
3. Health and Safety – Lucy Longstaff's appointment as the Safety and Wellness team leader has introduced fresh perspectives to our health and safety management. This includes positive feedback to the Executive Team regarding our health and safety culture and practices. Naturally, there is always room for improvement.
4. Project management: Embedding the project management framework has been a priority for over 12 months. Monthly project reports provide some assurance that our project management practices are improving.

Information Technology systems security status

One low-risk Cybersecurity breach occurred this month, generating approximately 700 spam emails in approximately one hour. The incident was managed according to the cyber-security incident response plan. The threat was isolated. The source of the breach is still being investigated.

I still need to confirm the date the independent Information Technology security audit will commence.

Special Projects/Emerging Issues

Waters reform

- Waikato Waters Done Well—Seven Councils are working together to identify the steps necessary to establish a subregional Council Controlled Organisation (CCO). Kahu Manawa (Vaughan Payne) is leading this effort on behalf of the Councils. Council has indicated that its preferred option is a subregional CCO.
- The Mayors of the Councils involved have met to establish governance and political oversight over the developments. They will also meet regularly to provide an overview of the process.
- All participating Councils are aware of the need to ensure the integrity of consultative process.
- Work is well advanced internally to review the capital expenditure for the Water Services Plan. Assumptions are having to be made on the expected regulatory levels of service
- The process of assessing the requirements for providing water services through an internal business unit is underway. This is one of the two options that the Council must consider.
- Briefings have been provided to Te Manawhenua forum.
- We expect to be consulting on the preferred option in April with a final decision to be made in June.

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- The Te Ohu Takatuu Anamata group (future-ready), comprising leaders from various parts of the organisation, has been reconvened to help guide it through this and other change processes.
- The Executive Team is working through a process to ensure that the impacts of the water reforms on the rest of the organisation, including post-waters reform, are understood.

The following high-level issues and risks have been identified:

- The statutory timeframes are quite challenging. Consultation and engagement must be finalised within this timeframe.
- Process integrity: The Council must consult on its preferred option. In practical terms, we must advance planning for a subregional CCO so that we are prepared to advance that option if the Council chooses it.
- Future regulatory standards and requirements are yet to be defined, so staff are making assumptions about what may be needed.
- Staff fatigue regarding the water reforms presents challenges for retention and staff well-being.
- The flow-on impacts of water reforms create uncertainty within the organisation.
- The reforms will impose costs that are not budgeted. Some of these costs are assumed to be transferable to a CCO.
- The seven Councils have engaged Kahu Manawa to lead the project and provide resources to drive the regional CCO's process. However, staff will still need to be involved in these processes, which will impact our capacity to deliver normal operational requirements.

The Water Services Authority has announced plans to consult on nationally consistent wastewater environmental performance standards. This initiative aims to reduce consenting complexity and provide greater cost certainty for network operators. Approximately 60% of the country's 353 wastewater consents will need renewal in the next decade. The standards will cover key areas, including discharges to land and water, biosolids reuse, and monitoring of overflows and bypasses. The standards could significantly impact our future infrastructure planning and compliance requirements. Councils will need to engage in the consultation process.

One immediate risk relates to the upgrade of the Matamata Wastewater Treatment Plant. The design parameters for treatment are founded on recent resource consent conditions granted for upgrades to other treatment plants in our region. There is a recognized project risk that the design is moving forward in expectation of the consent conditions. Furthermore, the standards proposed by the Water Services Authority add another layer of uncertainty regarding the sufficiency of the treatment plant's design.

As noted earlier in the report, the Matamata Wastewater Treatment Plant upgrade involves desludging of oxidation ponds. The current volume of desludging is to reclaim sufficient land to provide a building platform for the new treatment plant. Eventually, all sludge will need to be removed from the ponds. The sludge volume involved in the reclamation was estimated to be

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2000 cubic metres. Now that work has commenced, the volume is estimated to be 6,000 cubic metres. I have asked for an explanation as to the significant variation in sludge volume.

Te Whare Whakapakari—Matamata Stadium: All necessary consents and agreements are now in place, and physical works are underway. Council has accepted responsibility for the physical works noting that community fund-raising efforts are continuing.

The main risk is a potential shortfall in funding from grants or fundraising. Council has passed a resolution confirming how any shortfall will be covered.

Special investigations or reviews

Trade waste charges – we will be in touch with two industrial businesses soon about increased trade waste charges. There is potential for dispute over the basis of the trade waste charges.

Earthquake-prone buildings –three Council buildings have been assessed as either earthquake-prone or partially earthquake-prone:

- Firth Tower – There is no public access to the building, and there is a no-access perimeter zone. The safety risk has been mitigated. There is a reputational risk if earthquake strengthening is not completed. The capital cost is yet to be determined.
- Matamata Squash building (part of the Matamata Sports Centre) – Initial seismic assessment completed. Some investigation has been conducted as part of the detailed seismic assessment. There is a safety risk to Matamata Squash club members. This is mitigated to an extent by ensuring the Squash Club Committee is informed of the risk.
- Te Aroha Office: A portion of the building (below the IT office) has been assessed as earthquake-prone.. The remedial work is relatively straightforward. The project is being advanced as a priority

Council has requested an update report on the Firth Tower and Matamata Squash Club.

Flood modelling is currently underway to assess the impact of various rainfall events (for example, a 1 in 100-year rain event) on the larger townships. This information, which is preliminary, will aid in planning for growth, infrastructure upgrades, maintenance, and storm event responses.

Council is providing information on Land Information Memoranda for affected properties. This meets Council legal responsibilities.

Policy reviews

Three policy reviews are overdue

Sensitive expenditure – work is underway on this review and it is expected to be completed by June 2025.

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Procurement: The policy review has been commenced and will be completed by June 2025. Work is also underway to review and update the Procurement Manual, which covers the policy's operational aspects.

Capitalisation - the policy review has commenced and will be completed by June 2025.

Managing conflicts of interest – we may wish to defer work on this pending clarification of the Government's proposals (see below).

Policies due for review in 2025

Code of conduct

The Government released the Cabinet paper that Hon Simeon Brown took to Cabinet in December regarding the 'Local Government Forward Work Programme. It is noted that there is discussion regarding the following:

- New standardized code of conduct to be issued by Secretary for Local Government
- Changes to systems for managing conflicts between elected members
- Potential new written questions system for elected members

2025/26 Annual Plan

At the December meeting, Council determined that there are no substantial or material differences between the draft Annual Plan 25/26 and year 2 of the long term plan. As a result, consultation is not required; instead, an information campaign will be implemented.

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February 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the District Council on the audit of

Matamata-Piako District
Council

For the year ended 30 June 2024

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Key messages

We have completed the audit for the year ended 30 June 2024. This report sets out our findings from the final audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement. This report should be read together with the Interim Report to the Council, dated 3 September 2024.

Audit opinion

We have issued an unmodified audit opinion dated 27 November 2024. This means that we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Matters identified during the audit

Our audit plan outlined the key matters identified for the audit. We have detailed the work performed for these matters in section 3 of the report.

Overall, the quality of the annual report improved compared to prior year. Some corrections were made to both the financial statements and performance reporting as noted in Appendix 2.

The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listing provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner. Management should also tighten the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.

The District Council has made progress in implementing or closing previous recommendations raised. However, a number of previous recommendations remain open. We encourage the District Council to continue addressing the remaining open recommendations. Appendix 1 provides a summary of these.

Thank you

We would like to thank the Council, management, and staff for the assistance received during the audit.



Rene van Zyl
Appointed Auditor
18 February 2025

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Timely capitalisations - PPE Management should tighten the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.	4.1.1	Urgent
Quality and timeliness of information – PPE The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listings provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner.	2.4	Urgent

Recommendation	Reference	Priority
Depreciation not correctly backdated Management should investigate the reasons why the system is not calculating depreciation correctly using the install date (date when asset was actually completed) rather than the found date (when asset was capitalised) and take appropriate action.	4.1.2	Necessary
Internal charges for NZTA claim We recommend the District Council reviews its processes for recording labour time for internal charges for workorders (which form part of the NZTA claim) to ensure that the labour time is captured in a timely manner for labour charges to be included as part of the NZTA claims.	4.1.3	Necessary
Useful lives disclosed for accounting policy The Council should review the accounting policy for useful lives included in the financial statements and ensures that it is consistent with the useful lives adopted.	4.1.4	Necessary
Register of pecuniary interest All interests should be declared by elected members to ensure that the District Council complies with the Local Government Act pecuniary interests' requirements.	5.1	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open matters from 2023 report	1	10	1	12
Open matters from 2024 interim report	-	4	2	6
Implemented or closed during 2024 final audit	1	3	1	5
Total matters considered	2	17	4	23

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit opinion on 27 November 2024. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

2.2 Uncorrected misstatements

During the audit, we have discussed with management any misstatements and disclosure deficiencies that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed in Appendix 2 along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

2.3 Corrected misstatements

We also identified misstatements that were corrected by management. The corrected misstatements are listed in Appendix 3.

2.4 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers. We provided a listing of information we required on AuditDashboard to management in August 2024. This included the dates we required the information to be provided to us.

Overall the quality of the annual report improved compared to prior year. Some corrections were made to both the financial statements and performance reporting as noted in Appendix 3 resulting in the review of several versions of the annual report.

In general information was provided as agreed with delays experienced in receiving information requested in relation to property, plant and equipment as well as bank reconciliations.

In relation to bank reconciliations management provided a listing of all unreconciled items and additional audit work was performed to verify these unreconciled items and assess the impact on the financial statements. Unmatched items should be processed in a timely manner to ensure that at year end they are classified appropriately in the financial statements and relate to the correct financial year. Currently this is a manual process completed by staff. We have made recommendations in our interim Report to the Council for improvements needed.

The quality of supporting listings and evidence in relation to property, plant and equipment needs significant improvement. We recommend that management implements quality control processes to ensure that listings provided to audit reconcile to the financial statements and relevant supporting information is available in a timely manner. This impacted the extent of audit work required as well as requiring adjustments to the financial statements and other disclosures as these numbers impact various sections of the annual report.

Management comments

Bank reconciliations

The bank reconciliation module in our Authority software is excellent in terms of generating an automated daily bank reconciliation that give us assurance that all transactions in the bank account and cashbook are captured. Beyond that, the module provides insufficient transaction information to enable a smooth matching of items between the bank account and the cashbook. The system is also incapable of producing an automated reconciliation at a specified date, which therefore requires staff to manually produce the year end bank reconciliation.

These issues have been raised with our software provider Civica on an individual basis, and in conjunction with other local authority users. Since Audit NZ's Interim Report, staff have met with other users and the module expert from Civica and have gained assurance that we are utilising the module to its current potential. As a result of the combined user issues raised, Civica have provided some enhancements in recent patches, however we have not found them to provide any benefit for the process of matching transactions. The module expert from Civica also noted that they have spent considerable time trying to develop an automated retrospective trial balance, but have found the process to be overly complex, and we were not given a strong indication that this enhancement would be forthcoming.

As such, staff have recently spent significant time developing and testing their own tool outside of the Authority system that we have found to be significantly beneficial in the process of matching transactions. We expect that this will greatly improve the timeliness of the matching, although noting that there are always transactions that take longer to resolve as they may require further investigation. Staff are also trialling processes to help make the manual bank reconciliation process at year end more efficient.

Property, plant and equipment

There are many staff involved in the administration and development of the supporting information for property, plant and equipment. Going forward, we will assign responsibility to an individual to coordinate and ensure that the information provided to the Audit team reconciles to the financial statements and is provided in a timely manner.

3 Matters raised in the Audit Plan



In our Audit Plan of the District Council, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
The risk of management override of internal controls (significant risk)	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.	In response to this risk, we performed testing over journals, accounting estimates and looked for significant transactions that were outside the normal course of business. Based on the results of our testing, we found no indications of management override of controls that would result in a material misstatement, in the financial statements, due to fraud.
Fair value assessment of property, plant and equipment (non -revaluation year) (area of audit focus)	
<p>We understand that the Council is not planning to undertake revaluations for the 2024 financial year. For those assets that the Council is not planning to revalue, the Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>Council's assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, Council could engage valuers to assist in preparing a fair value assessment.</p>	We reviewed the fair value assessment performed by the District Council for Three Waters assets, roading assets, land and building assets. The audit team's review confirmed the assumptions used and the resulting calculation did not indicate a material difference between the District Council's current carrying value and their approximate fair value.

Audit risk/issue	Outcome
Completeness of data for performance measures (CRM related performance measures) (area of audit focus)	
<p>During the prior year audit, Council was unable to extract complete reports for CRM data covering the previous financial year. Not being able to reproduce the data creates a risk to Council in terms of errors or incomplete reporting. It also creates audit risk as we need to gain support around the accuracy and completeness of the reported results.</p> <p>We understand that Council is extracting the data monthly for the 2024 financial year and saving the data in PDF format to ensure there are no manipulation of data.</p>	<p>CRM is the data system that the District Council uses to process their customer complaints and requests. This system also is used for year-end reporting purposes to determine the reported results in relation to the <i>"number of dry weather sewerage overflows from Council's sewerage system"</i>.</p> <p>We performed alternative audit work to determine the completeness of data for measures we performed work over. We concluded that no data was omitted, and that the data used for reporting purposes was complete.</p> <p>We are satisfied that the performance result is fairly stated and complete.</p>
"Local Water Done Well" programme (area of audit focus)	
<p>In February 2024, the Government passed legislation that repealed the affordable waters reform legislation passed into law by the previous Government.</p> <p>The Government intends implementing its "Local Water Done Well" programme through the passing of two further bills through Parliament.</p> <p>The first bill will set out provisions relating to Council service delivery plans and transitional economic regulation. It will also provide for streamlining the establishment of Council controlled organisations to deliver water should Councils desire to do so.</p> <p>A second bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent Council-controlled organisation.</p>	<p>We reviewed the District Council's disclosure included in the annual report regarding the Local Water Done Well programme and are satisfied that the disclosure is reasonable.</p>

4 Other matters identified during the audit



In this section, we comment on any other matters that were identified during the audit that need to be brought to your attention.

4.1 Property Plant and equipment

4.1.1 Timely capitalisations

With management's assistance, we identified a significant amount of WIP not capitalised into property, plant and equipment (PPE) at the appropriate time. A portion of which should have been capitalised in 2022 and earlier. The flow-on effect impacts depreciation as depreciation does not commence until the assets are capitalised into PPE.

We recommend that management tightens the procedures and controls around asset capitalisations to ensure that assets are correctly classified for inclusion in the financial statements.

Management comment

Council has enhanced its processes and capitalisations over the past couple of years, particularly in Parks and Facilities and Roading. However, we acknowledge that some older projects, especially in the Three Waters sector, still need to be capitalised which we are currently working on this year to prevent any impact on our depreciation calculations.

4.1.2 Depreciation not correctly backdated

We noted several instances of AssetFinda (asset system) not correctly backdating the depreciation for older assets capitalised. The flow on effect impacts depreciation disclosed in the financial statements.

We recommend that management investigates the reasons for why the system is not calculating depreciation correctly using the install date (date when asset was actually completed) rather than the found date (when asset was capitalised) and take appropriate action.

Management comment

Unfortunately, AssetFinda cannot backdate depreciation for found assets. As a result, the end-of-year depreciation does not include any backdated amounts. However, staff can manually review this annually to ensure there are no significant impacts.

As we work on reducing our backlog and WIP, fewer assets will be added with a found date.

We conduct annual or bi-annual valuations, which trigger the asset to be correctly valued, providing a written-down value reflective of the asset's age. The asset will then continue to depreciate based on this updated value.

4.1.3 Internal charges for NZTA claim

We noted that internal costs labour charges are recorded via an excel spreadsheet that is captured by relevant field employees. When reviewing the underlying roading expenditure transactions that the District Council had submitted for their June 2024 NZTA subsidy claim, we noted labour charges that related to March 2024 and May 2024 which should have been claimed within their respective months. We understand that this is due a time-lag of the input of labour chargers by relevant staff.

We recommend the District Council reviews its processes for recording labour time for internal charges for workorders (which form part of the NZTA claim) to ensure that the labour time is captured in a timely manner for labour charges to be included as part of the NZTA claims.

Management comment

Internal Roothing labour charges are generally claimed in a timely manner, and NZTA audits have not identified any issues with our process.

While some charges are backdated, they are very minor.

Due to overlapping work and budget changes with Transport Choices and General Roothing subsidised work, some adjustments were necessary at the end of the year as NZTA changed the funding sources.

We will follow up with departments charging to the roading work orders to ensure they stay on top of their timesheet charges and review these regularly.

4.1.4 Useful lives disclosed for accounting policy

We noted that useful life adopted has not been accurately disclosed in accounting policy disclosed in the financial statements, particularly for Stormwater and Water.

We recommend Council reviews the accounting policy for useful lives included in the financial statements and ensures that it is consistent with the useful lives adopted.

Management comment

The useful lives of PPE are reviewed as part of a revaluation process and following that the accounting policy is updated to reflect any changes made. Staff will review any updates required following the 30 June 2025 revaluation.

5 Public sector audit



The District Council is accountable to local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by ;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

The following was noted during the audit:

5.1 Register of pecuniary interest

The Local Government Act 2002 (subpart 3) requires the District Council to keep a register of the pecuniary interests of elected members and make a summary of the information contained in the register publicly available. Elected members are required to make an annual return of their pecuniary interests to the registrar (a person employed at the District Council responsible for compiling and maintaining the register of members' pecuniary interests). The purpose of the register of members' pecuniary interests is to record members' interests to provide transparency and to strengthen public trust and confidence in local government processes and decision-making. Section 54E sets out the contents of the pecuniary return which includes for example:

- The name of every other company or business entity in which the member has a pecuniary interest, other than as an investor in a managed investment scheme, and a description of the main business activities of each of those companies or business entities.

- The name of any organisation or trust and a description of the main activities of that organisation or trust if— the member is a member of the organisation, a member of the governing body of the organisation, or a trustee of the trust (as applicable).

We reviewed the interest declarations held for elected members and undertook a search of the Companies Office and Charities Register and identified additional interests that were not recorded on the interest declarations. In particular, we noted one elected member had not disclosed a 33.1% shareholding as well as holding a position as a Trustee. The remaining interests not disclosed relating to shareholding held of less than 10%.

There is a risk that the District Council is not complying with the Local Government Act.

We recommend that all interests are declared by elected members to ensure that the District Council complies with the Local Government Act pecuniary interests' requirements.

Management comment

All elected member declarations that had declarations not recorded have now been updated accordingly, it should be noted that the declarations not recorded had no direct financial benefit. The Governance team are going to hold a refresher workshop with our current Council in March 2025 to ensure all requirements are understood by our Elected Members. The Governance team have also ensured that this is captured within our planning for the induction process for all Elected Members following the October 2025 election and will conduct an annual refresher ahead of each annual review.

6 Useful publications



Based on our knowledge of the District Council, we have included some publications that the and management may find useful.

Description	Where to find it
Managing conflicts of interest involving Council employees	
This article discusses findings across four Councils on how conflicts of interest of Council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving Council employees
Conflicts of interest	
<p>The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	On the Office of the Auditor-General's website under 2019 publications. Link: Conflicts of interest
Good practice	
<p>The OAG's website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice

Description	Where to find it
Procurement	
Value for money is an important measure of public sector performance that helps public organisations to strike the right balance between what is spent and what is achieved. In this article, the Auditor-General describes the public sector's challenge with defining, assessing, the reporting on value for money.	On the Office of the Auditor-General's website under publications. Link: Value for money – a simply complex problem
The OAG are continuing their multi-year work programme on procurement. They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened. Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.	On the OAG's website under publications. Links: Strategic suppliers: Understanding and managing the risks of service disruption Strategic suppliers: Understanding and managing the risks of service disruption - follow-up Getting the best from panels of suppliers Local government procurement

Appendix 1: Status of previous recommendations

The following provides a status update of the previous recommendations raised. This should be read together with the status update included in Appendix 1 to the interim Report to the Council, dated 3 September 2024, as this report does not contain an update on the status of the matters noted in the interim report.

Open recommendations

Recommendation	First raised	Status
Urgent		
Assets under construction		
We recommend that assets under construction should be reviewed at year end and be reflected within the appropriate Property, Plant and Equipment line item to the financial statements when it is available for use.	2021/22	<p>Some progress</p> <p>There were a number of assets that should have been capitalised in the prior years held in work in progress at 30 June 2024. During the audit management evaluated work in progress and adjusted the financial statements.</p> <p>Management comments</p> <p><i>Confirm that we will review assets that are under construction and ensure financial statements reflect when the assets are available for use.</i></p> <p><i>(Assets and Projects Manager)</i></p>

Recommendation	First raised	Status
Necessary		
Segregation of duties – Journals		
Consider implementing an electronic system to allow for delegations to be incorporated into the journals system (Authority) and to implement a control to ensure journals are approved before they are posted.	2022/23	<p>No progress</p> <p>Due to the IT complexity of the matter, the District Council has not had an opportunity to progress this.</p> <p>Management comments</p> <p><i>The Authority system as it stands does not have functionality to utilise delegations or a preapproval process for journals. We will remain open to potentially effective options to improve electronic controls in this area. In the meantime, the risk that journals could be posted before approval remains, mitigated slightly by staff being aware of the expectation to seek approval before posting, and being motivated to ensure their journals are correct before posting to avoid additional re-work. In the absence of an electronic control, we note that our current process includes an independent review of journals subsequent to posting in which the approval of the journal is checked and confirmed along with the details and supporting documentation for the journal.</i></p> <p><i>(Finance and Business Services Manager)</i></p>
Lapses in New User onboarding process		
Follow due process for all new staff appointed through the completion/approval of the "Computer User Form".	2022/23	<p>No progress</p> <p>This is linked to IT policies. There was no change to District Council's IT procedures during the year. It is expected this will be addressed through new IT policies implemented during 2025.</p> <p>Management comments</p> <p><i>We've adjusted the user onboarding process, but recent review/feedback shows that gaps still exist. Due to limited staff resources, long-term plans to streamline the process have been delayed.</i></p>

Recommendation	First raised	Status
		<i>In the short-term we are planning to address immediate compliance gaps while transitioning to the new ITSM-based process.</i> <i>(Information Technology Manager)</i>
Broken Authority Reports (performance reporting)		
The District Council should resolve the issues within the system causing performance reports to be broken.	2022/23	<p>Some progress</p> <p>The District Council's ability to generate the raw data deteriorated and processes were put in place to ensure that the data was available for audit in the form of pdf documents extracted throughout the year. We performed additional alternative audit work to confirm the completeness of data. However, the issues within the system remain unresolved.</p> <p>Management comments</p> <p><i>There has been some progress to address this. There has been delays due to the prioritisation of resolving critical system performance issues. In the meantime, we have implemented an ad-hoc process to address the most important Crystal Reports. The Digital Enablement team has been working diligently to fix these critical reports, but the process remains slow.</i></p> <p><i>In the short-term we will continue with the current ad-hoc process to ensure critical reports are addressed.</i></p> <p><i>For the long-term, we will focus on:</i></p> <p><i>Completing the upgrade to the latest release version of the system.</i></p> <p><i>Streamlining report generation processes, moving towards more automated, self-service reporting options, which will reduce reliance on ad-hoc fixes.</i></p> <p><i>(Information Technology Manager)</i></p>

Recommendation	First raised	Status
CRM Reliability for substantiating the response time (performance reporting)		
We recommend that Council introduce a job card where Trello is used.	2022/23	<p>Some progress</p> <p>Based on the sample tested we noted, the majority of jobs had job cards with only a small portion not having job cards.</p> <p>Management comments</p> <p><i>Work has been done to establish integration between Council's corporate customer request system and the assets system which is to be accessible by staff in the field. This integration is critical to ensuring that the data being entered into the request system, from which reports are drawn, is accurate and complete and correctly formatted. This will lead to more reliable reports in the future.</i></p> <p><i>We are currently entering the testing phase of this integration so that we can iron out any wrinkles.</i></p> <p><i>(Digital Manager)</i></p>
Expected credit loss assessment		
Ensure that the report for the aged trial balance is generated on balance date each year and consider whether updates to the system can be made to enable aged debtors reports to be generated at specific dates.	2022/23	<p>Some progress</p> <p>Due to the IT complexity of the matter, the District Council has not had an opportunity to progress this. The District Council performed alternative procedures to generate the aged trial balance as at 30 June 2024. This involved obtaining the saved evidence from the last working day before and after year-end and reconciling if there were any differences. We concluded that no data was omitted, and that the data used for reporting purposes was complete.</p> <p>Management comments</p> <p><i>We do not expect this to be an issue in the coming 2025 year as the 30 June will fall on a working day, so the aged trial balance can be run at the close of business.</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Valuation of property, plant, and equipment – valuers’ recommendations for improvement		
<p>The District Council should:</p> <ul style="list-style-type: none"> Implement the external roading valuer’s recommendations to improve the overall completeness and accuracy of data used for valuations. Consider the recommendations included in the peer review of Three Waters infrastructure and implement an action plan to address these. <p>Consider applying these recommendations to other asset classes held on a revaluation basis.</p>	2018/19 and 2019/20	<p>Some progress</p> <p>There were no revaluations undertaken for 2024 therefore progress will be assessed in future audits. We understand the recommendations are being considered as part of the District Council’s improvement plan. The status remains unchanged.</p> <p>Management comments <i>No comments required.</i></p>
Property, plant, and equipment – Depreciation		
<p>We recommend management consult with other local authority users of AssetFinda, or the software company itself, to better understand the rationale for the AssetFinda approach to depreciation and confirm this remains appropriate.</p>	2020/21	<p>No progress</p> <p>It is important that the Council’s underlying accounting records are the basis of the depreciation used in the financial statements to align with the applicable accounting standards rather than the valuers’ reports.</p> <p>In section 4.1.2 to this report, we noted several instances of the AssetFinda system not correctly backdating depreciation.</p> <p>Management comments <i>We do not agree that the current calculation would result in a material error in the financial statements.</i> <i>(Assets and Projects Manager)</i></p> <p>Audit comments Recommendation to be closed noting management accepts the risks.</p>

Recommendation	First raised	Status
Suspense account reconciliations not prepared and reviewed monthly		
Monthly reconciliations of suspense accounts should be prepared and independently reviewed.	2018/19	<p>In progress</p> <p>Reconciliations were prepared and reviewed on an ad hoc basis.</p> <p>Management comments</p> <p><i>Council has a number of suspense accounts that are used for a range of purposes, and across a range of activities of Council (e.g. unidentified receipts, allocation of costs, planning deposits, external rebates, inventory control, payroll etc). Some suspense accounts are used daily and are dependent on manual intervention in order to clear the suspense balance. Other suspense accounts are used only occasionally and/or are largely self-clearing (e.g. rates rebates, payroll). Currently regular effort is focused mostly on reconciling the suspense accounts that require manual intervention. Extending the effort to cover regular review of all suspense accounts and the formalised independent review process has been a sticking point to date due to workloads.</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Test organisational business continuity and disaster recovery plans		
The District Council should document and test its organisational business continuity and IT disaster recovery plans.	2017/18	<p>Some progress</p> <p>IT has developed an IT Disaster Recovery Plan (DRP), and we understand that District Council has started work to develop a (BCP). Neither the BCP nor DRP have been tested fully. Management have indicated that this is a project that is to be finalised during the 2025 financial year.</p> <p>Management comments</p> <p><i>We're undergoing a comprehensive review of our BCP/DRP for IT infrastructure. This includes considerations for cyberattacks, natural disasters, and hardware failures.</i></p> <p><i>As part of this process, we've identified both short-term and long-term action plans. One key initiative is aimed at enhancing the resilience of our network and IT systems. The BCP/DRP will be revised immediately after completing the short-term plan, and then further updated once the long-term plan has been fully implemented.</i></p> <p><i>(Information Technology Manager)</i></p>
Accounting for financial instruments – LGFA borrower notes		
Ensure the LGFA borrower notes are measured at fair value and accounted for in line with the standard.	2022/23	<p>No progress</p> <p>This balance was not material for the financial year. As the District Council enters more loans going forward, this balance may become material. The District Council should still ensure that the accounting complies with the standards.</p> <p>Management comments</p> <p><i>Noted</i></p> <p><i>(Finance and Business Services Manager)</i></p>

Recommendation	First raised	Status
Beneficial		
PPE capitalisation - Internal costs		
A control should be put in place to independently review the spreadsheet that captures the time charged by staff to be capitalised to projects. The review should also consider whether the costs meet the requirements of PBE IPSAS 17: <i>Property, plant and equipment</i> to ensure that the costs are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	2022/23	<p>Some Progress</p> <p>Our work indicated that Three Waters assets is the only asset class that does not have its internal time charged hours independently reviewed.</p> <p>Management comments</p> <p><i>Over the next year, an internal process will be set up to review internal charges for the Three Waters project team. This will not be independent but managed within the Three Waters team.</i></p> <p><i>(Assets and Projects Manager)</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
Urgent		
Access in the expenditure system		
The Finance and Business Services Managers ability to make and approve Masterfile changes should be removed. Furthermore, the District Council should consider if there are other aspects of access that could be reduced for this role to improve segregation of duties.	2022/23	Implemented Finance and Business Services access to make creditor masterfile changes in the Authority system has been removed. Further improvement to the segregation of duties is being implemented as part of the organisation restructure.
Necessary		
Roading valuation process		
<p>The District Council should continue to update and maintain asset information in the RAMM database.</p> <p>The District Council should review the data within the RAMM database before each valuation to provide greater assurance over assumptions used for the asset revaluation</p>	2017/18	Closed Management accepts the risk associated with this as they are confident that the extensive condition rating process for roading assets negates any risk to the valuation from missing construction data. No significant matters related to roading asset data was noted during the LTP audit. While no revaluations were undertaken for 2024, we have closed the matter as management accepts the risk.
Accounting for financial instruments – WRAL		
Consider the valuation approach for determining the fair value of the WRAL investment on an annual basis to ensure that it remains appropriate. We recommend the Council obtains independent advice about the appropriate valuation approach.	2022/23	Implemented The District Council has performed an internal assessment over the valuation approach for determining the fair value of WRAL. We reviewed and were satisfied that Council had applied an appropriate valuation method. Management should continue to perform an assessment on an annual basis.

Recommendation	First raised	Status
Capital works programme		
Continuous monitoring should be carried out to ensure levels of service are maintained.	2018/19	Closed During the 24/34 LTP audit we noted the District Council's intentions to maintain/improve the levels of service. This is an area that management should continue to focus on, but management's intentions have been demonstrated through the LTP. We therefore consider the matter closed.
Beneficial		
Asset, project and contract management		
The District Council should review processes and controls to align with good practice.	2018/19	Implemented The Project Management Framework: processes, tools and templates has been adopted. The Project Management Framework will undergo formal review of its processes, tools and templates at minimum every three (3) years.

Appendix 2: Uncorrected misstatements

Current year misstatements	Ref	Statement of financial position		Statement of comprehensive income	
		Dr \$'000	Cr \$'000	Dr \$'000	Cr \$'000
Net gain on disposal of PPE	1			156	
Other expenses					156
Accumulated funds	2	157			
Accumulated depreciation			157		
Depreciation	3			209	
Accumulated depreciation			209		
Depreciation	4			124	
Accumulated depreciation			124		
GST payable/receivable	5	155			
Cash and cash equivalents			155		
Other expenses	6				615
Trade payable		615			
Total group		927	645	489	771

Explanation of uncorrected misstatements

- 1 To account for the net gain of disposing of property, plant and equipment which was calculated without accounting for incidental cost of disposing of the fixed assets.
- 2 \$3.9million of capital projects initially carried as work in progress have been found to be sufficiently complete as at 30 June 2023 but had not been capitalised or added to Council's asset systems. These assets have been capitalised at 30 June 2024 in Note 12 to the financial statements to ensure that property, plant, and equipment is fairly stated. However, this is to correct the accumulated depreciation, estimated at \$156,703 for these assets, which has been understated as a result of this.

- 3 \$3.2million of capital projects initially carried as work in progress have been found to be sufficiently complete as at 30 June 2024, but they had not been capitalised or added to Council's asset systems. These assets have been capitalised at 30 June 2024 in Note 12 to the financial statements to ensure that property, plant, and equipment is fairly stated. However, this is to correct the depreciation, estimated at \$209,428 of these assets, which has been understated as a result of this.
- 4 Assets were not accurately depreciating from the backdated installation date in the AssetFinda system, instead depreciation was calculated based on the date the job was capitalised. It is estimated that the depreciation expense and accumulated depreciation for these assets are understated by \$124,035.
- 5 To adjust cash and cash equivalents to resolve an Authority system error related to GST on rates income for instalments 2,3 and 4 in 2023/24. This did not result in any discrepancy in GST returned to the IRD, as the system generated returns were modified to correct the GST on rates owing at each instalment. This has been corrected in the system in the new financial year.
- 6 This relates to a difference between the general ledger and the invoice for one transaction tested. An increase to one invoice amount was not reflected in the general ledger. The difference has been extrapolated to the population and this is a projected misstatement.

Appendix 3: Corrected misstatements

The following tables reflect a summary of some of the more significant corrections noted on the financial statements and performance reporting.

Corrected financial deficiencies

Detail of disclosure deficiency
<p>Property, plant and equipment (PPE) note – Additions and disposal</p> <p>The initial version of the PPE notes overstated additions and disposals. Amendments were made to correct this, including adding a new ‘transfers out’ column to the note and reducing the additions amount.</p> <p>Management’s re-examination the WIP population as at 30 June 2024 found that \$7.1m of assets included in WIP were completed at balance date and should have been capitalised. The PPE note was corrected to reflect that these assets have been capitalised.</p>
<p>Accrued Income</p> <p>The subsidies and grants balances were reduced by \$800k as District Council did not meet the criteria to recognise the revenue for the Better of Funding in the 2024 financial year.</p>
<p>Payroll costs</p> <p>Payroll allowance costs being incorrectly coded to other expenditure. The District Council subsequently reclassified \$244k to payroll costs to correct this.</p>
<p>Salary banding disclosure</p> <p>Updates were required to the salary banding disclosure to reflect the underlying payroll costs.</p>
<p>Cashflow statement</p> <p>Correction for the gain on disposal off PPE which was disclosed under operating activities and adjusted to be disclosed under investing activities.</p>

Corrected performance reporting misstatements

Detail of misstatement
<p>Consistency with LTP 2021/31</p> <p>As LTP 2021/31 is the planning document that outlines the District Council's performance measures, levels of service and targets the performance reporting was amended to ensure that the annual report was consistent with the LTP with several changes.</p>
<p>Roading smoothness - performance measure</p> <p>Updates were made to the footnote to disclose estimates and judgements used in relation to this performance measure to comply with the standard.</p>
<p>Water loss - performance measure</p> <p>Updates were made to the footnote to disclose estimates and judgements used in relation to this performance measure to comply with the standard.</p>
<p>Wastewater - Dry Overflow performance measure</p> <p>The District Council amended the reported result in the annual report from '5 Overflows' to '6 Overflows'.</p>
<p>Drinking Water Safety - performance measure</p> <p>There are new drinking standards that were implemented in the start of 2023. The target was updated to reflect this while still showing the target of a 'compliant' drinking water supply.</p>
<p>Explanations for significant variances</p> <p>Additional disclosures were included to explain the reasons for significant variance compared to the set target or prior year.</p>

Appendix 4: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed, assurance engagement on the Council's consultation document and long-term plan and procurement assurance review over Matamata Wastewater Treatment Plant Upgrade. Other than these engagements we have no relationship with or interests in the District Council.</p>
Fees	<p>The audit fee for the year is \$206,738 (excluding GST) as detailed in our Audit Proposal Letter.</p> <p>Where we incur audit hours which are not included in the audit proposal letter budget due to additional audit work required, we go through a process to approve a fee recovery. We are currently going through this process.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>



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te kaunihera ā-rohe o
matamata-piako
district council

PŪRONGO E ONO MARAMA SIX MONTH REPORT JULY – DECEMBER 2024



<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

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INTRODUCTION

The Six Month Report shows how Council is tracking toward achieving its financial and non-financial targets that were set out in the 2024-2034 Long Term Plan (LTP). This report is not externally audited and is not formally adopted by Council.

The non-financial measures are set every three years in the LTP across eight different Council activity groups. There are 58 measures in total. Of these, four measures are not on track, ten measures do not have data available as the data is collected annually, and forty-four are on track.

Each year, Key Research surveys around 400 residents on behalf of Council. The survey helps Council understand how well it is meeting levels of service, and identify areas that are performing well, and areas that could be improved. Around 100 residents are invited to partake in the survey each quarter, and receive an invitation in the post. The letter contains a unique code that is used to access the survey online. Each quarter, Key Research collates and analyses the data each quarter and provides Council a quarterly report with the anonymous responses. The results in this report are weighted from a sample size of 206 respondents.

During the development of the Long Term Plan 2024-34, Council resolved to change the survey scale and remove the 'neither, nor' option in an effort to get a better understanding of satisfaction in the community. The survey provides a 10-point scale for each question, with 1 being very dissatisfied, and 10 being 'very satisfied', and a separate 'don't know' option. Satisfaction is measured as 6-10 and dissatisfaction is measured as 1-5. Previously, satisfaction was measured on a 5-point scale with satisfaction counted as 4-5, dissatisfaction counted as 1-2, and 3 counting as 'neither, nor'. The removal of the 'neither, nor' option may impact comparability with previous results.

NGĀ INENGA PERFORMANCE MEASURES



<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Ngā wāhi māna me ngā rawa ā-hapori (hui katoa) Community Facilities and Property			
Ngā Urupā Cemeteries			
Cemeteries will be maintained to a high standard			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of people who have visited a Council cemetery in the last year who are satisfied/very satisfied with the cemeteries	80% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 93%	<input checked="" type="checkbox"/> 91%
Te whakahaere i te whare me ngā rawa Housing and Property			
We will provide housing that meets the needs and expectations of elderly persons housing tenants			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of tenants who are satisfied/very satisfied with the elderly persons housing	80% or more satisfied/very satisfied	This data will be collected in April/May 2025	N/A
Elderly Persons Housing will be well utilised			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of elderly persons housing which is occupied.	95% or more	<input checked="" type="checkbox"/> On track	<input checked="" type="checkbox"/> On track
Ngā wharepukapuka Libraries			
Our library services will be accessible to the community			
Measure	Target	July – Dec 2024	July – Dec 2023
The total number of visits made by persons/individuals annually to the district's libraries or virtually (library website, catalogue app, and social media accounts).	Increase of at least 5% of the 5 year average	<input checked="" type="checkbox"/> 91,893	<input checked="" type="checkbox"/> 74,211
<i>During the first six months, there were 180,961 visitors to our libraries both online and in-person. This result includes online visitors as counted by Facebook Reach that measures visitors to the library social media pages, which has significantly increased the result. This result is an increase of at least 5% of the 5 year average 91,893.</i>			
Our library services will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with library services.	90% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 98%	<input checked="" type="checkbox"/> 95%

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Ngā pāka rēhia me ngā wāhi wātea Parks and Open Spaces			
We will provide good quality sports fields to meet the needs and expectations of users			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with sports fields	80% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 90%	<input checked="" type="checkbox"/> 80%
We will provide good quality parks and reserves to meet the needs and expectations of users			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with parks and reserves.	80% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 88%	<input checked="" type="checkbox"/> 84%
Our public playgrounds will be safe			
Measure	Target	July – Dec 2024	July – Dec 2023
The assessment score from the annual external safety audit.	90% or more	Measured annually	Measured annually
Ngā puna me ngā puna waiariki Pools and Spas			
We will provide well maintained pool facilities in the district that meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with pool facilities	80% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 83%	<input type="checkbox"/> 79%
We will promote and encourage our community to use our pool facilities			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of customers using our pool facilities will be maintained.	Visitor numbers will be within 5% of the 5 year average	<input checked="" type="checkbox"/> 70,704	<input checked="" type="checkbox"/> 75,305
<i>During the first six months of the financial year, we had a total of 69,954 visitors to our pools and spas. This means the visitor numbers for our pools are on track to be within 5% of the five-year average of 70,704.</i>			
Ngā whareiti tūmatanui Public toilets			
Our public toilets will be maintained to acceptable standards			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of complaints received regarding dissatisfaction with the cleanliness of public toilets.	≤20 complaints about cleanliness per year.	<input type="checkbox"/> 11	<input type="checkbox"/> 14
Ngā wāhi māna Community Venues			
We will promote and encourage the community to use our community venues			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of event centre bookings.	The number of bookings maintained at 2022/23 levels (2,703).	<input checked="" type="checkbox"/> 1,375	New measure

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Te rautaki me te whakawhitiwhititi kōrero Strategy and Engagement			
Te ārai mate whawhati tata Emergency Management			
We will be prepared to assist the community in the event of an emergency			
Measure	Target	July – Dec 2024	July – Dec 2023
The evaluation of an annual exercise (or Emergency Operations Centre (EOC) activation within 6 months of a planned exercise) as a measure of effectiveness of training.	Increasing trend to the mid-range of “advancing” capability	Measured annually	Measured annually
<i>An exercise is planned for May 2025.</i>			
Ngā pāpāhonga me ngā takahanga o te wā Communications and Events			
We will hold and/or support events – providing opportunities for people to connect, learn and reflect on our history			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of events held and/or supported by Council annually.	At least six community events annually	<input checked="" type="checkbox"/> On track	New measure
We will continue to invest in our digital strategy to improve online services to our customers, achieve greater organisational efficiency, and improve access to data			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of digital enablement projects delivered as identified in the Digital Strategy.	Minimum of three digital enablement projects delivered annually	<input checked="" type="checkbox"/> On track	New measure
<i>The following projects are on track to be delivered by 30 June 2025: digital alcohol licensing forms, digital timesheets and water and wastewater customer request management forms available on field app.</i>			
Te ārahitanga ā-hapori Community Leadership			
Our Mayor and Councillors will demonstrate commitment to the democratic process			
Measure	Target	July – Dec 2024	July – Dec 2023
The attendance rate of Mayor and Councillors at ordinary Council meetings.	≥90%	<input checked="" type="checkbox"/> 95%	New measure
We will involve Tangata Whenua with Mana Whenua status in the decision making process			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of Te Manawhenua Forum mō Matamata-Piako Forum members who complete the survey are satisfied/very satisfied that Tangata Whenua with Mana Whenua status are recognised and have	75% or more satisfied/very satisfied	Measured annually	Measured annually

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

meaningful involvement in decision-making.			
Ngā rautakinga me ngā mahere Strategies and Plans			
Our community will have the opportunity to participate in Council consultation processes			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of the community satisfied that they have been provided with an opportunity to be involved in consultation processes.	48% or more satisfied/very satisfied (gradual increase by 1% per year)	<input checked="" type="checkbox"/> 73%	<input type="checkbox"/> 44%
We will maintain a District Plan that manages land use and development, and the protection of natural and physical resources of the district			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of Changes and Variations to the District Plan that are processed within statutory timeframes	100% processed within statutory timeframes	<input checked="" type="checkbox"/> On track	New Measure
<i>We have one plan change that exceeded that statutory time frame (Decision within two years of notification) Private Plan Change 57-Calcutta Farms Ltd. The exceedance of time was due to the applicant requesting the plan change be put on hold however the applicant has subsequently withdrawn the application and is proposing to reapply. Therefore, the changes are considered to all be processed within statutory timeframes.</i>			
We are preparing for the impacts of climate change on our services and the community			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of priorities of the climate change rivermap that have been progressed*.	4 out of 5 priorities have been progressed	<input checked="" type="checkbox"/> On track	New Measure
<i>Work is underway on the Water, Wastewater, Stormwater and Strategy workstreams. A total of six reports on the Climate Change Rivermap work programme have been presented to Council workshops and Committees in the period 1 July 2024 to 31 December 2024.</i>			

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Ngā rori Roothing			
We will provide a roading network that is safe for all users			
Measure	Target	July – Dec 2024	July – Dec 2023
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Reduction in fatalities and serious injury crashes year on year	Measured annually	Measured annually
We will provide a roading network that is maintained and developed to provide smoothness and comfort			
Measure	Target	July – Dec 2024	July – Dec 2023
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	95% or more	Measured biannually	Measured biannually
We will provide a roading network that is maintained and developed to provide smoothness and comfort			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of the sealed local road network that is resurfaced.	6.7% or more	<input checked="" type="checkbox"/> 3.49%	<input type="checkbox"/> 2.37%
The surface condition of our footpaths will be maintained to an acceptable level of service			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of footpaths within our district that fall within the level of service or service standard for the condition of footpaths that is set out in our relevant documents (such as our annual plan, activity management plan, asset management plan, annual works program or Long Term Plan).	95% or more within the acceptable level of service	N/A	N/A
<i>The last assessment was undertaken in 2021 and the next assessment is due in 2025/26. Data for this measure is collected every three years. This is a mandatory measure.</i>			
We will provide a reliable roading network and will respond to customer service requests in a timely manner			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of customer service requests relating to roads and footpaths to that we respond-to within the	90% of urgent requests responded to within one working day	<input checked="" type="checkbox"/> 100%	<input checked="" type="checkbox"/> 100%

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

time frame specified in our Long Term Plan.	80% of non-urgent requests responded to within five working days	<input checked="" type="checkbox"/> 95%	<input type="checkbox"/> 75%
Our local roading network will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of customers satisfied/very satisfied with the maintenance of Council's roading network.	60% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 64%	New measure

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Te para me te whakahōu Rubbish and Recycling			
Our kerbside rubbish and recycling collection services will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with kerbside rubbish and recycling collection services.	65% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 73%	<input checked="" type="checkbox"/> 66%
Our transfer stations will allow for the reuse and recovery of materials and will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of residents satisfied/very satisfied with transfer stations.	70% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 80%	<input type="checkbox"/> 62%
We will facilitate waste minimisation practices and promote the reduction of waste disposal to landfill			
Measure	Target	July – Dec 2024	July – Dec 2023
The proportion of household waste placed at the kerbside which is diverted (recycled or composted).	45% or more	<input checked="" type="checkbox"/> 50.10%	<input checked="" type="checkbox"/> 44.36%
We will monitor our closed landfills and protect the environment			
Measure	Target	July – Dec 2024	July – Dec 2023
Compliance with our resource consents for closed landfills, (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents).	Zero (0)	<input checked="" type="checkbox"/> Zero	<input type="checkbox"/> One

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Te waimarangi Stormwater			
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of flooding events that occur in our district. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to our stormwater system)	Zero (0) flooding events;	<input checked="" type="checkbox"/> 0 flooding events	<input checked="" type="checkbox"/> 0 flooding events
	Zero (0) habitable floors affected	<input checked="" type="checkbox"/> 0 habitable floors affected	<input checked="" type="checkbox"/> 0 habitable floors affected
<i>A flooding event is defined as an overflow of stormwater from Council's stormwater system that enters a habitable floor. A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages</i>			
We will protect the environment from stormwater contaminate discharging into waterways			
Measure	Target	July – Dec 2024	July – Dec 2023
Compliance with our resource consents for discharge from our stormwater system, (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents).	Zero (0)	<input checked="" type="checkbox"/> Zero (0)	<input checked="" type="checkbox"/> Zero (0)
We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner			
Measure	Target	July – Dec 2024	July – Dec 2023
The median response time to attend a flooding event, measured from the time that we receive notification to the time that service personnel reach the site.	Median: 4 hours or less	<input checked="" type="checkbox"/> n/a no flooding events	<input checked="" type="checkbox"/> n/a no flooding events
We will have reliable stormwater systems that are maintained effectively to minimise public complaints			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of complaints received about the performance of our stormwater system, (expressed per 1,000 properties connected to our stormwater system).	≤7 complaints per 1,000 connections per year (70 complaints total)	<input checked="" type="checkbox"/> 0.4 per 1,000 connections (4 total)	<input checked="" type="checkbox"/> 1.4 per 1,000 connections (14 total)
<i>As at the 2024/25 rates strike, there were 10,388 stormwater connections. This has been rounded to the nearest thousand (10,000).</i>			

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Te waipara Wastewater			
We will have an effective wastewater system that provides an appropriate level of protection			
Measure	Target	July – Dec 2024	July – Dec 2023
The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to our wastewater system)	≤1 complaint per 1,000 connections per year (10 total)	<input checked="" type="checkbox"/> 0.3 (3 total)	<input checked="" type="checkbox"/> 0.6 (6 total)
As at the 2024/25 rates strike, there were 9,956 wastewater connections. This has been rounded to the nearest thousand (10,000).			
We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment			
Measure	Target	July – Dec 2024	July – Dec 2023
Compliance with our resource consents for discharge from our wastewater (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents)	Zero (0)	<input type="checkbox"/> 1	<input checked="" type="checkbox"/> Zero (0)
There was one conviction received in July 2024 related to a wastewater overflow in 2023 at the Matamata wastewater treatment plant. There was one wastewater abatement notice received prior to July 2024, and was reported on in the 2023/24 Annual Report.			
We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner			
Measure	Target	July – Dec 2024	July – Dec 2023
Where we attend to sewage overflows resulting from a blockage or other fault in our wastewater system, we will measure the following median response times: Attendance time: from the time that we receive notification to the time that service personnel reach the site	Attendance Median: 4 hours or less	<input checked="" type="checkbox"/> 0.13 hours	<input checked="" type="checkbox"/> 0.25 hours
Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault	Resolution Median: 24 hours or less	<input checked="" type="checkbox"/> 2.51 hours	<input checked="" type="checkbox"/> 3.27 hours

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

We will have reliable wastewater systems that are maintained effectively to minimise public complaints			
Measure	Target	July – Dec 2024	July – Dec 2023
<p>The total number of complaints received by Council about any of the following (expressed per 1,000 connections per year).*</p> <ul style="list-style-type: none"> Sewage odour Wastewater system faults Wastewater system blockages <p>Council's response to issues with our wastewater system.</p>	<p>≤16 complaints (across all categories) per 1,000 connections per year (160 total)</p>	<p><input checked="" type="checkbox"/> 1.4 per 1,000 connections (14 total)</p>	<p><input checked="" type="checkbox"/> 1.6 per 1,000 connections (16 total)</p>
As at the 2024/25 rates strike, there were 9,956 wastewater connections. This has been rounded to the nearest thousand (10,000).			
Our wastewater network will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with Council's wastewater system	80% or more satisfied/very satisfied	<p><input checked="" type="checkbox"/> 97%</p>	New measure

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Te wai Water			
We will provide safe and reliable water for household and business use (served properties)			
Measure	Target	July – Dec 2024	July – Dec 2023
The extent to which Council's drinking water supply complies with: Part 4 of the drinking-water standards (bacteria compliance criteria), and; Part 5 of the drinking- water standards (protozoal compliance criteria).	Compliant based on applicable standard	Measured annually	Measured annually
We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis) criteria.	25% or less	Measured annually	Measured annually
We will provide reliable water systems that our community can count on and will respond to requests for service from our residents in a timely manner			
Measure	Target	July – Dec 2024	July – Dec 2023
Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the following median response times: Attendance for urgent call- outs: from the time that we receive notification to the time that service personnel reach the site	Attendance Median: 4 hours or less	<input checked="" type="checkbox"/> 2.46 hours	<input checked="" type="checkbox"/> 0.04 hours
Resolution of urgent call- outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.	Resolution Median: 24 hours or less	<input checked="" type="checkbox"/> 3.69 hours	<input checked="" type="checkbox"/> 2.55 hours
Measure	Target	July – Dec 2024	July – Dec 2023
Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the			

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

following median response times: Attendance for non-urgent call- outs: from the time that we receive notification to the time that service personnel reach the site	Attendance Median: 3 working days or less	<input checked="" type="checkbox"/> 2 working days	<input checked="" type="checkbox"/> 2 working days
Resolution of non-urgent call- outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption	Resolution Median: 5 working days or less.	<input checked="" type="checkbox"/> 2 working days	<input checked="" type="checkbox"/> 2.5 working days
We will have reliable water systems that are maintained effectively to minimise public complaints			
Measure	Target	July – Dec 2024	July – Dec 2023
The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year) <ul style="list-style-type: none"> • Drinking water clarity; • Drinking water taste; • Drinking water odour; • Drinking water pressure or flow; • Continuity of supply; Council's response to any of these issues.	≤9 complaints (across all categories) per 1,000 connections per year (102.6 complaints total)	<input checked="" type="checkbox"/> 3.5 per 1,000 connections (40 total)	<input checked="" type="checkbox"/> 3.1 per 1,000 complaints (31 total)
As of the 2024/25 rates strike, there are 11,423 water connections. This has been rounded to 11,400 connections.			
Our water assets are managed adequately for the future			
Measure	Target	July – Dec 2024	July – Dec 2023
The average consumption of drinking water per day per resident within the district*	≤500 litres per urban resident per day	Measured annually	Measured annually
Our water systems will meet community needs and expectations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of users satisfied/very satisfied with Council's water supply	70% or more satisfied/very satisfied	<input checked="" type="checkbox"/> 81%	New measure

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Ngā whakaaetanga me ngā raihana Consents and Licensing			
Te whakahaere kararehe Animal Control			
Any disturbances caused by animals will be investigated quickly and efficiently			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of complaints investigated within set timeframes	95% within adopted timeframes	<input checked="" type="checkbox"/> 95.32%	<input checked="" type="checkbox"/> 96.94%
Ngā whakaaetanga ā-whare me te mātai Building Consents and Monitoring			
Building consents will be administered quickly and efficiently			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of building consents will be processed within statutory timeframes.	100% processed within statutory timeframes	<input type="checkbox"/> 92.8%	<input type="checkbox"/> 87.9%
360 building consents were received between July 2024 and December 2024. 334 consents were processed within statutory timeframes (20 days).			
Te raihanatanga me te ūruhitanga Licensing and Enforcement			
We will inspect or audit all food premises, hairdressers, funeral directors and camping grounds in the district to ensure they are running in accordance with the Health Act 1956, the Food Act 2014, and/or health regulations			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of food premises, hairdressers, funeral directors and camping grounds inspected or audited annually in accordance with legislation.	100% inspected or audited	<input checked="" type="checkbox"/> 100%	<input checked="" type="checkbox"/> 100%
We will ensure that all premises in the district with alcohol licences are operating responsibly			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of On, Off and Club* alcohol licenced premises inspected annually to ensure they comply with alcohol licensing standards.	100% inspected annually	<input checked="" type="checkbox"/> On track	<input checked="" type="checkbox"/> On track
Inspections are spaced out and completed throughout the year, we are currently on track to having these all inspected by 30 June 2025.			
We will act on all noise complaints we receive			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of after-hours (between 5pm and 8am, weekends and public holidays) noise complaints responded to within two hours.	100% responded to within two hours	<input checked="" type="checkbox"/> 100%	<input type="checkbox"/> 99%
191 inspections were received and 187 were completed within the timeframe. Four inspection requests were received through Antenno in 2024 which complainants are advised that it is not monitored afterhours.			

<input checked="" type="checkbox"/>	On track
<input type="checkbox"/>	Not on track
<input type="checkbox"/>	Not achieved

Ngā whakaaetanga ā-rawa me te mātai Resource Consents and Monitoring			
Resource consents will be administered quickly and efficiently			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of resource consents processed within statutory timeframes.	100% processed within statutory timeframes	<input type="checkbox"/> 94%	<input type="checkbox"/> 86%
189 resource consents were received and 11 were processed outside of statutory timeframes. There has been a significant increase in the number of resource consents over the last five years which have caused delays, however processing times are continuing to improve.			
We will monitor land use consent compliance			
Measure	Target	July – Dec 2024	July – Dec 2023
The percentage of land use consents monitored within four months of being granted	100%	<input checked="" type="checkbox"/> 100%	<input checked="" type="checkbox"/> 100%

TE PŪTEA FINANCIALS



TE RĀPOPOTONGA Ā-PŪTEA | FINANCIAL SUMMARY

FUNDING IMPACT STATEMENT

Council aims to manage a balanced budget – that is our day-to-day operating costs are met by our various funding sources. The Funding Impact Statement (FIS) that follows shows on a cash-like basis overall, across all Council activities, how we have funded and managed Council's activities in the six months to date. It separates how we fund and manage the day-to-day operating costs, and how we fund and manage the costs to build and renew our assets – the capital side. The Funding Impact Statements for each activity individually also follow in this report.

CASH SURPLUS FROM OPERATING

At the six-month point, in terms of our day-to-day operations, (and looking at our overall Council Funding Impact Statement), we show cash surplus from operating of \$403,000 at the six-month mark, compared to a budgeted deficit of \$1.76 million. There are four significant areas contributing to this improved operating cash result;

Wastewater – Desludging \$750,000 less spending than budget

\$750,000 (over the first 6 months) was budgeted to be spent on the desludging of the Te Aroha and Morrinsville Wastewater Treatment Plants. That work has yet to begin, as Council are awaiting an options report to determine the best way forward. With so much uncertainty around timing and cost, we have assumed for the purpose of the forecast to 30 June 2025, that none of the \$1.5m budgeted will be spent this year.

Water – Subsidies and Grants income \$800,000 up on budget

\$800,000 in Better-off funding that was applied for in the 2023/24 year was received and recognised in the current financial year, which has a positive impact on our result for the year.

Strategy and Engagement – Payments to staff and suppliers – spend down \$702,000 on budget

Due to timing, the budgeted spend on the digital enablement project, the district plan review, climate change policy, Audit fees and election costs have yet to be spent. We expect that most areas will balance out by the end of the year.

Consents - Fees and Charges income \$683,000 up on budget

Resource consents income is \$398,000 higher than budgeted (but offset by additional costs for processing consents). Dog registrations are \$250,000 higher than budgeted, this is due to registrations being processed at the start of the financial year and will balance out as the year progresses.

These items have had a positive result on Council's cash position at 31 December 2024, albeit a timing factor for some of these costs/income streams. There have been three areas that have negatively impact Council's operating cash position. These include:

Community Facilities – Fees and Charges income down \$540,000 to budget

The budget for fees and charges income from our facilities, in hindsight, was set optimistically high. Over the year to date we have seen some decrease in visitor numbers, staff shortages and seasonal demand that have all had an impact on income from fees and charges from our facilities to December 2024. Te Aroha Mineral Spas admission fees income was \$261,000 lower than budget with decreased visitor numbers compared to the previous year. Domain House beauty sales were \$70,000 below budget which is partially due to being down a therapist until November 2024. Patronage of the pools and Firth Tower was down at the six month point, but usually picks up in the summer months. While we expect a better second-half result, it is likely that the income will continue to be significantly lower than budgeted through to June 2025. This trend has been addressed in Council's draft budget for next year.

Wastewater – Fees and Charges income down \$242,000 to budget

Trade waste charges are \$242,000 lower than budgeted. The budget allowed for some increase in trade waste agreement charges that have yet to be progressed.

Overhead and Business Unit costs

An area of pressure across all activities is the allocation of net costs from Council's business units and overhead/support activities. The business unit losses come about as those units have not had recoveries or charged out their time to other activities to the level budgeted. Potentially some of this charging should be going to capital projects rather than operating, so this will be reviewed further. Overhead/support activity costs have increased – particularly increased insurance costs as well as an increase in staff following the restructure last year.

Other activities of Council are reasonably on track at the six month point. Looking forward to June 2025, assuming we do not spend any of the full year's Desludging budget (\$1.5 million) and that the seasonal/timing factors with other activities balance out, staff have forecast an improved operating cash deficit of \$2.08 million, compared to a budgeted deficit of \$3.5 million.

CAPITAL

At the six-month point, in terms of our spending on Council's assets (capital), and looking at our overall Council Funding Impact Statement, it shows that we've spent \$18.1 million of work to date, compared to a budgeted spend of \$30.4 million. The main projects that have yet to progress include:

- Matamata waste water treatment plant, which had \$26m budgeted for the 2024-25 period and is now forecasting to spend \$10m (but this could vary depending on the speed of engaging contractors and their ability to get started).
- \$1.4m budgeted for Te Aroha water consenting work is now forecasted to be spent in the 2025-26 year.
- \$1.5m budgeted for destination playgrounds will be carried forward to 2025-26
- In stormwater, \$1.5m was originally budgeted to be spent this financial year for Morrinsville CBD stormwater upgrades, but that has been revised to \$500,000 this year, \$500,000 to be spent in 2025-26 and further \$500,000 in future years.

In terms of funding that capital spend, our funding has been boosted with development contributions being \$1.5 million higher than budgeted for the first six months of the year, particularly from significant development activity in both Morrinsville and Matamata. Subsidy income to fund Roding capital work is \$1 million behind budget at the six month point which is a usual trend, with the bulk of the Roding work usually scheduled over the later summer months. \$446,000 is due to not securing NZTA funding for Low Cost, Low Risk projects. Forecast borrowing for capital work has not been required to the level budgeted given the delay in the capital work programme. Budget managers project that they will spend a further \$24 million by 30 June 2025.

OVERALL FUNDING IMPACT STATEMENT

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
16,113	16,228	General rates, uniform annual general charges, rates penalties	17,885	18,046	161	F	Rates penalty income has been higher than budgeted.	35,770	36,092	322	F
9,452	9,039	Targeted rates	11,543	11,495	(48)	U	Metered water consumption is \$110,000 lower than budgeted. We expect this trend to continue to year end.	23,086	22,990	(96)	U
2,157	2,222	Subsidies and grants for operating purposes	2,146	3,046	901	F	Unbudgeted funding to date includes Better-off \$335,000, waste minimisation subsidy \$36,000 and MFE subsidy \$72,000. \$800,000 Better-off funding budgeted in 2023-24 specifically for the Water activity was received in 2024-25. NZTA grant is \$330,000 lower than budgeted at December 2024. However, this is expected to balance out by June 2025.	4,291	5,424	1,133	F
5,382	4,942	Fees and charges	5,724	5,518	(206)	U	Revenue from the community facilities are below budget by \$540,000. In hindsight, the budget was set optimistically high. Over the year to date we have seen some decrease in visitor numbers, staff shortages and seasonal demand that have all had an impact on income from fees and charges from our facilities to December 2024. Te Aroha Mineral Spas admission fees income was \$261,000 lower than budget with decreased visitor numbers compared to previous year. Domain House beauty sales were \$70,000 below budget which is partially due to being down a therapist until November 2024. Patronage of the pools and Firth Tower was down at the 6 month point, but usually picks up in the summer months. While we expect a better second-half result, it is likely that the income will continue to be significantly lower than budgeted through to June 2025. This trend has been addressed in Council's draft budget for next year. Trade waste charges are \$242,000 lower than budgeted, the budget allowed for some increase in trade waste agreement charges however, these have yet to progress. Resource consents income is \$398,000 higher than budgeted due to increased activity in the district and backlog (but this is offset by higher costs of processing). Animal registration income is \$250,000 higher than	11,447	10,930	(517)	U

							budgeted at December 2024 but this will balance out by June 2025.				
81	325	Interest and dividends from investments	300	280	(20)	U		600	482	(118)	U
145	165	Local authorities fuel tax, fines, infringement fees, and other receipts	130	169	40	F	Animal infringements and fines income is \$41,000 higher than budgeted. With this, comes additional costs of lodging the infringements	259	310	51	F
33,329	32,921	Total operating funding	37,727	38,554	828	F		75,453	76,228	775	F
(9,297)	(9,297)	Less budgeted depreciation that is funded from rates and used to fund capital	(8,961)	(8,961)	-			(17,922)	(17,922)	-	
(331)	(341)	Less reserve funding that comes from rates	(130)	-	130			(260)	(260)	-	
23,701	23,283	Cash available to fund operating	28,636	29,593	958	F		57,271	58,046	775	F
		Applications of operating funding									
25,985	26,345	Payments to staff and suppliers	29,469	28,605	(864)	F	There are overs and under across all activities. Overall, operating costs at the 6 month mark are lower than budgeted due to timing of seasonal costs and timing of when works take place. The delay to begin budgeted desludging work in our Morrinsville and Te Aroha Wastewater treatment plants has resulted in \$750k savings to date. Majority of roading, water and waste water works are undertaken in the summer months. Community facilities will have increased employee costs in the second half of the year due to higher demand of facilities in the summer months. Also, in the rubbish activity CPI adjustments and potential contract variations have yet to be received/agreed with our contractors, which could potentially exceed the budget by year end, and in the Strategy activity, the budgeted spend on digital enablement, district plan review, climate change policy, Audit fees and election costs have yet to be spent. Overhead costs are trending higher than budgeted. It is forecasted that at June 2025 operational costs may be \$870,000 (or 1.4%) over budget as a result of seasonal costs balancing out in the second half of the year, and we have assumed for the purpose of the forecast to 30 June 2025, that none of the \$1.5m budgeted for Desludging will be spent this year.	58,937	58,979	42	U
1,044	1,382	Finance costs	1,843	1,488	(355)	F	Finance costs are lower than budgeted as a result of not all budgeted capital works progressing as budgeted and the decrease in interest rates.	3,686	2,982	(704)	F
-	-	Other operating funding applications	-	-	-			-	-	-	

27,029	27,727	Total applications of operating funding	31,312	30,093	(1,219)	F		62,623	61,962	(661)	F
(774)	(654)	Less operating expenditure funded from reserves	(919)	(903)	16			(1,838)	(1,838)	-	
26,255	27,073	Cash used to fund operating	30,393	29,190	(1,203)	F		60,785	60,124	(661)	
(2,554)	(3,790)	Operating cash surplus/(deficit)	(1,757)	403	2,160	F		(3,514)	(2,078)	1,436	F
		Sources of capital funding									
1,642	1,830	Subsidies and grants for capital expenditure	1,816	813	(1,003)	U	NZTA roading subsidy income is \$1m lower than budget at December 2024. This is partially due to a larger portion of works taken place in the second half of the year and as a result of the Low Cost Low Risk NZTA subsidy not being approved. Subsidy income is expected to be \$407,000 over at June 2025 as a result of the allocation of \$1.3m of Better-off funding for district accessibility projects that was not budgeted for.	3,631	4,038	407	
879	1,520	Development and financial contributions	1,080	2,600	1,520	F	Higher contributions received from significant development activity in the district.	2,160	4,748	2,588	F
	2,180	Gross proceeds from sale of assets	-	-	-			-	-	-	
9,297	9,297	Add budgeted depreciation that is funded from rates and used to fund capital	8,961	8,961	-			17,922	17,922	-	
184	439	Add operating cash surplus available to fund capital	-	403	403	F		-	-	-	
12,001	15,266	Cash available to fund assets	12,151	13,996	1,846	F		23,713	26,708	2,995	F
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	5,661	-	(5,661)	Under	Capital expenditure is \$12.3m below budget at the 6 mark point due to when works take place and also the delay in some projects. Roading capital spend is \$1m below budget, however with more work in the summer months it is usually caught up by June 2025. \$1.5m budgeted for destination playgrounds will no longer be spent this financial year. The most significant project variance is the	11,321	3,234	(8,087)	Und
9,362	11,750	—to improve the level of service	13,456	7,943	(5,513)	Under		26,911	17,639	(9,272)	Und

7,987	7,918	—to replace existing assets	11,265	10,150	(1,115)	Under	Matamata waste water treatment plant, which had \$26m budgeted for the 2024-25 period and is now forecasting to spend \$10m (but this could vary depending on the speed of engaging contractors and their ability to get started). \$1.4m budgeted for Te Aroha Water consenting work is now forecasted to be spent in the 2025-26 year.	22,529	21,747	(782)	Und
17,348	19,668	Cash used to fund assets	30,381	18,093	(12,288)	Under		60,761	42,620	(18,141)	Und
(5,347)	(4,402)	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(18,230)	(4,097)	14,133	F		(37,048)	(15,912)	21,136	F
(8,084)	(8,631)	Total (increase)/decrease in internal/external debt	(19,987)	(4,500)	15,487	F		(40,562)	(17,990)	22,572	F

NGĀ PĀNUI Ā-PŪTEA | FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The “Statement of Comprehensive Revenue and Expense” is prepared for accounting purposes, to meet financial reporting requirements. As opposed to our Funding Impact Statement (FIS) that focuses on how we fund and manage Council’s activities on a cash-like basis, the Statement of Comprehensive Revenue and Expense captures the same information on our income and expenses, but broken down in a different manner, and in addition includes a number of non-cash and non-operating valuation type movements, that Council generally do not budget for.

The six-month result shows a deficit of \$630,000 compared to a budgeted deficit of \$1,507,000. In addition to the significant variances discussed in the FIS, the significant transaction that contributes to the accounting result includes:

- Reducing long term swap rates over the six months to December has resulted in a \$1.6 million loss on the value of Council’s portfolio of interest rate swaps. For accounting purposes, this valuation movement is recognised as an expense in ‘other expenses’. If market rates continue to fall over the next six months, we will need to reflect any additional loss in our year end results.

Statement of comprehensive revenue and expense

Annual Plan Dec 2023 (\$000)	Actual December 2023 (\$000)		LTP Budget December 2024 (\$000)	Actual December 2024 (\$000)
		Revenue		
25,565	25,267	Rates	29,428	29,476
3,799	4,055	Subsidies and grants	3,961	3,799
5,443	5,142	Fees and charges	5,843	5,686
879	1,520	Development and financial contributions	1,080	2,600
229	650	Interest revenue	277	581
250	2,452	Other revenue	230	230
36,164	39,086	Total revenue	40,818	42,372
		Expenses		
11,926	11,335	Personnel costs	13,904	13,089
11,304	10,457	Depreciation and amortisation expense	10,917	10,767
1,045	1,383	Finance costs	1,908	1,541
13,316	15,680	Other expenses	15,596	17,605
37,590	38,855	Total expenses	42,325	43,002
(1,426)	231	Surplus/(deficit)	(1,507)	(630)
		Other comprehensive revenue and expense		
-	-	Financial assets at fair value through other comprehensive revenue and expense	-	-
-	-	Property, plant and equipment revaluations	-	-
-	-	Total other comprehensive revenue and expense	-	-
(1,426)	231	Total comprehensive revenue and expense	(1,507)	(630)

Statement of Financial Position

Annual Plan Dec 2023 (\$000)	Actual December 2023 (\$000)		LTP Budget December 2024 (\$000)	Actual December 2024 (\$000)
		Assets		
		Current assets		
847	7,354	Cash and cash equivalents	341	10,097
2,056	3,252	Receivables and prepayments	7,791	5,717
786	876	Inventory	900	890
-	780	Assets held for sale	-	270
5,435	10,072	Other financial assets	12,276	12,399
9,124	22,334	Total current assets	21,308	29,373
		Non-current assets		
-	1,589	Derivative financial instruments	-	-
33,754	36,699	Investments in CCOs and other similar entities	37,500	35,852
-	-	Other financial assets	-	-
974,830	957,089	Property, plant and equipment	1,005,420	977,040
-	382	Intangible assets	613	336
1,008,584	995,759	Total non-current assets	1,043,533	1,013,228
1,017,708	1,018,093	Total assets	1,064,841	1,042,601
		Liabilities		
		Current liabilities		
-	-	Derivative financial instruments	-	391
7,835	11,329	Payables and deferred revenue	10,987	8,944
2,273	1,900	Employee entitlements	2,613	2,034
6,500	-	Borrowings	13,500	6,500
41	127	Provisions	56	191
16,649	13,356	Total current liabilities	27,156	18,060
		Non-current liabilities		
2,000	-	Derivative financial instruments	-	-
326	342	Employee entitlements	362	367
34,452	52,000	Borrowings	62,860	65,000
394	442	Provisions	264	344
37,172	52,784	Total non-current liabilities	63,486	65,711
53,821	66,140	Total liabilities	90,642	83,771
963,888	951,953	Net assets (assets minus liabilities)	974,199	958,830
		Equity		
458,429	473,939	Accumulated funds	469,194	480,592
505,459	478,014	Other reserves	505,005	478,238
963,888	951,953	Total equity	974,199	958,830

Statement of Cashflows

Annual Plan Dec 2023 (\$000)	Actual December 2023 (\$000)		LTP Budget December 2024 (\$000)	Actual December 2024 (\$000)
		Cashflow from operating activities		
25,289	25,162	Rates revenue received	29,147	28,464
3,754	4,055	Subsidies and grants received	3,961	3,799
5,422	5,142	Fees and charges received	5,843	6,120
229	650	Interest received	277	581
879	1,520	Development and financial contributions	1,080	2,600
241	272	Other revenue received	230	230
-	-	GST (net)	-	-
(13,176)	(15,680)	Payments to suppliers	(17,022)	(19,224)
(11,841)	(11,335)	Payments to employees	(13,904)	(13,694)
(1,014)	(1,383)	Interest paid	(1,908)	(1,541)
9,783	8,403	Net cashflow from operating activities	7,703	7,335
		Cashflow from investing activities		
-	-	Repayments of loans and advances	-	-
-	3,580	Sale of assets	-	374
-	5,075	Proceeds from sale/maturity of investments	-	3,027
(17,307)	(19,466)	Purchase of property, plant and equipment	(30,329)	(17,899)
(42)	(202)	Purchase of intangible assets	(52)	(193)
-	(7,175)	Acquisition of investments	(576)	-
(17,348)	(18,188)	Net cashflow from investing activities	(30,956)	(14,691)
		Cashflow from financing activities		
7,060	9,500	Proceeds from borrowings	26,970	18,250
-	(2,500)	Repayment of borrowings	(6,000)	(12,250)
7,060	7,000	Net cashflow from financing activities	20,970	6,000
(505)	(2,785)	Net increase/(decrease) in cash and cash equivalents	(2,283)	(1,356)
1,352	10,138	Opening cash and cash equivalents	4,907	11,453
847	7,354	Closing cash and cash equivalents	2,624	10,097

ACTIVITY FUNDING IMPACT STATEMENTS

Community Facilities

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
5,992	6,063	General rates, uniform annual general charges, rates penalties	6,515	6,574	59	F		13,030	13,148	118	F
36	54	Targeted rates	37	55	19	F		73	110	37	F
2	7	Subsidies and grants for operating purposes	17	4	(13)	U		33	21	(13)	U
2,252	1,895	Fees and charges	2,635	2,095	(540)	U	Revenue from fees and charges is below budget by \$540,000 which is partially due to seasonal demand for facilities like the pools and Firth tower. Domain House beauty sales are \$70,000 below budget this is partially due to being down a therapist until November 2024. Te Aroha Mineral Spas admission fees income is \$261,000 lower than budget as a result of decreased visitor numbers compared to previous year. Revenue expectations have been updated in the 2025-26 annual plan to reflect these trends.	5,270	4,570	(700)	U
130	537	Internal charges and overheads recovered	150	131	(19)	U		300	300	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
8,411	8,556	Total operating funding (A)	9,353	8,859	(494)	U		18,706	18,149	(558)	U
(1,408)	(1,408)	Less budgeted depreciation that is funded from rates and used to fund capital	(896)	(896)	-			(1,792)	(1,792)	-	
-	-	Less reserve funding that comes from rates	-	-	-					-	
7,003	7,148	Cash available to fund operating	8,457	7,963	(494)	U		16,914	16,357	(558)	U
		Applications of operating funding			-						

5,483	5,687	Payments to staff and suppliers	6,283	6,290	7	U	Pools and spas painting costs are \$182,000 over budget for painting of Morrinsville Swim Zone pool. \$43,000 for Seismic assessment of Te Aroha Office building not budgeted for. Building repairs for Gordon and Springdale halls are \$10,000 and \$8,000 over budget for roof works. Matamata street furniture costs are \$13,000 over budget due to \$82,000 in arborist works.	12,566	12,716	150	U
116	153	Finance costs	246	198	(48)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	491	396	(95)	F
1,293	1,913	Internal charges and overheads applied	1,561	1,949	388	U	Unbudgeted \$209,000 business unit loss allocated to community facilities. Higher than budgeted overheads	3,122	3,704	582	U
-	-	Other operating funding applications	-	-	-			-	-	-	
6,892	7,753	Total applications of operating funding (B)	8,090	8,437	348	U		16,179	16,816	637	U
-	-	Less operating expenditure funded from reserves	-	-	-			-	-	-	
6,892	7,753	Cash used to fund operating	8,090	8,437	348	U		16,179	16,816	637	U
112	(605)	Operating cash surplus/(deficit)	368	(474)	(842)	U		735	(460)	(1,195)	U
		Sources of capital funding									
-	548	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
28	144	Development and financial contributions	28	243	215	F	Higher contributions received from significant development in Matamata and Morrinsville.	55	365	310	F
	2,180	Gross proceeds from sale of assets		-	-			-	-	-	
1,408	1,408	Add budgeted depreciation that is funded from rates and used to fund capital	896	896	-			1,792	1,792	-	
-	-	Add operating cash surplus available to fund capital	-	-	-			-	-	-	
1,436	4,280	Cash available to fund assets	924	1,139	215	F		1,847	2,157	310	F
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	387	-	(387)	Under		774	774	-	On

558	1,511	—to improve the level of service	2,293	772	(1,521)	Under	\$3m for Matamata indoor stadium is expected to be spent by 30 June. \$1.5m budgeted for destination playgrounds will be carried forward to 2025-26.	4,586	3,086	(1,500)	Under
585	1,344	—to replace existing assets	541	584	43	Over		1,082	1,082	-	On
1,143	2,855	Cash used to fund assets	3,221	1,356	(1,865)	Under		6,442	4,942	(1,500)	Under
293	1,425	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(2,297)	(217)	2,080			(4,595)	(2,786)	1,810	
-	(605)	Add any operating deficit that needs to be funded from debt	-	(474)	(474)			-	(460)	(460)	
293	820	Total (increase)/decrease in internal/external debt	(2,297)	(691)	1,606	F		(4,595)	(3,245)	1,350	F

Strategy and Engagement

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
3,403	3,367	General rates, uniform annual general charges, rates penalties	3,679	3,712	33	F		7,358	7,424	66	F
-	-	Targeted rates	-	-	-			-	-	-	
-	702	Subsidies and grants for operating purposes	98	432	335	F	Better off funding received to date more than budgeted for.	195	432	237	F
216	366	Fees and charges	198	329	131	F	Includes interest income that was higher than budgeted.	396	576	180	F
284	304	Internal charges and overheads recovered	371	295	(76)	U		741	741	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
3,902	4,739	Total operating funding (A)	4,345	4,768	423	F		8,690	9,173	483	
(575)	(575)	Less budgeted depreciation that is funded from rates and used to fund capital	(588)	(588)	-			(1,176)	(1,176)	-	
-	-	Less reserve funding that comes from rates	-	-	-			-	-	-	
3,327	4,164	Cash available to fund operating	3,757	4,180	423	F		7,514	7,997	483	F
		Applications of operating funding			-						
2,667	3,179	Payments to staff and suppliers	3,372	2,670	(702)	F	Budgeted spend on digital enablement, district plan review, climate change policy, Audit fees and election costs have yet to be spent. We expect that most areas will balance out by the end of the year. Spending from reserve funds of \$108,000 to date is not budgeted for and includes costs for the Freedom Camping Bylaw development (that was largely funded by a grant received), and the Restoration of the Te Aroha headstones that were affected by the earthquakes in 2023.	6,743	6,743	-	
76	101	Finance costs	156	126	(30)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	312	252	(60)	F
1,019	1,090	Internal charges and overheads applied	1,270	1,464	195	U	Overhead costs higher than budgeted	2,539	2,831	292	U
-	-	Other operating funding applications	-	-	-			-	-	-	
3,762	4,370	Total applications of operating funding (B)	4,797	4,260	(537)	F		9,594	9,826	232	U

33

(313)	(199)	Less operating expenditure funded from reserves	(596)	(596)	-			(1,192)	(1,192)	-	
3,449	4,171	Cash used to fund operating	4,201	3,664	(537)	F		8,402	8,634	232	U
(122)	(7)	Operating cash surplus/(deficit)	(444)	516	960	F		(888)	(637)	251	F
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
-	-	Development and financial contributions	-	-	-			-	-	-	
	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
575	575	Add budgeted depreciation that is funded from rates and used to fund capital	588	588	-			1,176	1,176	-	
-	-	Add operating cash surplus available to fund capital	-	516	516	F	The surplus from operations becomes available funding for capital spending (ie reducing the need for external borrowing)	-	-	-	
575	575	Cash available to fund assets	588	1,104	516	F		1,176	1,176	-	
		Applications of capital funding									
		Capital expenditure									
		—to meet additional demand			-					-	
		—to improve the level of service			-					-	
625	746	—to replace existing assets	1,134	995	(139)	Under		2,268	2,268	-	
625	746	Cash used to fund assets	1,134	995	(139)			2,268	2,268	-	
(50)	(171)	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(546)	109	655	F		(1,092)	(1,092)	-	
(122)	(7)	Add any operating deficit that needs to be funded from debt	(444)	-	444			(888)	(637)	251	
(171)	(178)	Total (increase)/decrease in internal/external debt	(990)	109	1,099	F		(1,980)	(1,729)	251	F

Roading

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
4,630	4,684	General rates, uniform annual general charges, rates penalties	4,668	4,710	42	F		9,336	9,420	84	F
-	-	Targeted rates	-	-	-			-	-	-	
1,525	1,211	Subsidies and grants for operating purposes	1,902	1,572	(330)	U	NZTA subsidies received are lower than budgeted which is a normal seasonal variation.	3,803	3,803	-	
145	41	Fees and charges	162	39	(123)	U	Corridor access requests and overweight permits income	324	98	(227)	U
134	128	Internal charges and overheads recovered	144	143	(1)	U		287	287	-	
128	115	Local authorities fuel tax, fines, infringement fees, and other receipts	110	109	(1)	U		220	220	-	
6,561	6,179	Total operating funding (A)	6,985	6,573	(412)	U		13,970	13,828	(143)	U
(3,775)	(3,775)	Less budgeted depreciation that is funded from rates and used to fund capital	(3,947)	(3,947)	-			(7,894)	(7,894)	-	
-	-	Less reserve funding that comes from rates	-	-	-			-	-	-	
2,786	2,404	Cash available to fund operating	3,038	2,626	(412)	U		6,076	5,934	(143)	U
		Applications of operating funding			-						
3,541	3,625	Payments to staff and suppliers	3,903	3,474	(429)	F	Subsidised roading costs are \$202,000 and unsubsidised roading costs are \$224,000 lower than budgeted. This should balance out as the year progresses.	7,805	7,805	-	
231	305	Finance costs	188	152	(36)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	375	304	(71)	F
600	755	Internal charges and overheads applied	706	834	129	U	Unbudgeted business unit loss allocated to roading and higher than budgeted overheads	1,411	1,604	193	U
-	-	Other operating funding applications	-	-	-			-	-	-	
4,372	4,685	Total applications of operating funding (B)	4,796	4,460	(336)	F		9,591	9,713	122	U
-	-	Less operating expenditure funded from reserves	-	-	-			-	-	-	
4,372	4,685	Cash used to fund operating	4,796	4,460	(336)	F		9,591	9,713	122	U

(1,586)	(2,281)	Operating cash surplus/(deficit)	(1,758)	(1,834)	(77)	U		(3,515)	(3,779)	(264)	U
		Sources of capital funding									
1,641	1,282	Subsidies and grants for capital expenditure	1,816	813	(1,003)	U	Underspend at this point is partially due to timing, with more works occurring in the warmer months of the year. Also due to NZTA subsidy not being fully approved - Low Cost, Low Risk projects of \$893,155 were budgeted but not approved by NZTA. Subsequently, Better-off Funding of \$1.3m is now expected to be received and applied to district accessibility projects that was not budgeted for.	3,631	4,038	407	F
224	411	Development and financial contributions	111	608	498	F	Development contributions are \$498,000 higher than budgeted.	221	912	691	F
		Gross proceeds from sale of assets	-	-	-			-	-	-	U
3,775	3,775	Add budgeted depreciation that is funded from rates and used to fund capital	3,947	3,947	-			7,894	7,894	-	U
-	-	Add operating cash surplus available to fund capital	-	-	-			-	-	-	U
5,640	5,468	Cash available to fund assets	5,873	5,368	(505)	U		11,746	12,844	1,098	F
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	130	-	(130)	Under	Capital expenditure is tracking below budget, partly as a result of the seasonal nature of the work, and due to the cut in funding for the Low Cost Low Risk projects. By year end, we expect to spend \$1.3m for district accessibility projects funded by Better off Funding not budgeted for.	260	260	-	On
1,113	1,841	—to improve the level of service	425	1,503	1,078	Over		850	1,503	653	Ove
3,428	939	—to replace existing assets	3,560	1,564	(1,996)	Under		7,120	7,738	618	Ove
4,541	2,780	Cash used to fund assets	4,115	3,067	(1,048)	Under		8,230	9,501	1,271	Ove
					-						
1,100	2,688	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	1,758	2,301	543			3,516	3,343	(173)	
(1,586)	(2,281)	Add any operating deficit that needs to be funded from debt	(1,758)	(1,834)	(77)			(3,515)	(3,779)	(264)	
(486)	407	Total (increase)/decrease in internal/external debt	1	467	467	F		1	(436)	(437)	U

Rubbish and Recycling

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
801	811	General rates, uniform annual general charges, rates penalties	983	991	9	F		1,965	1,982	17	F
1,264	1,251	Targeted rates	1,272	1,260	(12)	U		2,544	2,520	(24)	U
230	302	Subsidies and grants for operating purposes	130	238	108	F	The waste minimisation subsidy received to date is \$36,000 more than budget and the MFE subsidy is \$72,000 more than budget.	260	368	108	F
616	435	Fees and charges	440	418	(22)	U		880	836	(44)	U
1	-	Internal charges and overheads recovered	1	1	1	F		1	1	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
2,911	2,799	Total operating funding (A)	2,825	2,908	83	F		5,650	5,707	57	F
(18)	(18)	Less budgeted depreciation that is funded from rates and used to fund capital	(24)	(24)	-			(48)	(48)	-	
-	-	Less reserve funding that comes from rates	-	-	-			-	-	-	
2,893	2,781	Cash available to fund operating	2,801	2,884	83	F		5,602	5,659	57	F
		Applications of operating funding									
2,681	2,319	Payments to staff and suppliers	2,554	2,583	29	U	CPI adjustments and potential contract variations have yet to be received/agreed with our contractors, which could potentially exceed the budget by year end.	5,108	5,458	350	U
41	54	Finance costs	44	35	(9)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	87	70	(17)	F
153	177	Internal charges and overheads applied	185	216	31	U	Overheads higher than budgeted	370	432	62	U
-	-	Other operating funding applications	-	-	-			-	-	-	
2,875	2,550	Total applications of operating funding (B)	2,783	2,834	52	U		5,565	5,960	395	U
(130)	(114)	Less operating expenditure funded from reserves	(130)	(114)	16			(260)	(260)	-	
2,745	2,436	Cash used to fund operating	2,653	2,720	68	U		5,305	5,700	395	U

148	345	Operating cash surplus/(deficit)	149	164	16	F		345	7	(338)	U
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
-	-	Development and financial contributions	-	-	-			-	-	-	
	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
18	18	Add budgeted depreciation that is funded from rates and used to fund capital	24	24	-			48	48	-	
148	345	Add operating cash surplus available to fund capital	149	164	16	F		297	7	(290)	
166	363	Cash available to fund assets	173	188	16	F		345	55	(290)	
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	-	-	-			-	-	-	
250	793	—to improve the level of service	250	264	14	Over		500	500	-	C
-	-	—to replace existing assets	-	-	-			-	-	-	
250	793	Cash used to fund assets	250	264	14	Over		500	500	-	C
(84)	(430)	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(78)	(76)	2			(155)	(445)	(290)	
-	-	Add any operating deficit that needs to be funded from debt	-	-	-			-	-	-	
(84)	(430)	Total (increase)/decrease in internal/external debt	(78)	(76)	2	F		(155)	(445)	(290)	U

Stormwater

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
94	95	General rates, uniform annual general charges, rates penalties	74	75	1	F		148	150	2	F
579	580	Targeted rates	454	454	1	F		907	908	1	F
-	-	Subsidies and grants for operating purposes	-	-	-			-	-	-	
-	-	Fees and charges	-	-	-			-	-	-	
86	86	Internal charges and overheads recovered	89	89	-			178	178	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
758	761	Total operating funding (A)	617	618	2	F		1,233	1,236	3	F
(437)	(437)	Less budgeted depreciation that is funded from rates and used to fund capital	(128)	(128)	-			(256)	(256)	-	
-	-	Less reserve funding that comes from rates	-	-	-			-	-	-	
321	324	Cash available to fund operating	489	490	2	F		977	980	3	F
		Applications of operating funding									
197	122	Payments to staff and suppliers	318	240	(78)	F		636	636	-	
1	1	Finance costs	19	15	(4)	F		37	30	(7)	F
108	128	Internal charges and overheads applied	136	164	29	U		271	300	29	U
-	-	Other operating funding applications	-	-	-			-	-	-	
306	251	Total applications of operating funding (B)	472	419	(53)	F		944	966	22	U
		Less operating expenditure funded from reserves			-			-	-	-	
306	251	Cash used to fund operating	472	419	(53)	F		944	966	22	U
					-						

15	73	Operating cash surplus/(deficit)	17	71	55	F		33	15	(19)	U
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
14	-	Development and financial contributions	-	-	-			-	-	-	
-	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
437	437	Add budgeted depreciation that is funded from rates and used to fund capital	128	128	-			256	256	-	
15	73	Add operating cash surplus available to fund capital	17	71	55	F		33	15	(19)	U
466	510	Cash available to fund assets	145	199	55	F		289	271	(19)	U
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	38	-	(38)	Under		75	-	(75)	Under
250	175	—to improve the level of service	788	175	(613)	Under	\$500,000 to be spent this financial year for Morrinsville CBD stormwater upgrades, \$500,000 to be spent in 2025-26 and further \$500,000 in future years.	1,575	500	(1,075)	Under
145	-	—to replace existing assets	-	-	-			-	-	-	
395	175	Cash used to fund assets	825	175	(650)	Under		1,650	500	(1,150)	Under
		Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(681)	24	705			(1,361)	(230)	1,132	
-	-	Add any operating deficit that needs to be funded from debt	-	-	-			-	-	-	
71	335	Total (increase)/decrease in internal/external debt	(681)	24	705	F		(1,361)	(230)	1,132	F

Wastewater

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
-	-	General rates, uniform annual general charges, rates penalties	-	-	-			-	-		
3,318	3,397	Targeted rates	4,336	4,390	55	F		8,671	8,780	109	F
-	-	Subsidies and grants for operating purposes	-	-	-			-	-	-	
341	454	Fees and charges	539	297	(242)	U	Trade waste charges are \$242,000 lower than budgeted. The budget allowed for some increase in trade waste agreement charges that have yet to be progressed.	1,078	593	(485)	U
288	287	Internal charges and overheads recovered	308	308	-			616	616	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
3,947	4,138	Total operating funding (A)	5,183	4,995	(188)	U		10,365	9,989	(376)	U
(1,526)	(1,526)	Less budgeted depreciation that is funded from rates and used to fund capital	(1,673)	(1,673)	-			(3,346)	(3,346)	-	
(331)	(341)	Less reserve funding that comes from rates			-			-	-	-	
2,090	2,271	Cash available to fund operating	3,510	3,322	(188)	U		7,019	6,643	(376)	U
		Applications of operating funding									
1,881	2,051	Payments to staff and suppliers	2,881	2,249	(632)	F	\$750,000 (for 6 months) was budgeted to be spent on the desludging of the Te Aroha and Morrinsville Wastewater Treatment Plants. That work has yet to begin, as Council are awaiting an options report to determine the best way forward. With so much uncertainty around timing and cost, we have assumed for the purpose of the forecast to 30 June 2025, that none of the \$1.5m budgeted will be spent this year. Ignoring the impact of the desludging on our budgets, there are a number of other areas of the budget both over and underspent: Consultants \$56,000 over budget, general asset insurance \$32,000 over budget, materials purchased \$51,000 over budget and the electrical/mechanical contract (is \$123,000 over budget with the main area being the Morrinsville waste water	5,761	4,377	(1,384)	F

							treatment plant. KVS internal charging and Plant hire is \$75,000 and \$11,000 under budget with main variances being Te Aroha and Matamata reticulation costs also subcontractors are \$62,000 under budget for reticulation, External lab analysis costs are \$41,000 below budget and waters unit charging is \$107,000 under budget. Ignoring the desludging budget, we forecast an overspend of approx. \$116,000 to 30 June.				
233	311	Finance costs	594	479	(115)	F	Finance costs are lower than budgeted as a result of not all budgeted capital works progressing as budgeted and the decrease in interest rates.	1,187	961	(226)	F
287	596	Internal charges and overheads applied	351	632	282	U	Unbudgeted \$225,000 business unit loss allocated to Waste water. Higher than budgeted overheads	701	1,264	563	U
0	-	Other operating funding applications	-	-	-			-	-	-	
2,401	2,958	Total applications of operating funding (B)	3,825	3,360	(465)	F		7,649	6,602	(1,047)	F
(331)	(341)	Less operating expenditure funded from reserves	(193)	(193)	-			(386)	(386)	-	
2,070	2,617	Cash used to fund operating	3,632	3,167	(465)	F		7,263	6,216	(1,047)	F
										-	
20	(346)	Operating cash surplus/(deficit)	(122)	155	277	F		(244)	426	670	F
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
388	547	Development and financial contributions	847	1,090	243	F	Development contributions in Matamata and Morrinsville are \$272,000 and \$805,000 higher than budgeted. Contributions in Te Aroha were \$833,000 lower than budgeted.	1,694	2,168	474	F
-	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
1,526	1,526	Add budgeted depreciation that is funded from rates and used to fund capital	1,673	1,673	-			3,346	3,346	-	
20	-	Add operating cash surplus available to fund capital	-	155	155		The surplus from operations becomes available funding for capital spending (ie reducing the need for external borrowing)	-	426	426	
1,934	2,073	Cash available to fund assets	2,520	2,918	398	F		5,040	5,941	901	F
		Applications of capital funding									
		Capital expenditure									
-	0	—to meet additional demand	4,006	-	(4,006)	Under	\$4.4m has been spent on the Matamata Waste Water Treatment plant. \$2.7m has been spent on renewals. As at 30 June we are forecasting to complete renewals as budgeted, and spend a further \$10m on the Matamata waste water treatment plant upgrade (or could be more if	8,012	-	(8,012)	Under

							contracts awarded in the next month or two are able to commence works quickly).				
4,458	4,082	—to improve the level of service	9,350	2,523	(6,827)	Under	\$500,000 to be spent this financial year for Morrinsville CBD stormwater upgrades, \$500,000 to be spent in 2025-26 and further \$500,000 in future years.	18,700	11,350	(7,350)	Under
1,854	2,225	—to replace existing assets	2,875	4,625	1,750	Over		5,750	5,750	-	On
6,312	6,307	Cash used to fund assets	16,231	7,148	(9,083)	Under		32,462	17,100	(15,362)	Under
(4,378)	(4,234)	Cash surplus/(deficit) from capital	(13,711)	(4,230)	9,481			(27,422)	(11,159)	16,263	
-	(346)	Add any operating deficit that needs to be funded from debt	(122)	-	122			(244)	-	244	
(4,378)	(4,580)	Total (increase)/decrease in internal/external debt	(13,833)	(4,075)	9,758	F		(27,666)	(10,733)	16,933	F

Water

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
-	-	General rates, uniform annual general charges, rates penalties	-	-	-			-	-	-	
4,256	3,757	Targeted rates	5,446	5,336	(110)	U	Metered water income is \$110,000 or 2% lower than budgeted at this point.	10,891	10,672	(219)	U
400	-	Subsidies and grants for operating purposes	-	800	800	F	\$800,000 Better-off funding budgeted in 2023-24 was received/recognised in 2024-25	-	800	800	F
1	42	Fees and charges	6	38	33	F	Water tanker income higher than budgeted	11	76	65	F
34	34	Internal charges and overheads recovered	36	36	-			72	72	-	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-			-	-	-	
4,691	3,833	Total operating funding (A)	5,487	6,210	723	F		10,974	11,620	646	F
(1,553)	(1,553)	Less budgeted depreciation that is funded from rates and used to fund capital	(1,699)	(1,699)	-			(3,398)	(3,398)	-	
-	-	Less reserve funding that comes from rates	-	-	-			-	-	-	
3,138	2,280	Cash available to fund operating	3,788	4,511	723	F		7,576	8,222	646	F
		Applications of operating funding									
2,259	2,004	Payments to staff and suppliers	2,604	2,077	(527)	F	Payments to suppliers are currently tracking \$527,000 below budget overall. Within this, there are areas of the budget both under and over. The main areas of overspend include; Contractor costs \$173,000 over budget (mainly in respect of the Morrinsville water treatment plant), Materials (including purchase of testing materials, calibration of equipment, removal of old clarifier due to H&S at the Te Poi plant) \$85,000 over budget and the electrical/mechanical contract \$13,000 over budget. These areas of overspend are currently offset by savings against budget in the following areas; reticulation works subcontractors \$26,000 under budget, external lab analysis \$132,000 under budget, KVS internal charging and plant hire \$325,000 and \$34,000 under budget (particularly in respect of reticulation works). Waters unit internal charging is \$99,000 below budget.	5,208	5,208	-	

346	457	Finance costs	566	457	(109)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	1,132	917	(215)	F
498	901	Internal charges and overheads applied	582	888	307	U	Unbudgeted \$258,000 business unit loss allocated to Water. Higher than budgeted overheads	1,163	1,776	613	U
-	-	Other operating funding applications	-	-	-			-	-	-	
3,103	3,362	Total applications of operating funding (B)	3,752	3,422	(330)	F		7,503	7,901	398	U
-	-	Less operating expenditure funded from reserves	-	-	-			-	-	-	
3,103	3,362	Cash used to fund operating	3,752	3,422	(330)	F		7,503	7,901	398	U
35	(1,082)	Operating cash surplus/(deficit)	37	1,089	1,053	F		73	321	248	F
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
226	418	Development and financial contributions	96	659	563	F	Development contributions in Matamata and Morrinsville are \$37,000 and \$622,000 higher than budgeted. Contributions in Te Aroha were \$94,000 lower than budgeted.	190	1,303	1,113	F
-	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
1,553	1,553	Add budgeted depreciation that is funded from rates and used to fund capital	1,699	1,699	-			3,398	3,398	-	
-	-	Add operating cash surplus available to fund capital	-	-	-			-	321	321	
1,779	1,971	Cash available to fund assets	1,795	2,358	563	F		3,588	5,022	1,434	F
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	1,100	-	(1,100)	Under	\$1.2m has been spent to date on Lockerbie Water Treatment Plant works carried forward from the 2023-24 budget. Capital and renewal work budgeted in 2024-25 has yet to progress, but is expected to catch up in most areas, although the Te Aroha consenting work (approx. \$1.4m budgeted) is likely to push out to the 2025-26 year.	2,200	2,200	-	On
2,733	3,348	—to improve the level of service	350	2,706	2,356	Over		700	700	-	On
1,351	2,664	—to replace existing assets	3,155	2,382	(773)	Under		6,309	4,909	(1,400)	Under
4,084	6,012	Cash used to fund assets	4,605	5,088	484	Over		9,209	7,809	(1,400)	Under

(2,305)	(4,041)	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	(2,810)	(2,730)	80			(5,621)	(2,787)	2,834	
-	(1,082)	Add any operating deficit that needs to be funded from debt	-	-	-			-	-	-	
(2,305)	(5,123)	Total (increase)/decrease in internal/external debt	(2,810)	(2,730)	80	F		(5,621)	(2,787)	2,834	F

Consents and Licensing

Annual Plan December 2023 (\$000)	Actual December 2023 (\$000)		LTP December 2024 (\$000)	Actual December 2024 (\$000)	Variance (\$000)	Favourable/ Unfavourable	Commentary	LTP June 2025 (\$000)	Forecast June 2025 (\$000)	Forecast Variance (\$000)	Favourable/ Unfavourable
		Sources of operating funding									
1,194	1,208	General rates, uniform annual general charges, rates penalties	1,967	1,984	18	F		3,933	3,968	35	F
-	-	Targeted rates	-	-	-			-	-	-	
-	-	Subsidies and grants for operating purposes	-	-	-			-	-	-	
1,892	2,034	Fees and charges	2,044	2,582	538	F	Note: The LTP income budget (shown at \$2.044m) is overstated by \$145,000 as internal income was not netted off in the adopted budget. As such, revenue from fees and charges is actually \$683,000 ahead of budget at Dec 2024. The main variance is from Resource Consent income which is \$398,000 higher than budgeted (but largely offset by additional processing costs). Dog registrations are \$250,000 higher than budgeted, this is due to registrations being processed at the start of the financial year and will balance out as the year progresses.	4,088	4,664	576	F
-	-	Internal charges and overheads recovered	-	-	-			-	-	-	
17	50	Local authorities fuel tax, fines, infringement fees, and other receipts	20	60	41	F	Animal infringements and fines income is \$41,000 higher than budgeted. With this, comes additional costs of lodging the infringements	39	90	51	F
3,102	3,292	Total operating funding (A)	4,030	4,626	596	F		8,060	8,722	662	F
-	-	Less budgeted depreciation that is funded from rates and used to fund capital	(6)	(6)	-			(12)	(12)	-	
-	-	Less reserve funding that comes from rates	-	-	-					-	
3,097	3,287	Cash available to fund operating	4,024	4,620	596	F		8,048	8,710	662	F
		Applications of operating funding			-						
2,273	2,326	Payments to staff and suppliers	2,802	2,642	(160)	F	Note: The LTP expense budget (shown at \$2.802m) is overstated by \$145,000 as internal expenses were not netted off in the adopted budget. As such, payments to staff and suppliers is only \$15,000 less than budget at Dec 2024. Consultant costs are \$87,000 higher than budgeted as consultants are being utilised to process backlog of consent submissions. Offsetting this, other costs are slightly lower than budgeted at this point.	5,603	5,939	336	U

-	-	Finance costs	33	26	(7)	F	Finance costs are lower than budgeted as a result of the decrease in interest rates.	65	52	(13)	F
850	940	Internal charges and overheads applied	1,063	1,236	174	U	Overheads higher than budgeted	2,125	2,472	347	U
-	-	Other operating funding applications	-	-	-					-	
3,123	3,266	Total applications of operating funding (B)	3,897	3,904	8	U		7,793	8,463	670	U
-	-	Less operating expenditure funded from reserves	-	-	-			-	-	-	
3,123	3,266	Cash used to fund operating	3,897	3,904	8	U		7,793	8,463	670	U
-	-				-						
-	21	Operating cash surplus/(deficit)	128	716	589	F		255	247	(8)	U
26											
		Sources of capital funding									
-	-	Subsidies and grants for capital expenditure	-	-	-			-	-	-	
-	-	Development and financial contributions	-	-	-			-	-	-	
-	-	Gross proceeds from sale of assets	-	-	-			-	-	-	
5	5	Add budgeted depreciation that is funded from rates and used to fund capital	6	6	-			12	12	-	
-	21	Add operating cash surplus available to fund capital	128	716	589	F		255	247	(8)	U
5	26	Cash available to fund assets	134	722	589	F		267	259	(8)	U
		Applications of capital funding									
		Capital expenditure									
-	-	—to meet additional demand	-	-	-					-	
-	-	—to improve the level of service	-	-	-					-	
-	-	—to replace existing assets	-	-	-					-	
-	-	Cash used to fund assets	-	-	-			-	-	-	
5	26	Remaining cash from capital available to reduce debt OR (debt funding of capital required)	134	722	589			267	259	(8)	
-	-	Add any operating deficit that needs to be funded from debt	-	-	-			-	-	-	
-	26	Total (increase)/decrease in internal/external debt	134	722	589	F		267	259	(8)	U
21											



Top Risks Deep Dive

Failure of Essential Services

Water and Wastewater

February 2025



Risk Description

- Risk of environmental, technological, regulatory and community threats that could impact the quality, reliability, sustainability of water and wastewater essential services:
 - Environmental threats (natural disasters)
 - Technological failures (e.g., outdated SCADA systems, equipment failure)
 - Regulatory non-compliance
 - Community-related challenges (growing demand, reputational risks)



Why This Risk Matters

Potential Impacts:

- **Public health crises:** Fatality or disease outbreaks, illness due to water contamination
- **Environmental damage:** Degradation, contamination, and eco system impacts
- **Regulatory & Financial:** Legal prosecution, non-compliance, fines and penalties
- **Community Impact:** Service disruption and business downtime, school closures and reputational damage
- **Resourcing & Productivity:** Staff downtime, operational inefficiencies



Key Failure Points

Water Systems Failures:

- Abstraction (raw water/bore)
- Treatment plants (process/asset)
- Reticulation failures
- Reservoir/dam failure
- Distribution mains failure

Wastewater Systems Failures:

- Truck/bulk main failure
- Pump station failure
- Treatment plant failure (process/asset)



Risk Assessment



- **Key risks:**
 - Public Health
 - Environmental Damage
 - Resource Constraints
- **Residual Risk: Very High**
- **Ongoing efforts to reduce risk to High**



Risk Controls



Current Controls (60% effective):

- Operational Risk Registers
- Standard Operating Procedures (SOP's)
- Emergency Response Plans (ERP's)
- Compliance Monitoring
- Training and Development

Work in Progress:

- Water treatment operational risk assessment
- Future **Water Services Delivery Plan**



Challenges to Reducing Risk Further



- **Aging infrastructure:** (Higher failure, maintenance and repair costs)
- **External threats:** (Earthquakes, floods, power outages, cyberattacks, national policy, regulation and legislation)
- **Regulatory & compliance pressures:** (Greater monitoring, reporting, auditing and administration)
- **Workforce and suppliers:** (skill shortages and aging workforce)



Emerging Risks

- **Water Services Delivery Plans:** New governance and operational models
- **Council Controlled Organisation:** Local Waters Done Well timeline 1 July 2026
- **New Economic Regulator:** Pricing and financial implications
- **Extreme Weather:** Increase infrastructure vulnerability



Assurance Level

Current Residual Risk: Very High

Target Residual Risk: High

Moderate Confidence in Controls (60%)

Focus Areas:

- **Residual risk reduction**
- **Improved control effectiveness**
- **Continuous improvement - planning, funding and governance**
- **Experienced internal & external team available 24/7**



Next Steps



- Conduct **further deep dive risk assessments** for water/wastewater reticulation & wastewater treatment
- Develop a **Water Services Delivery Plan** aligned with legislation & sustainability goals
- Define **risk appetite statements** balancing cost & risk





Top Risk Deep Dive

Inadequate response to local level natural
disasters, extreme weather events and
pandemics

25 February 2025





What we would like to achieve



- Understanding of the risk
- Risk rating
- Controls
- Questions



Understanding the Risk



- Multi-faceted
- Causes widespread harm and disruption
- CDEM Act
 - **plan for, response to and recover from**
 - To our fullest extent possible



Risk Rating



Risk Number	Risk	Risk description	Inherent rating	Residual rating
1	Inadequate response to and recovery from local level natural and human induced disasters, extreme weather events and pandemics	Inadequate response to and recovery from local level natural and human induced disaster events resulting in compromised community resilience	Extreme	Very High





Partially affective controls

- Threat Analysis
- Monitoring of threats and initiation of processes
- Waikato Group Emergency Management Office
- National Emergency Management Agency
- Passing on threat warnings and preparedness advice to public
- Business Continuity Management Policy and Plans
- Policies, strategies and plans
- Member of the Lifelines group
- Community partnerships



Controls cont...

Partially affective controls

- Training, scenarios, exercises
- Resourcing - IMT: trained staff to allow for two rosters, including function managers
- Communities of Practice
- On call staff available
- Regulatory / Planning Controls
- Identify critical employees and ensure controls and cover for their roles
- Response framework and deployment policy
- Emergency Management Officer work plan



Forward planning action



- EMO work planning
 - Operational planning for reasonably foreseeable events
 - Identifying critical roles and coverage
 - Regular exercises
 - Establishing internal communities of practices
- Building and maintaining relationship
- Recovery and welfare planning
- Ongoing research – Hikurangi subduction zone
- Review of the CDEM Act
- Review of Group Plan
- Updating Business Continuity Planning
- Community response planning and adaptation



Questions

