



# Exceptions Report

## For the month of March 2020

### Financial Report

### Activities Report

### Capital Projects Update

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#### Foreword

With the event of COVID-19 and ensuing Alert Level 3 announcement by PM Ardern to prepare for Alert Level 4 lockdown from 26 March 2020, our business operations have transitioned to work from home, and in the field for essential services only.

Our people took home hardware required to work well and safely, and our investment in cloud technology enabled consistent connections to our network from home bases.

Business transitioned to online services, and our community embraced this change of how we connect. Customer interactions by phone and email maintained. Our public spaces closed, which means libraries were inaccessible, and we've been unable to progress building inspections.

We continue to work on backlogs such as resource consents and building consents and forward work planning will prepare us for ongoing lockdown activities. Most of our infrastructure services are essential works therefore this team is ready to work in the field ahead using our COVID-19 risk assessment and processes.

For March our operating income and operating costs retained green status of within 5% of budget. Our net assets are ahead of plan and our net debt is on track.

## March 2020 Financial Report

### Statement of Operating and Capital Performance

	Year to 31 March 2020			Indicator	Whole Year	
	Actual \$'000	Annual Plan \$'000	Variance \$'000		Annual Plan \$'000	Forecast \$'000
Rates	28,566	27,633	933	●	36,884	36,884
Activity Revenue and Other Income	5,448	5,183	265	●	6,839	6,839
Subsidies and Grants - Operational	4,270	4,838	(568)	●	8,786	8,786
<b>Total Operating Income</b>	<b>38,283</b>	<b>37,654</b>	<b>630</b>	●	<b>52,508</b>	<b>52,508</b>
Employee Benefits	9,423	9,504	82	●	12,683	12,683
Contractors	1,252	1,855	603	●	2,448	2,448
Professional Services	5,441	6,147	706	●	8,356	8,356
Repairs and Maintenance	6,765	7,736	971	●	11,861	11,861
Finance costs	1,756	2,085	329	●	2,780	2,780
Other Operating Costs	4,431	4,811	380	●	6,004	6,004
<b>Total Operating Costs</b>	<b>29,067</b>	<b>32,138</b>	<b>3,072</b>	●	<b>44,133</b>	<b>44,133</b>
<b>Operating Surplus/(Deficit)</b> (before Depreciation)	<b>9,217</b>	<b>5,515</b>	<b>3,701</b>	●	<b>8,375</b>	<b>8,375</b>
Capital Subsidies	5,199	6,354	(1,155)	●	23,219	23,219
Contributions	1,664	2,187	(523)	●	3,019	3,019
Other Capital Revenue	28	0	28	●	175	175
<b>Total Capital Revenue</b>	<b>6,891</b>	<b>8,541</b>	<b>(1,650)</b>	●	<b>26,413</b>	<b>26,413</b>
Capital Expenditure	13,031	13,351	320	●	38,936	41,556
<b>Total Capital Payments</b>	<b>13,031</b>	<b>13,351</b>	<b>320</b>	●	<b>38,936</b>	<b>41,556</b>
<b>Subtotal Capital</b>	<b>(6,140)</b>	<b>(4,810)</b>	<b>(1,330)</b>	●	<b>(12,523)</b>	<b>(15,143)</b>
<b>Surplus/(Deficit)</b> - before Loan Payments and Depreciation	<b>3,077</b>	<b>705</b>	<b>2,372</b>	●	<b>(4,148)</b>	<b>(6,768)</b>

Key: ● Within 5% of budget

● Over or under budget by 5 - 10%

● Over or under budget by more than 10%

## Statement of Operating and Capital Performance

Comments on major variances

### Operating Income:

Account	Rationale	\$000
<b>Rates Revenue</b>	Penalties are ahead of budget for the year to date due to arrears penalties applied (July and January) and instalment penalties.	<b>685</b>
<b>Activity Revenue and Other Income</b>	Tourism Infrastructure Funds received from Ministry of Business, Innovation and Employment – Matakohē Toilets & Footpath and Bayly's Beach.	<b>150</b>
	Increase in Kai Iwi lakes bookings for summer season.	
	Mangawhai Campground revenue share.	<b>112</b>
	Additional revenue received for vehicle crossing permits, discharge fees, water rates penalties and reimbursement of costs from previous year.	<b>71</b>
	Regulatory activity revenue:	
	• Building Control revenue is on budget for the month.	<b>484</b>
	• Increase in Monitoring and enforcement fees.	<b>15</b>
	• Decrease in Resource consenting income.	<b>(593)</b>
<b>Operating Subsidies and Grants</b>	Operational subsidies from NZTA are on budget for the month. PGF funding for Kaipara Kickstart Programme not received yet – timing difference.	<b>(506)</b>

### Operating Costs:

Account	Rationale	\$000
<b>Contractors</b>	Overall reduction of contractors costs. New contract for Mangawhai wastewater treatment plant operations and maintenance started in October 2019. The contract was negotiated at lower cost than budgeted.	<b>411</b>
<b>Professional Services</b>	Costs overall are lower than budget. Regulatory is ahead of budget: <ul style="list-style-type: none"> <li>Resource consenting activity costs (but off set by reduction in employee costs of \$480k)</li> <li>Building consenting activity costs</li> </ul> Roothing professional services costs are ahead of budget Budget is offset by District plan costs not committed yet – timing difference Stormwater and Wastewater work schedule planning not started yet – timing difference	<b>(360)</b> <b>(120)</b> <b>(163)</b> <b>840</b> <b>334</b>
<b>Repairs and Maintenance</b>	Overall costs are lower on budget year to date for all activities. Dargaville wastewater desludging work is not started yet – timing difference. Roothing works maintenance programme is lower than budget for the month.	<b>681</b> <b>181</b>
<b>Finance Costs</b>	Below budget due to lower inter-period loan balances.	<b>329</b>
<b>Other Operating Costs</b>	Costs overall are lower than budget year to date.	

### Capital Revenue

Account	Rationale	\$000
<b>Capital Subsidies</b>	Capital subsidies from NZTA are lower on budget for the month due to timing of the subsidies. Maungaturoto water supply capital contribution is not received yet – timing difference	<b>(971)</b> <b>(184)</b>
<b>Contributions</b>	Financial and development contributions are lower than budget for year to date as less subdivisions.	<b>(523)</b>

## Statement of Financial Position

	Actual	Annual Plan	Annual Report
As at	31 March 2020	June 2020	June 2019
Accumulated comprehensive revenue and expense	408,808	425,697	401,364
Asset revaluation reserves	268,601	245,084	268,601
Restricted reserves	5,574	5,389	5,574
Council created reserves	(14,777)	(14,550)	(14,777)
<b>Total net assets/equity represented by</b>	<b>668,207</b>	<b>661,620</b>	<b>660,762</b>
<b>Current assets</b>			
Cash and Cash Equivalents	3,741	563	1,926
Trade and Other Receivables	5,236	6,548	8,317
Accrued Revenue	1,022	3,438	1,641
Other Financial Assets - Current	115	115	115
Non-Current Assets Held for Sale	186	186	186
LGFA Borrower notes	32	0	32
<b>Total current assets</b>	<b>10,332</b>	<b>10,849</b>	<b>12,217</b>
<i>less</i>			
<b>Current liabilities</b>			
Trade and Other Payables	7,544	13,329	11,219
Provisions	135	148	135
Employee Entitlements	864	1,111	905
Public debt	0	600	1,000
<b>Total current liabilities</b>	<b>8,543</b>	<b>15,188</b>	<b>13,258</b>
<b>Working capital/(deficit)</b>	<b>1,790</b>	<b>(4,340)</b>	<b>(1,042)</b>
<i>plus</i>			
<b>Non-current assets</b>			
Property, plant, equipment	719,015	720,724	714,402
LGFA Borrower notes	672	704	672
Biological Assets	1,045	1,017	1,045
Other financial assets	279	278	279
<b>Total non-current assets</b>	<b>721,011</b>	<b>722,723</b>	<b>716,398</b>
<i>less</i>			
<b>Non-current liabilities</b>			
Public debt	44,000	47,657	44,000
Provisions	4,599	4,679	4,599
Derivative Financial Liabilities	5,995	4,427	5,995
<b>Total non-current liabilities</b>	<b>54,594</b>	<b>56,763</b>	<b>54,594</b>
<b>Net assets</b>	<b>668,207</b>	<b>661,620</b>	<b>660,762</b>

**Public Debt:** The public debt position at 31 March 2020 is \$44 million and the net debt position (debt less cash) is \$40.3 million.

<b>Public Debt and Requirements</b>			
	<b>June 2019</b>	<b>31 March 2020</b>	<b>June 2020</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Debt</b>			
Public debt	45,000	44,000	48,257
Cash in bank (overnight deposits)	(1,926)	(3,741)	(563)
<b>Net Debt</b>	<b>43,074</b>	<b>40,259</b>	<b>47,694</b>
<b>Reserves (future obligations)</b>			
Development Contribution Reserve	(24,395)	(24,395)	(26,341)
Other reserves	15,192	15,192	17,180
<b>Total reserves (future obligations)</b>	<b>(9,203)</b>	<b>(9,203)</b>	<b>(9,161)</b>
<b>Debt Requirements</b>			
Public debt	45,000	44,000	48,257
Future obligations	15,192	15,111	17,180
Gross Debt Requirement	60,192	59,111	65,437
Less cash in bank	(1,926)	(3,741)	(563)
<b>Net Debt Requirement</b>	<b>58,266</b>	<b>55,370</b>	<b>64,875</b>

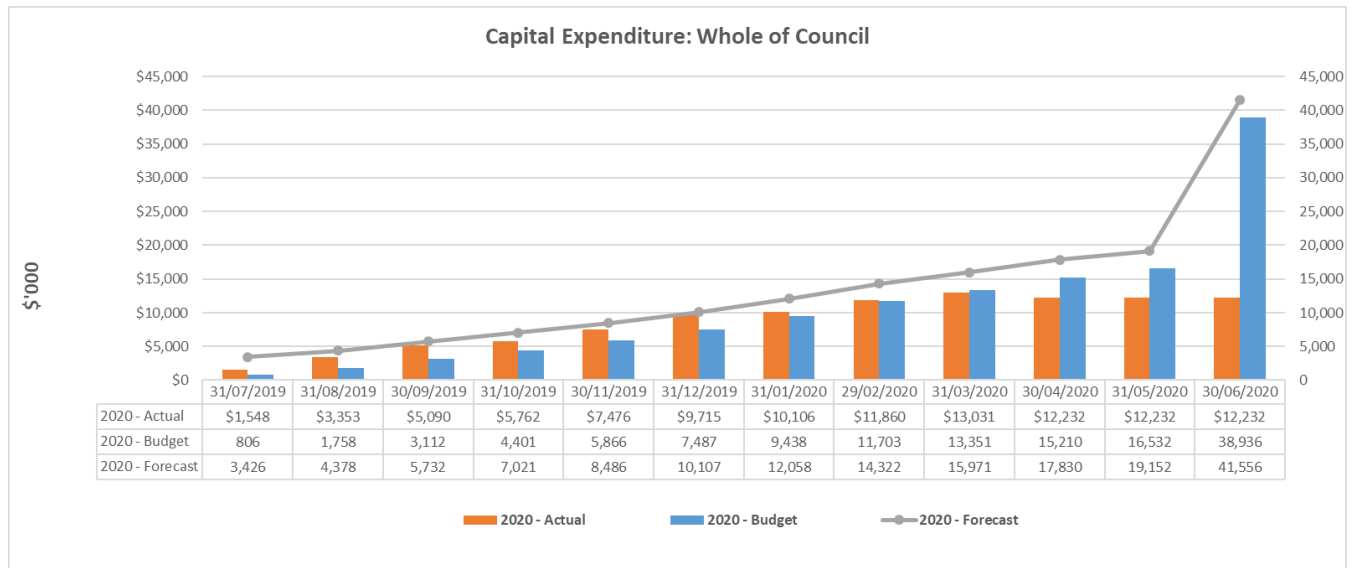
\*Note: Reserves balances are only recalculated at end of year.

#### Activities Net Cost for the period to 31 March 2020

<b>Activity</b>	<b>Actual as at 31 March 2020</b>			<b>Whole Year Annual Plan</b>
	<b>Operating Income \$000's</b>	<b>Operating Costs \$000's</b>	<b>Net Operating Surplus/(Deficit) \$000's</b>	<b>Net Operating Surplus/(Deficit) \$'000</b>
Community Activities	4,746	4,040	706	150
District Leadership	5,567	6,221	(654)	(1,738)
Regulatory Management	5,152	5,467	(315)	51
Roads and Footpaths	11,310	8,211	3,099	4,116
Wastewater	5,854	2,132	3,723	2,970
Water Supply	2,777	1,611	1,166	1,540
Stormwater	1,362	359	1,003	836
Flood Control	537	310	227	143
Solid Waste	978	715	263	307
	<b>38,283</b>	<b>29,067</b>	<b>9,217</b>	<b>8,375</b>

### Capital Expenditure for the period ended 31 March 2020

Activity - Work in Progress	Actual as at 31 March 2020			Whole Year	
	Actual \$000's	Annual Plan \$000's	Variance \$000's	Annual Plan \$000's	Forecast \$000's
Community Activities	663	1,241	578	2,643	3,184
District Leadership	1,448	1,388	(59)	6,175	6,407
Regulatory Management	0	0	0	0	0
Roads and Footpaths	8,385	8,460	75	24,618	25,276
Wastewater	1,846	954	(892)	2,911	3,835
Water Supply	544	901	357	1,952	2,068
Stormwater	66	216	150	216	316
Flood Control	57	191	134	421	421
Solid Waste	22	0	(22)	0	50
	<b>13,031</b>	<b>13,351</b>	<b>320</b>	<b>38,936</b>	<b>41,556</b>



### Significant Capital projects for the period ended 31 March 2020

	Year to Date	Full Year
	Actual	Annual Plan
Roads Resurfacing 2019/2020	1,141,455	2,288,276
Tomorata Bridge Repairs	2,052,779	1,450,000
Upgrade Mangawhai Wastewater Existing Reticulation	36,900	1,000,000
Upgrade Mangawhai Wastewater Treatment Plant	656,056	800,000
Drainage Renewals 2019-2020	476,243	784,000
MCP Paths - Walkways and Cycleways 2019-2020	604,825	560,000
Insley/Moir Intersection (Intersection 1)	41,635	540,000
Moir/Molesworth Intersection (Intersection 2)	32,278	540,000
Matakohe West Rd - Road works sealed	41,635	520,000
Flexible workspace	340,533	480,000
Wood Street - Main street redevelopment	65,639	400,000
Racecourse SH14 watermain	15,691	400,000
Ararua Rd - Road works sealed	30,995	400,000
<b>Total Significant Projects</b>	<b>5,536,664</b>	<b>10,162,276</b>

## Provincial Growth Fund

### Programme performance:

	Actual from February 2019 to March 2020	Budget from February 2019 to March 2020	Forecast (All programme)
<b>Operating Income</b>	<b>947,241</b>	<b>340,050</b>	<b>5,160,000</b>
PGF100 Kaipara Kickstart Programme	543,719	340,050	1,300,000
PGF101 Kaipara Kickstart Kai	150,000	-	980,000
PGF102 Kaipara Kickstart Moana Investigation	150,000	-	950,000
PGF103 Kaipara Kickstart Waipoua River Road Investigator	25,088	-	120,000
PGF104 Kaipara Kickstart Waipoua Road Implementation	-	-	1,480,000
PGF105 Pouto Road Phase 2 (Investigation)	78,434	-	330,000
PGF108 Pouto Road Phase 1 (Physical Works)			
<b>Operating costs</b>	<b>938,069</b>	<b>673,671</b>	<b>5,170,000</b>
PGF100 Kaipara Kickstart Programme	337,428	673,671	1,300,000
PGF101 Kaipara Kickstart Kai	244,005	-	980,000
PGF102 Kaipara Kickstart Moana Investigation	301,332	-	950,000
PGF103 Kaipara Kickstart Waipoua River Road Investigator	25,088	-	130,000
PGF104 Kaipara Kickstart Waipoua Road Implementation	6,613	-	1,480,000
PGF105 Pouto Road Phase 2 (Investigation)	23,602	-	330,000
PGF108 Pouto Road Phase 1 (Physical Works)	1,313		
<b>Internal charges and recoveries</b>	<b>316,990</b>		
PGF100 Kaipara Kickstart Programme	228,716	-	-
PGF101 Kaipara Kickstart Kai	39,793	-	-
PGF102 Kaipara Kickstart Moana Investigation	43,396	-	-
PGF105 Pouto Road Phase 2 (Investigation)	5,085	-	-
<b>Capital expenditure</b>	<b>2,109,115</b>	<b>1,580,000</b>	<b>14,000,000</b>
11152 Tomorata Bridge Repairs	2,052,779	1,450,000	2,150,000
9999 120 PGF Heavy metalling	-	-	-
PGF100 Kaipara Kickstart Programme	750	-	-
PGF103 Kaipara Kickstart Waipoua River Road Investigator	-800		
PGF104 Kaipara Kickstart Waipoua Road Implementation	8,011	-	-
PGF105 Pouto Road Phase 2 (Investigation)	44,356	130,000	7,850,000
PGF107 Kaipara Moana Physical works		-	4,000,000
PGF108 Pouto Road Phase 1 (Physical Works)	4,020	-	-
<b>Grand Total</b>	<b>2,416,933</b>	<b>1,913,621</b>	<b>14,010,000</b>

Please note these financials have been put together with a view of the Programme to Date. This programme of works officially commenced on the 3 February 2019.

## Activities Report

### Kaipara KickStart Programme (PGF)

The programme team are working to minimize impacts of the COVID19 situation on finalising programme deliverables. This has included several iterations of engagement plans across the programme being updated regularly to take into account what engagement channels remain viable.

The contractual obligations with MBIE have continued to be met, and where impacts are being identified these are being worked through with MBIE and internal support staff.

Specific project exceptions to plan:

**Kaipara Wharves** – Dargaville Pontoon procurement has been delayed for four weeks, now closing on 27 April, to enable selected suppliers to finalise their proposals with subcontractor pricing.

**Roading: Pōuto Road (Phase 2 sealing)** – The Programme Steering Group agreed to commence procurement to develop the strategic business case. This project element was dependent on the wharves feasibility investigations including a wharf at Pōuto, and the latest investigations and preferred investment option document this.

Kai Water funding agreement has been executed and the first deliverable (project execution plan and budget) has been submitted to MBIE.

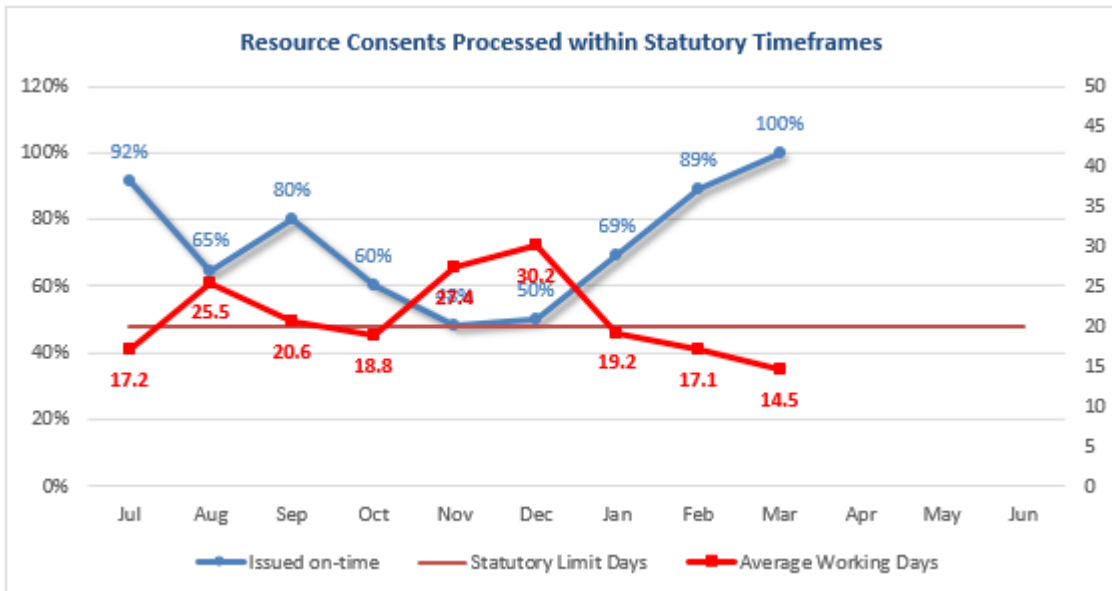
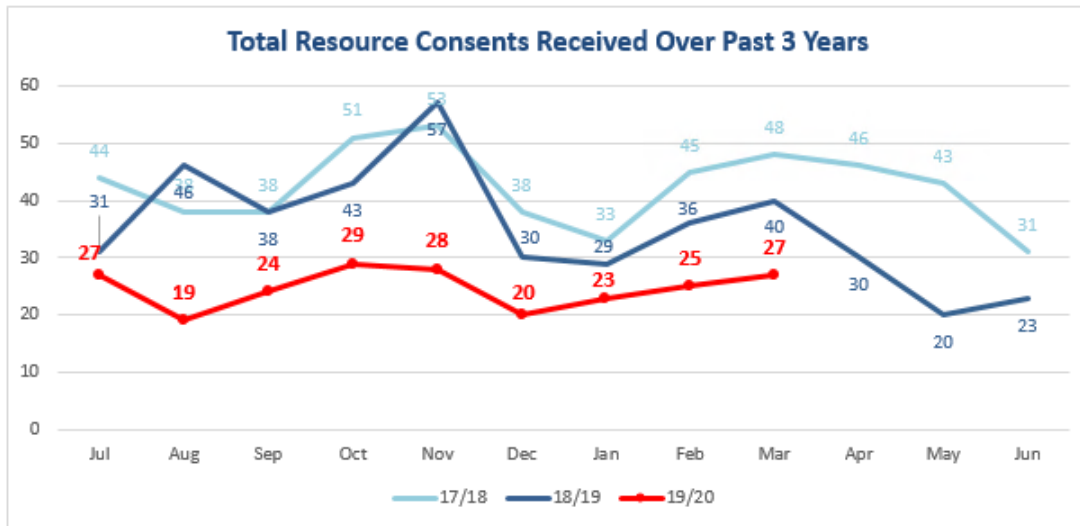
### Building and Resource Consents

**Note:** Tables containing shaded cells do not contain calculations as these are not currently measured.

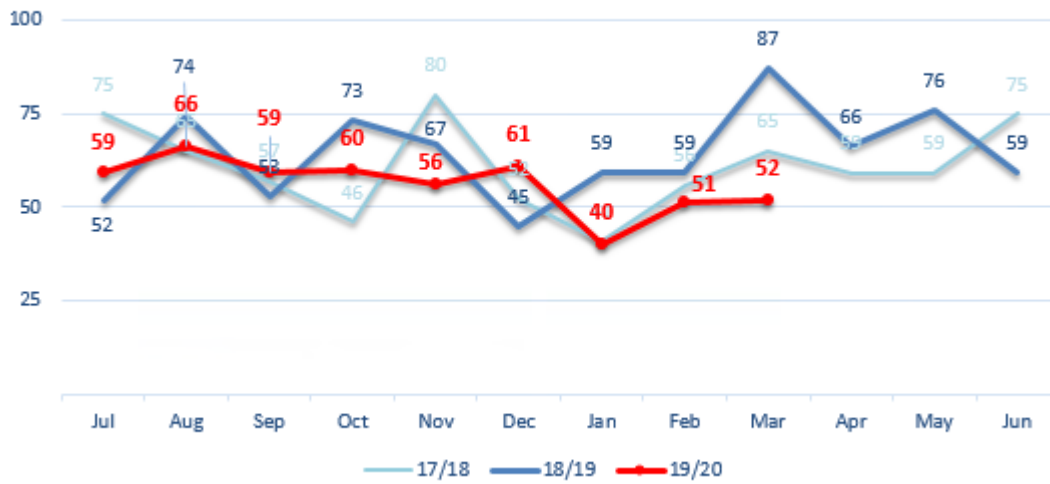
Consents	Received		% On Time	Average Working Days	YTD % On Time
	2018	2019			
Resource Consent Applications	40	27	100%	14.5	73%
224 Applications	8	10	100%	1	
Building	Received		% On Time	Average Working Days	YTD % On Time
	2018	2019			
Building Consent Applications	87	52	100%	9.5	98%
CCC Applications	42	69	91.3%	18.43	98%

Code Compliance Certificate target of 100% was not met for March due to operator activation and device synchronising issues relating to the statutory clock. A system improvement was raised as a result of this, where CCC's are monitored using a lead indicator within the AlphaOne system, enabling the process to become more proactive.

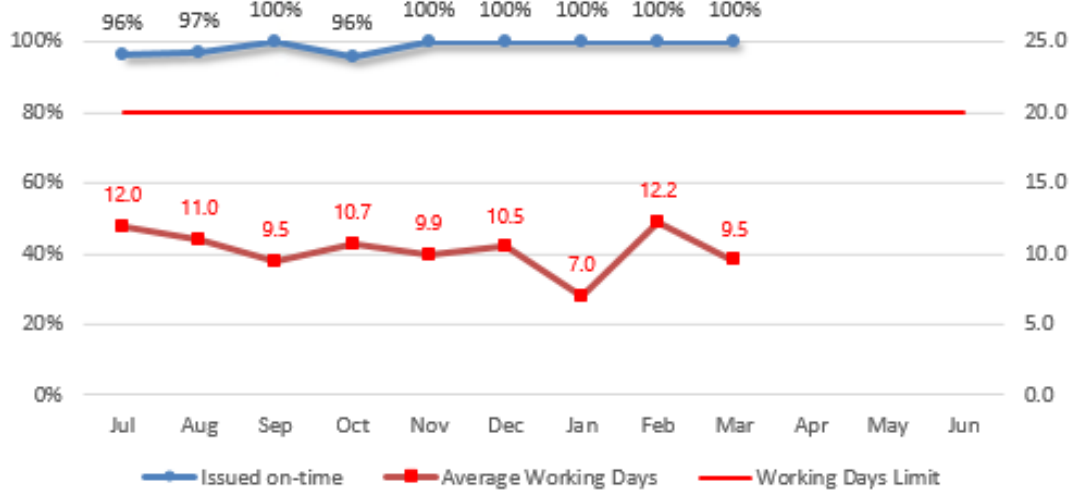




Building Consents Received Over the Past 3 Years

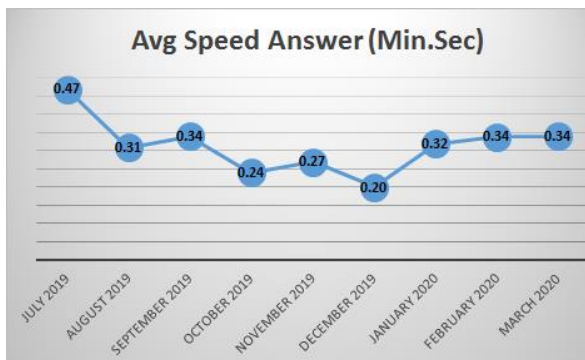
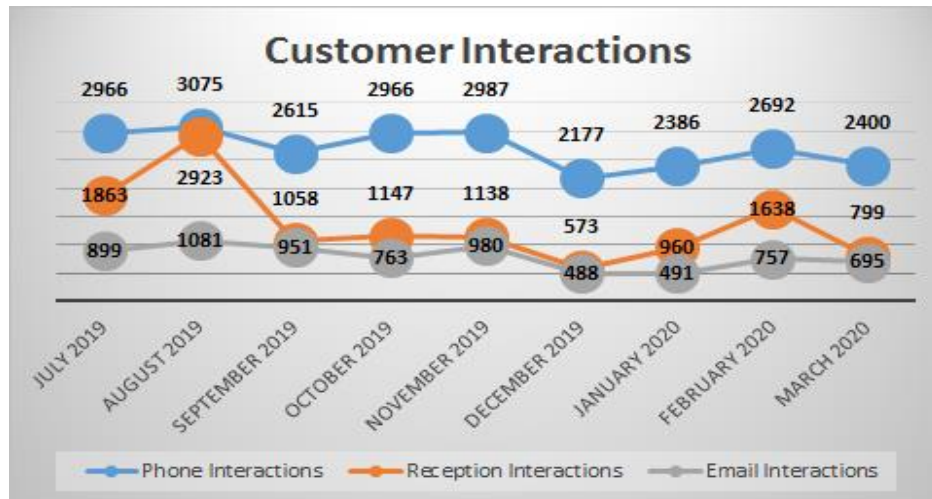


Building Consents Processed within Statutory Timeframes



## Customer Services

Total Customer interactions	Emails	Reception	Total Calls	Average Speed Answer (min:secs)	Average call abandonment (%)	Calls FTE	Longest Wait Time (min:secs)
3894	695	799	2400	0.34	5	2.64	17.59



## Tender Programme

The 2020 tender programme has been developed and issued to Civil Contractors NZ (CCNZ)

Month	Estimate	Procurement Method	Comment
<b>January</b>			
Dargaville Water Renewals – Package 1	\$450k	Open Market   PQM	Awarded Contractor - Forte
Bayleys Beach Boardwalk	\$200k	Selected   LPC	Preferred Contractor – Robinsons Negotiating scope with Preferred Contractor
Dargaville Pontoon	\$350k	Selected   LPC	In progress, tender extended
<b>February</b>			
Eveline Street Stormwater	\$90k	Selected   LPC	Engineers estimate revised – tender to be changed to open market and include packages of other s/w projects
<b>March</b>			
Dargaville Water Renewals	\$700k	Open Market   PQM	Tender closed, evaluating
<b>April</b>			
MCP Package 1 – Mangawhai Village - Shared Path & Intersections	\$1.2m	Open Market   PQM	
Maungaturoto Toilet Facilities Various Install only	\$20k	Selected   LPC	
Hakaru Closed Fill Landfill Leachate	\$460k	Open Market   PQM	
<b>May</b>			
Pouto Road Sealing	\$5m	Open Market   PQM	
Waipoa River Road	\$1m	Open Market   PQM	
<b>June</b>			
Chases Gorge Stormwater Improvements	\$200k	Open Market   PQM	
PGF Design Build Wharves	\$4m	Open Market	
Northern Raw Water Crossings	\$750k	Open Market   PQM	
<b>August</b>			
MCP Package 2 – Shared Path	\$1.5m		
Mangawhai Toilet Facilities	\$60k	Selected   LPC	
<b>2021</b>			
Ancient Kauri Coast	\$10m		Form of contract to be determined. Likely to have strong Social Procurement focus
Bridge Replacement & Renewals	\$1.2m		
MCP Future Packages	\$15.5m		

## Capital Projects Update

	Complete
	In progress
	Not yet started

### Roading

Programme for the 2019/20 year	Stage	% Complete/ Status
<b>Bridges and structures</b>	Construction	95%
<b>Reseals</b>	Construction	70%
<b>Rehabilitations</b>	Construction	65%
<b>Low Cost Low Risk</b>		
➤ Associated improvements	Construction	70%
➤ Bridges		
• Tara Road Culvert	Complete	100%
• Waihue Rd Bridge	Tendering	10%
➤ Walking and cycling improvements	Complete	100%
➤ High risk curve roads	Design	65%
➤ Network Improvements - LEDs	Construction	75%
➤ Mangawhai community plan intersections	Design	70%
➤ Resilience	Construction	85%
➤ School Zones Safety	Construction	85%

**Parks and Reserves**

<b>Programme for the 2019/20 year</b>	<b>Stage</b>	<b>% Complete/ Status</b>
Taharoa Domain/Kai Iwi Lakes	Upgrade of water take monitoring systems; water meters have been ordered. Landscaping of boat ramp/yacht club area is completed.	50%
Pou Tu Te Rangi Harding Park	Car park improvements have been completed.	70%
Mangawhai Community Park	Urban landscape design plan still proceeding. Traffic movement options for the Golf Club, Lookout and Club area has been added to scope.	55%
Mangawhai Coastal Walkway and Linkages	The Coastal Walkway Report and Connections Report are being shared electronically with the Advisory group and new ways to consult are being investigated.	65%
Mangawhai Esplanade Development	Public consultation for wayfinding has been rescheduled for after lockdown but E-discussions with Core group will begin over the next week.	50%
Toilet Amenities	Alamar toilets are confirmed as double pan and a building consent has been lodged for the Maungaturoto toilet project. Permaloo factory is in lock down but at this stage projected time frames for delivery are – Maungataroto in July, Mangawhai Historic Village in September, and Alamar Crescent and Lincoln Street in October.	40%
Walking/Cycling Strategy Implementation	This has been included with the Dargaville Township Improvement Plan and the twin coast discovery projects.	30%
Playgrounds	Community consultation for playground design is being revamped and will be completed in an online forum.	30%
Baylys Beach Boardwalk	MBIE have put applications on hold, waiting on potential cost savings from the preferred tenderer.	30%
Community Infrastructure Dargaville	Designs for an additional car parking area at Memorial Park have been approved. Waiting on contractor for construction.	35%
Community Infrastructure District	Kaiwaka: Discussions are continuing with the adjoining landowner regarding clearing the Council land by the creek to develop a picnic area. Survey and Geotech approved.	40%
Park Improvements	Bike stands, bench seats and signage across the district is ongoing.	45%

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Hard Surface Renewal	Commencing stage 2 at Memorial Park.	70%
Rangiora Rd Reserve Development Plans	Proceeding with design documents.	55%
Kaiwaka Fitness Trail equipment	Completed	100%

## Four Waters

### Water Reform Update

The government published a cabinet paper on the proposed regulator for drinking water in New Zealand. This regulator will be an independent crown entity and will be responsible for drinking water with extension to wastewater and stormwater.

### Water Supply

Programme for the 2019/2020 year	Stage	% Complete/ Status
946 Dargaville CBD Watermain Renewal 19.20	Awarded	20%
947 SH14 Watermain Renewal	Tender closed	10%
Northern Raw Water Crossings	Design	10%

### Wastewater

Programme for the 2019/2020 year	Stage	% Complete/ Status
Dargaville Wastewater Pond Desludging	Design and Consent	25%
Maungaturoto Wastewater Treatment Plant Upgrade	Construction	95%
Kaiwaka Wastewater Treatment Plant Upgrade	Construction	90%
Mangawhai Wastewater Treatment Plant Upgrade, Aeration	Construction	95%

### Stormwater

Programme for the 2019/2020 year	Stage	% Complete/ Status
Eveline Street Stormwater Control	Design, Consent	90%
Eveline St Stormwater Construction	Tender Prep	15%

### Land Drainage

Programme for the 2019/2020 year	Stage	% Complete/ Status
Beach Road Floodgate	Construction	100%
Kaihu Valley Floodgate 49 Replacement	Sourcing Materials	15%
Raupo Drainage Board Stopbank Upgrade, Donovans Bluff to K Canal	Planning	80%