



Agenda for a meeting of the Strategy & Finance Committee of the Waikato District Council to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 22 MARCH 2016** commencing at **9.00am**.

Information and recommendations are included in the reports to assist the Committee in the decision making process and may not constitute Council's decision or policy until considered by the Committee.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA ITEMS

Ms K Goulter, representing Hamilton & Waikato Tourism will be in attendance to discuss item 6.1.

3. DISCLOSURES OF INTEREST

4. CONFIRMATION OF MINUTES 3

Meeting held on Tuesday 23 February 2016.

5. MATTERS ARISING FROM MINUTES

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GJ Ion

CHIEF EXECUTIVE

Agenda2016/S&F/160322 S&F OP.docx

Open Meeting

To	Strategy & Finance Committee
From	GJ Ion Chief Executive
Date	24 February 2016
Prepared By	LM Wainwright Committee Secretary
Chief Executive Approved	Y
DWS Document Set #	1463892
Report Title	Confirmation of Minutes

1. Executive Summary

The minutes of a meeting of the Strategy & Finance Committee held on Tuesday 23 February 2016 are submitted for confirmation.

2. Recommendation

THAT the report of the Chief Executive – (*Confirmation of Minutes*) - be received.

3. Attachments

S&F Minutes 23 February 2016



MINUTES of a meeting of the Strategy & Finance Committee held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 23 FEBRUARY 2016** commencing at **9.05am**.

- Present
- Cr JC Baddeley (Chairperson)
 - His Worship the Mayor, Mr AM Sanson [*until 9.25am and from 9.29am*]
 - Cr J Church
 - Cr JM Gibb [*from 9.48am*]
 - Cr WD Hayes [*from 9.04am*]
 - Cr SD Lynch [*from 9.04am*]
 - Cr RC McGuire
 - Cr LM Petersen
 - Cr JD Sedgwick
 - Cr NMD Smith
 - Cr MR Solomon
- Attending
- Mr GJ Ion (Chief Executive)
 - Mr TG Whittaker (General Manager Strategy & Support)
 - Ms S Duignan (General Manager Customer Support)
 - Mrs L Wainwright (Committee Secretary)
 - Ms A Diaz (Finance Manager)
 - Mr V Ramduny (Planning & Strategy Manager)
 - Ms K Newell (Local CDEM Co-ordinator)
 - Mr B Cathro (Corporate Business Planner)
 - Mr C Clarke (Roading Manager)
 - Ms J Vernon (Strategic Planning and Resource Management Team Leader)
 - Ms K Bredenbeck (Huntly i-Site)

S&F1602/01 **APOLOGIES AND LEAVE OF ABSENCE**

Resolved: (Crs Sedgwick/Solomon)

THAT an apology be received from and leave of absence granted to Crs Costar, Fulton and Tait;

AND THAT an apology for lateness be received from Crs Gibb and Hayes.

CARRIED on the voices

S&F1602/02 **CONFIRMATION OF STATUS OF AGENDA ITEMS**

S&F1602/02/1 **Resolved: (Crs Sedgwick/Church)**

THAT the agenda for a meeting of the Strategy & Finance Committee held on Tuesday 23 February 2016 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be discussed with the public excluded.

Order of agenda be changed

CARRIED on the voices

S&F1602/03 **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

S&F1602/04 **CONFIRMATION OF MINUTES**

S&F1602/04/1 **Resolved: (Crs Petersen/Church)**

THAT the minutes of a meeting of the Strategy & Finance Committee held on Monday 23 November 2015 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

S&F1602/05 **MATTERS ARISING FROM THE MINUTES**

There were no matters arising from the minutes.

Crs Hayes and Lynch entered the meeting [9.04am] prior to discussion on the following item.

S&F1602/06 **RECEIPT OF COMMITTEE MINUTES**

S&F1602/06/1 **Resolved: (His Worship the Mayor/Cr Sedgwick)**

THAT the minutes of a meeting of the Audit & Risk Committee held on Thursday 10 December 2015 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

S&F1602/07

REPORTS

S&F1602/07/1

Waikato Enterprise Agency Operational report for Waikato District i-Site and Raglan i-Site July 2015 to December 2015

Item 7.1

Ms Bredenbeck gave a powerpoint presentation and answered questions of the committee.

Resolved: (Crs Lynch/Church)

THAT the report of the General Manager Strategy & Support – *Waikato Enterprise Agency Operational Report for Waikato District i-Site and Raglan i- Site July 2015 to December 2015* – be received.

CARRIED on the voices

S&F1602/07/2

CDEM Joint Committee Minutes

Item 7.3

The General Manager Customer Support gave a verbal report and answered questions of the committee.

Resolved: (Crs Church/Hayes)

THAT the report of the General Manager Customer Support – *CDEM Joint Committee Minutes* - be received.

CARRIED on the voices

His Worship the Mayor withdrew from the meeting [9.25am] during discussion on the above item and was not present when voting took place.

S&F1602/07/3

CDEM National Capability Assessment Report – December 2015

Item 7.4

The General Manager Customer Support gave a verbal report and answered questions of the committee.

Resolved: (Crs Smith/Petersen)

THAT the report of the General Manager Customer Support – *CDEM National Capability Assessment Report December 2015* - be received.

CARRIED on the voices

S&F1602/07/4 Public Alerting Options
Item 7.5

The Local CDEM Co-ordinator gave a verbal report and answered questions of the committee.

Resolved: (Crs Church/Solomon)

THAT the report of the General Manager Customer Support – *Public Alerting Options* - be received.

CARRIED on the voices

His Worship the Mayor re-entered the meeting [9.29am] during discussion on the above item and was present when voting took place.

S&F1602/07/5 West Coast Tsunami Study
Item 7.6

The Local CDEM Co-ordinator gave a verbal report and answered questions of the committee.

Resolved: (Crs Church/Lynch)

THAT the report of the General Manager Customer Support – *West Coast Tsunami Study* - be received.

CARRIED on the voices

S&F1602/07/6 Summary of Movements in Discretionary Funds to 10 February 2016
Item 7.7

Resolved: (Crs Petersen/Sedgwick)

THAT the report of the General Manager Strategy & Support – *Summary of Movements in Discretionary Funds to 10 February 2016* – dated 12 February 2016 be received.

CARRIED on the voices

S&F1602/07/7

Funding for Karioitahi Hall
Item 7.8

The General Manager Strategy & Support gave a verbal report and answered questions of the committee.

Resolved: (Crs Costar/Petersen)

THAT the report of the General Manager (Strategy and Support) – *Funding for Karioitahi Hall* - be received;

AND THAT the shortfall in funding of \$2,906 per annum be funded from the LTCCP Contribution Reserve until this issue can be reconsidered through the next rating review.

CARRIED on the voices

Cr Gibb entered the meeting [9.48am] during discussion on the above item and was present when voting took place.

S&F1602/07/8

Riskpool Annual Report 2015
Item 7.9

The Finance Manager gave a verbal report and answered questions of the committee.

Resolved: (Crs Gibb/Hayes)

THAT the report of the General Manager Strategy & Support – *Riskpool Annual Report 2015* – be received.

CARRIED on the voices

S&F1602/07/9

Structure Plan Financial Report
Item 7.10

The General Manager Strategy & Support gave a verbal report and answered questions of the committee.

Resolved: (Crs Gibb/Church)

THAT the report of the General Manager Strategy & Support – *Structure Plan Financial Report* - be received.

CARRIED on the voices

S&F1602/07/10 Waikato District Council Community Wellbeing Trust – Six Monthly Accounts to 31 December 2015
Item 7.11

Resolved: (Crs Smith/Lynch)

THAT the report of the General Manager Strategy & Support – *Waikato District Council Community Wellbeing Trust – Six Monthly Accounts to 31 December 2015* - be received.

CARRIED on the voices

S&F1602/07/11 Waikato District Community Wellbeing Trust – Draft Statement of Intent for year ended 30 June 2017
Item 7.12

The General Manager Strategy & Support gave a verbal report and answered questions of the committee.

Resolved: (Crs Lynch/Gibb)

THAT the report of the General Manager Strategy & Support – *Waikato District Community Wellbeing Trust – Draft Statement of Intent for year ended 30 June 2017* – be received;

AND THAT the Strategy & Finance Committee provides support to the Waikato District Community Wellbeing Trust.

CARRIED on the voices

S&F1602/07/12 Draft Feedback to the Local Government New Zealand on ‘A ‘blue skies’ discussion about New Zealand’s resource management system.’
Item 7.13

The Strategic Planning and Resource Management Team Leader gave a verbal report and answered questions of the committee.

Resolved: (Crs Lynch/Church)

THAT the report of the General Manager Strategy & Support – *Draft Feedback to the Local Government New Zealand on ‘A ‘blue skies’ discussion about New Zealand’s resource management system.’*- be received;

AND THAT the Committee recommends that the draft feedback to the Local Government New Zealand on ‘A ‘blue skies’ discussion about New Zealand’s Resource Management System’ be approved retrospectively by Council.

CARRIED on the voices

S&F1602/07/13 2015-2016 Half-Year Non-Financial Report
Item 7.14

Resolved: (Crs Sedgwick/Church)

THAT the report of the Acting General Manager Strategy & Support – 2015-2016 Half Year Non-Financial Report – be received.

CARRIED on the voices

S&F1602/07/14 Financial Review of Key Projects
Item 7.2

The Chief Executive gave a verbal report and answered questions of the committee.

Resolved: (Crs McGuire/Solomon)

THAT the report of the Chief Executive – *Financial Review of Key Projects* - be received.

CARRIED on the voices

The meeting adjourned at 10.35am and resumed at 10.52am.

S&F1602/07/15 Financial Performance Summary for Period Ending 31 January 2016
Item 7.15

The Finance Manager gave a verbal report and answered questions of the committee.

Resolved: (Crs Gibb/Hayes)

THAT the report of the General Manager Strategy & Support – *Financial Performance Summary for the Period Ending 31 January 2016* – be received;

AND THAT the Committee acknowledges the continued breach of the proportion of fixed rate borrowing treasury risk management policy limit.

CARRIED on the voices

S&F1602/07/16

Te Kauwhata Heavy Traffic Bypass – Removal of Designation
Item 7.16

The Roading Manager gave a verbal report and answered questions of the committee.

Resolved: (Crs Smith/Hayes)

THAT the report of the General Manager Service Delivery – *Te Kauwhata Heavy Traffic Bypass – Removal of Designation* - be received;

AND THAT the General Manager Service Delivery is requested to undertake the formal process to remove the designation.

CARRIED on the voices

S&F1602/08

EXCLUSION OF THE PUBLIC

Resolved: (His Worship the Mayor/Cr McGuire)

THAT the public be excluded from the meeting during discussion on the following items of business:

1. Confirmation of Minutes 23 November 2015
2. Receipt of Audit & Risk Subcommittee minutes 10 December 2015
3. Sundry Debt Write Off – Expired Debt

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1996 and the particular interest protected by section 6 of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public is as follows:

That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:

- a. Protect members, or officers, or employees of any local authority, or any persons to whom section 2(5) of the Local Government Official Information and Meetings Act 1996 applies, from improper pressure or harassment;
- b. Protect the privacy of natural persons, including that of deceased natural persons;
- c. Prevent the disclosure or use of official information for improper gain or improper advantage;

AND THAT the exclusion of the public from the whole or relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings before the local authority where a right of appeal lies to any

Court or Tribunal against the final decision of the local authority in those proceedings.

CARRIED on the voices

Resolutions S&F1602/9 - S&F1602/13 are contained in the public excluded section of these minutes.

Having resumed open meeting and there being no further business, the meeting was declared closed at 11.22am.

Minutes approved and confirmed this day of 2016.

JC Baddeley
CHAIRPERSON

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Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	14 March 2016
Prepared by	CW Morgan Economic Development Manager
Chief Executive Approved	Y
DWS Document Set #	1474430
Report Title	Hamilton & Waikato Tourism Limited Six Month Report to 31 December 2015

1 Executive Summary

To provide Council with the Hamilton & Waikato Tourism Limited (HWT) Six Month Report to 31 December 2015.

Kiri Goulter, Chief Executive Officer HWT will present this report.

2 Recommendation

THAT the report of the **General Manager Strategy & Support – Hamilton & Waikato Tourism Limited Six Month Report to 31 December 2015 – be received.**

3 Attachments

Hamilton & Waikato Tourism Limited July – December 2015 Report to Councils, 13 December 2015

Hamilton & Waikato
T O U R I S M

Hamilton & Waikato Tourism Limited
July – December Report to Councils
31 December 2015

RESULTS AT A GLANCE

<p align="center">Commercial Accommodation Guest Nights</p> <p align="center">Grow commercial guest nights in line with national trend</p> <p align="center">Result: New Zealand – Year End Dec 4.7 % Result: Hamilton & Waikato – Year End Dec 8.4 %</p>	
<p align="center">Growth in Convention Sector</p> <p align="center">Grow market share of total delegate days to 10%</p> <p align="center">July – Dec Result 7%</p>	
<p align="center">Growth in Visitor Expenditure-Domestic</p> <p align="center">Maintain (at least) visitor expenditure levels within national trend</p> <p align="center">Result (same period previous year)</p> <p align="center">Domestic – increased 0.5 points (index)</p>	
<p align="center">Growth in Visitor Expenditure-International</p> <p align="center">Maintain (at least) visitor expenditure levels within national trend</p> <p align="center">Result (same period previous year)</p> <p align="center">Increased 16 points (index)</p>	
<p align="center">Growth in Website Traffic</p> <p align="center">Target 30%</p> <p align="center">July – Dec Result 45%</p>	
<p align="center">Industry Contributions</p> <p align="center">Target \$400,000</p> <p align="center">July – Dec Result \$320,000</p>	

Executive Summary

Visitors to our region continue to provide a valuable contribution to the region's economy. Having secured additional funding from partner councils, a key focus over the first six month period of 15-16 has been "gearing up" to deliver new and expanded activity. The majority of extra funding has been allocated to domestic promotions, product development and research. A new development role has been created and a Tourism Opportunities Plan has commenced which will identify opportunities for new and existing visitor product development and investment over the next five years. A Tourism Options Report for Sanctuary Mountain Maungatautari has also been undertaken and is nearing completion.

Hamilton & Waikato Tourism participated in another successful partnership campaign in Australia with Tourism New Zealand (TNZ) and five neighbouring upper North Island regions. HWT's \$50,000 investment was significantly leveraged through the \$1.4m campaign which achieved an excellent return on investment.

In July HWT completed its full website re development and undertook another Explore Your Own Backyard promotion focussed on outdoor family activities and cycling. A new "Arts" video has been added to the suite of digital assets, four international conference bids have been won and the region has been selected to host the annual Conventions & Incentives NZ (CINZ) conference in August.

Four staff changes have occurred after what has been a stable staffing period since HWT's establishment in 2011. HWT director Anna Bounds left the board in August after four years and Mark Morgan, CEO of Hamilton Airport was appointed in December.

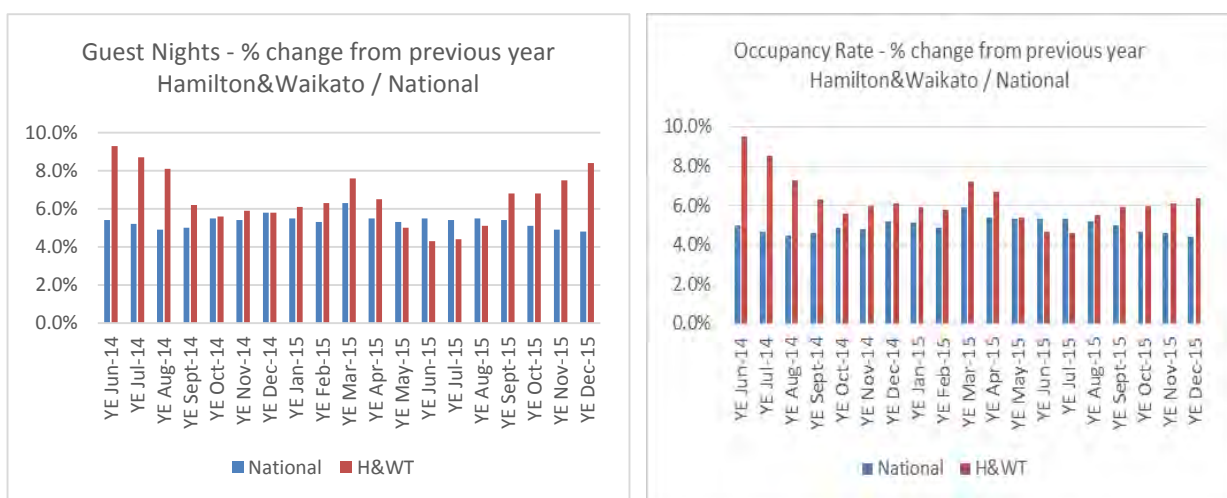
New Zealand's tourism industry is experiencing exceptional growth with visitor arrivals and expenditure at its highest level ever. International visitor arrivals for the year ending December 2015 totalled to 3.13 million, up 9.6%. Growth has come from all markets with Australia up 6% (1,318,000), China up 34% (345,000), USA up 10 % (240,000), UK up 3% (200,000), Japan up 7% (86,000) and Germany up 8% (84,000). In December 15 tourism exceeded dairy for export earnings.

Annual data released nationally in November (YE March 15, MBIE) showed the region's visitor expenditure was \$1.23b, a 7% increase on the previous year. International visitors contributed \$230m, up 19% on the previous year (YE March, MBIE) and domestic visitors \$1b, up 4.5%.

The Hamilton & Waikato region has a strong period of growth with international expenditure indices well above the national trend and domestic in line with national trend.

The region's guest nights continue to perform well up 8.4% on the previous year, well above the national result at 4.7%.

Challenges going forward include ensuring the industry is well placed to cope with visitor growth and attracting investment into the parts of the sector to enhance the region's current product offerings to meet future demand and expectations. While the region is performing well, it is important that we continue to work collaboratively as a region to position ourselves as an attractive place to visit in order to grow visitor numbers and spend. We are operating in highly competitive markets, both nationally and internationally, and therefore our collaboration enables each partners' contribution to be leveraged to greater effect which couldn't be achieved operating individually.



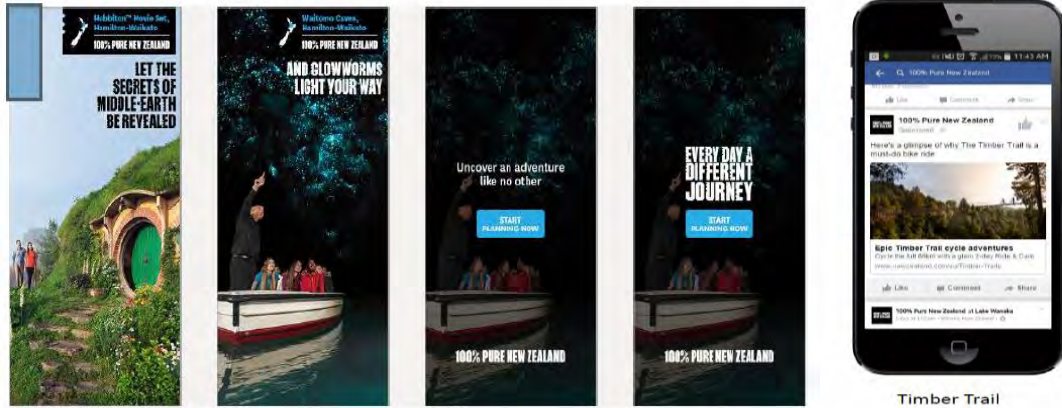
Source: Commercial Accommodation Monitor (MBIE/Stats NZ) December 2015

International Marketing

- In July – August, Hamilton & Waikato Tourism participated for a fifth year in a \$1.4m marketing campaign into Australia in partnership with Tourism New Zealand and the upper North Island regions of Northland, Auckland, Rotorua, Taupo and Coromandel. Results for the campaign were strong with a ROI of 24:1.
- HWT has continued its participation in the Explore Central North Island collective (eight RTO regions) and has undertaken trade training missions in Australia and the USA in partnership with Tourism New Zealand and our international marketing alliance partner regions of Rotorua, Taupo and Ruapehu.
- HWT is a member of the Cycling and Mountain Biking Marketing Network (eight RTO regions) focussed on promoting cycling and mountain biking experiences in the central north island. A key focus for the group over the last six months has been the development of a digital portal, www.RideNZ.co which is due to be launched in February 16.
- Tourism New Zealand's new global marketing campaign "Every day a different journey" was released in May 15. The H&W region is well placed to benefit from the

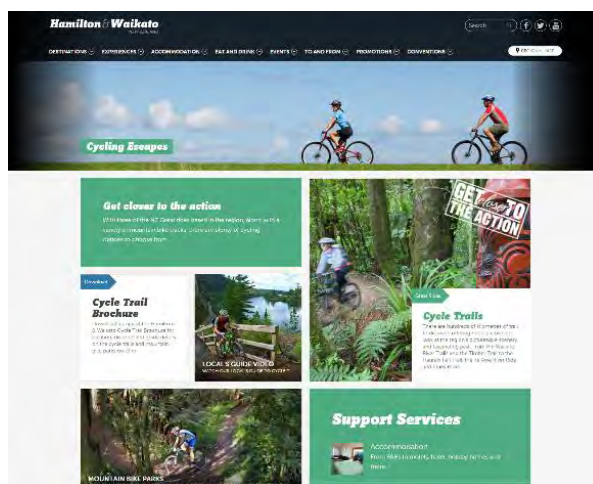
campaign positioning. "Middle-earth" and film tourism will remain a key part of TNZ's work going forward.

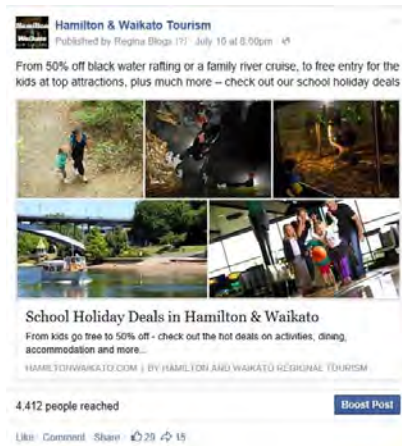
- HWT has trained over 500 travel trade representatives during the 6 month period and has continued to host various international travel trade fam groups and media outlets in the region, including Indonesia's Net TV with over 22 million viewers.



Domestic Marketing

- Additional budget has been allocated to domestic campaign activity enabling greater market reach and frequency.
- HWT's "Explore Your Own Backyard" campaign in July focused on outdoor family activities, and the November Short Escapes campaign targeted external markets focussing on cycling, summer events and activities.
- HWT's website redevelopment was completed, with the new site launching in early July.
- Support was provided to the UCI Track Cycling World Cup with HWT promoting the event through digital channels and supporting the media and team engagement programmes.
- A new arts focussed video has been added to HWT's Insider's Guide series of vignettes.
- Promotional activity targeting New Zealand's Chinese community, particularly in Auckland, has continued.
- Marketing support has been provided to Kiwi Regional Airlines.
- The annual Official Regional Visitor Guide was once again published in December with strong support from industry.
- Research is underway to better understand the region's domestic visitors' motivations and travel behaviour. This will guide promotional and development activities.





Convention Bureau

- Industry investment in the Convention Bureau has remained solid as business events are an important part of the region's visitor proposition. 52 businesses are partnering with the Bureau this year.
- Enquiries through the Bureau continue to be steady with 90 enquiries received and 21 domestic and 4 international conferences secured during the period.
- HWT welcomed Amanda Graham as Convention Bureau Manager in October and Emma Edhouse as Convention Bureau Coordinator in January 16.
- The Bureau hosted its annual national mega famil over three days in November with 14 high calibre conference buyers experiencing the region's business events offering.
- HWT bid for and won the rights to host the 2016 annual Conference and Incentives of New Zealand (CINZ) conference in the region in August 16.
- The region's market share of delegate days has decreased to 7% YE Dec. Data indicates the region hosted the same number of events, however there were less delegates attending these events. Improvements were seen in the conference category and in the number of international delegates attending events.

November Mega Famil:



Product Development

- The additional funding that HWT received from its local government partners has enabled the organisation to widen its scope to focus on supporting the development of new and existing visitor experiences and investment.

- A new Development Manager position has been created to lead this activity and Nicola Greenwell joined the HWT team in November 2015.
- A key project this year is the development of a "Tourism Opportunities Plan" (TOP) which will identify opportunities to enhance the region's current visitor experiences as well as identify new visitor product development and investment opportunities. The TOP project, which commenced in December 2015, is due to be completed in May 2016 and will guide HWT's work in this area over the next five years. The first round of consultation will take place throughout the region in February 2016 and an online survey will also be developed to enable stakeholders, operators and interested parties to provide input into the process.
- HWT partnered with Maungatautari Ecological Island Trust, Department of Conservation, Waipa District Council and Waikato Regional Council to undertake a "Tourism Options Report" for Sanctuary Mountain Maungatautari. The report is due to be completed in March 2016.
- HWT applied to the WEL Energy Trust economic development fund for support for HWT's strategic plan and development activities. HWT was successful in securing a \$100,000 grant in December 2015.
- HWT hosted the Tourism Industry Association "Summit" in the region in July 15 and held an industry update event for tourism operators and wider stakeholders in December 15.

Next Six Months

- Further domestic marketing campaigns will be implemented including the summer Explore Your Own Backyard (late Dec-January), summer Short Escapes (February – March), Fieldnights, (May-June) and the winter Explore Your Own Backyard (June-July) as well as the ongoing campaign activity targeting New Zealand's Chinese community.
- A domestic research project will be undertaken to enable greater understanding of the region's target markets in terms of travel patterns and demographics, and help inform marketing activities going forward. Planning for a refresh of domestic campaign activity will also take place during this period based on the research findings.
- HWT will participate in various travel trade and convention sector shows including TRENZ (International Trade, Rotorua, May), Explore Show (International Trade, Auckland, April), Convene (Business Events, Auckland, April) and MEETINGS (International/National Business Events, Auckland, June).
- HWT will undertake its business planning for 2016-17 (January).
- The Tourism Opportunities Plan will be completed in May 2016.

- The Convention Bureau will undertake a series of Waikato-based buyer famils in May.
- HWT will host its annual H&W Tourism Update – 6 April 2016.
- HWT will finalise its health & safety policy and processes pertaining to the new regulations (March - April 2016).
- Six month reporting and presentations to councils will take place between March and May.

Kiri Goulter
CE
February 2016

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	1 March 2016
Prepared By	DM Lee Executive Assistant
Chief Executive Approved	Y
DWS Document Set #	1467819
Report Title	Mayoral Forum Meeting Minutes

1. Executive Summary

To provide the Committee with the Mayoral Forum meeting minutes from the meeting held on 16 November 2015.

2. Recommendation

THAT the report of the General Manager Strategy and Support – Mayoral Forum Meeting Minutes – be received.

Attachment: Mayoral Forum Meeting Minutes 16 November 2015

Waikato Mayoral Forum

Minutes of a meeting of the Waikato Mayoral Forum held at Don Rowland Centre, Lake Karapiro, Cambridge, on Monday 16 November 2015 commencing at 9.30am.

ATTENDANCE:

Hamilton City Council

Mayor Julie Hardaker

Chief Executive Richard Briggs (from 10am)

Hauraki District Council

Mayor John Tregidga

Matamata- Piako District Council

Mayor Jan Barnes

Chief Executive Don McLeod

Otorohanga District Council

Mayor Max Baxter

Rotorua District Council

No representatives

South Waikato District Council

Mayor Neil Sinclair

Chief Executive Craig Hobbs

Taupo District Council

Mayor David Trewavas

Chief Executive Rob Williams

Thames-Coromandel District Council

No representatives (refer apologies)

Waikato District Council

Mayor Allan Sanson

Chief Executive Gavin Ion

Waikato Regional Council

Chairperson Paula Southgate

Chief Executive Vaughan Payne

Waipa District Council

Mayor Jim Mylchreest

Chief Executive Garry Dyet

Waitomo District Council

Mayor Brian Hanna

Chief Executive Chris Ryan

ALSO IN ATTENDANCE:

Sally Davis, LASS Chief Executive

Stephen Ward, Waikato Regional Council Senior Communications Advisor

Deborah Lee, LASS Company Secretary

Blair Bowcott, Hamilton City Council (from 9.35am)

APOLOGIES:

Mayor Glenn Leach	(Thames-Coromandel District Council)
Chief Executive David Hammond	(Thames-Coromandel District Council)
Chief Executive Dave Clibbery	(Otorohanga District Council)
Chairperson Southgate (for lateness)	(Waikato Regional Council)

1. WELCOME AND APOLOGIES

Mayor Allan Sanson opened the meeting.

Apologies were noted as listed above.

Resolution:

The apologies are received and sustained.

Mayor Sinclair/Mayor Baxter
CARRIED

2. CONFIRMATION OF PREVIOUS MINUTES

The minutes of the Mayoral Forum meeting held on 7 September 2015 were circulated with the agenda.

Resolution:

That the minutes of the Mayoral Forum meeting held on 7 September 2015 be confirmed as a true and correct record of that meeting and the minutes be adopted.

Mayor Hanna/Mayor Sinclair
CARRIED

3. UPDATE ON WORKSTREAMS

Roading

Don McLeod provided an update on RATA.

A recommendation from the RATA steering group to become a permanent entity under the LASS umbrella has been supported by the Chief Executives and NZTA. There is a technical issue that means that NZTA are unable to allocate funding to any entity but a roading authority. To overcome this, it is proposed that LASS will enter into the contract with NZTA in an administrative capacity only, with the steering group still recommending the actions.

Thanks and appreciation was shown to Mayor Mylchreest and Garry Dyet for supporting Dawn Inglis' secondment and participation in the RATA work.

Resolution:

That the Mayoral Forum support setting up RATA on a permanent basis under the LASS umbrella.

Mayor Tregidga/Mayor Hanna
CARRIED

Policies & Bylaws

Craig Hobbs provided an update on policies and bylaws.

Richard Bax has been appointed project lead for the Regional Infrastructure Technical Specifications project, with work commencing now. The AECOM report has been shared with Property Council; however no response has been received from them. Craig will follow this up.

The bylaw consolidation work has identified that councils are unable to legally share bylaws. These will need to be individually adopted by councils.

Some councils have been approached in relation to drones. Blair Bowcott will email the chief executives on the approach taken by Hamilton City Council.

Finances

Gavin Ion provided an update on the finances. This will be reported on further at the elected members briefing.

4. WAIKATO MEANS BUSINESS

Vaughan Payne presented the Waikato Means Business update. Although this is no longer a Mayoral Forum work stream, it is important for members to keep visibility on this project.

Harvey Brooks has been appointed to Project Manager to help support the direction of the steering group.

5. UNISA UPDATE

The update report was taken as read, with no questions raised by the members.

6. REGIONAL SERVICES

Chairperson Southgate presented the Regional Services proposal.

Mayors Mylchreest, Baxter and Trewavas agreed to be part of the reference group.

Vaughan Payne will discuss the proposal with Bay of Plenty Councils and Thames-Coromandel District Council.

Resolution:

- 1. That the report Regional Services Funding dated 16 November 2015 be received for information;*
- 2. That the Mayoral Forum supports Options 1A, 2A, 3A and 4A of the report to advance the proposal to establish a Regional Services Fund.*

Mayor Sinclair/Mayor Tregidga
CARRIED

7. HEALTHY RIVERS PROJECT

Sally Davis provided an update on the healthy rivers project.

8. GENERAL BUSINESS

Mayor Sanson will invite Wira Gardiner to the next Mayoral Forum meeting.

9. NEXT MEETING

Deborah Lee will send out the next year's Mayoral Forum dates this week.

Meeting Closed: 10.35am



Open Meeting

To	Strategy & Finance Committee
From	T Whittaker General Manager Strategy & Support
Date	7 March 2016
Prepared by	KC Bredesen Business Support Team Leader/PA
Chief Executive Approved	Y
DWS Document Set #	1471050
Report Title	Raglan Kopua Holiday Park Chairperson's Six Monthly and Financial Reports for the period 1 July-31 January 2016

1 Executive Summary

The Raglan Kopua Holiday Park Chairperson's Six Monthly and Financial reports for the period 1 July to 31 January 2016 are attached for the Committee's information.

2 Recommendation

THAT the report of the **General Manager Strategy and Support – Raglan Kopua Holiday Park Chairperson's Six Monthly and Financial Reports for the period 1 July-31 January 2016** – be received.

3 Attachments

- Raglan Kopua Holiday Park Chairperson's Six Monthly Report – 1 July to 31 January 2016
- Financial Report – 1 July to 31 January 2016



FINANCIAL STATEMENTS
for the 7 months ended 31 January 2016

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RAGLAN KOPUA HOLIDAY PARK BOARD



Directory
As at 31 January 2016

Name	Position	Change
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Board Members:

Colin Chung (Chairperson)	Business Representative	
Alan Vink	WDC Ward Representative	
Clint Baddeley	WDC Representative	
Pablo Rickard	Business and Maori Representative	
Sarah Harihari	Maori Representative	
Peter Storey	Community Representative	

Former Board Members:

Linda Cole	WDC Ward Representative	
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Manager:

Rob Clark

Secretary:

Jo Gibbs

Other Information

Address: P.O. Box 34
Raglan 3265

Bankers: Westpac
Raglan

Accountant: Lynne Wilkins
Bizworx Consultancy Limited
Chartered Accountants



RAGLAN KOPUA
HOLIDAYPARK

Income Statement
for the 7 months ended 31 January 2016

	Notes	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
Income			
Rentals Received	7	842,423	768,895
Contracting Receipts		10,337	10,337
Interest Received		8,925	8,911
Sales of Goods & Services		40,635	41,310
Total Income		902,320	829,453
Expenditure			
Accountancy, Financial & Administration		8,508	9,356
Advertising & Promotion		33,007	43,117
Bank Charges		5,355	5,305
Cleaning, Laundry & Waste Management		33,252	19,578
Commission Paid - Bookings & Sales		1,473	437
Communication Costs		8,448	6,645
General Expenses		321	191
Heat, Light, Power & Water		38,558	38,697
Insurance		1,543	-
Lease Payments		2,563	2,445
Licenses & Subscriptions		8,893	1,150
Office Expenses		15,043	14,851
Purchases for Resale		24,683	19,281
Rates		11,071	16,889
Repairs & Maintenance - General		65,092	37,290
Repairs & Maintenance - Programmed	4	4,182	10,418
Security		24,292	18,402
Subscriptions & Conferences		472	3,991
Vehicle Expenses		6,965	7,039
Wages & Salaries		297,224	284,725
Total Cash Expenditure		590,945	539,807
Non-Cash Adjustments			
Depreciation	4	91,911	76,635
Total Non-Cash Adjustments		91,911	76,635
Total Expenses		682,856	616,442
Net Operating Surplus (Deficit)		219,464	213,011

The accompanying notes form part of these financial statements.

The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the attached Compilation Report.



RAGLAN KOPUA
HOLIDAYPARK

Balance Sheet
as at 31 January 2016

	Notes	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
Current Assets			
Cash & Bank	2	883,646	689,899
Accounts Receivable		34,337	24,286
Prepaid Expenses		4,974	8,592
Total Current Assets		922,957	722,777
Current Liabilities			
Accounts Payable	3	39,885	27,547
Waikato District Council - Current Account		117,398	109,374
GST Accrued		50,987	29,314
Revenue Received in Advance	7	76,391	72,921
Total Current Liabilities		284,661	239,156
Working Capital		638,296	483,621
Non-Current Assets			
Property, Plant & Equipment	4	2,828,848	2,705,592
Total Non-Current Assets		2,828,848	2,705,592
Net Assets & Liabilities		3,467,144	3,189,213

The accompanying notes form part of these financial statements.

The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the attached Compilation Report.



Statement of Changes in Equity
for the 7 months ended 31 January 2016

	Notes	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
Opening Balance January 31 previous year		3,189,213	3,008,898
Movements in Equity 1 February to 30 June previous year	6	<u>58,467</u> 3,247,680	<u>(32,696)</u> 2,976,202
Net Operating Surplus (Deficit)		219,464	213,011
Closing Balance January 31		3,467,144	3,189,213

The accompanying notes form part of these financial statements.

The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the attached Compilation Report.

RAGLAN KOPUA HOLIDAY PARK BOARD



Notes to the Financial Statements For the seven months ended 31 January 2016

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These financial statements are for Raglan Kopua Holiday Park Board.

The Raglan Kopua Holiday Park Board exists to oversee and assist with the successful operation of the Raglan Kopua Camping Ground. The Board's management purpose is to manage the Camping Ground Assets of the Waikato District Council and the people of Raglan / Whaingaroa, generating sufficient income to cover operating costs and provide growth through reinvestment in people and facilities.

The financial statements of Raglan Kopua Holiday Park Board are special purpose financial statements that have been prepared at the request of the Board, under its Terms of Reference.

Differential Reporting

The Board qualifies for differential reporting as it is not publicly accountable, and is not large as defined in the Framework for Differential Reporting. Raglan Kopua Holiday Park Board has taken advantage of all available differential reporting exemptions.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Board.

The Board is designated as a public benefit entity.

The information is presented in New Zealand dollars.

Specific Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and the financial position have been applied.

(a) Revenue

Accommodation revenue is recognised when it is received, with the exception of caravan site rental, which is accrued in the period to which the rental relates. Accommodation deposits are generally non-refundable and are considered income in the period in which they are received.

Interest is accounted for using the effective interest method.

(b) Receivables

Receivables are stated at their estimated realisable value.

(c) Income Tax

The Raglan Kopua Holiday Park Board is not subject to Income Tax.

(d) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis.

(e) Property, Plant & Equipment

Property, Plant and Equipment are recorded at cost less accumulated depreciation.

RAGLAN KOPUA HOLIDAY PARK BOARD



Notes to the Financial Statements For the seven months ended 31 January 2016

(f) Depreciation

Depreciation has been calculated to allocate the cost or valuation of assets over their estimated useful lives, at the following rates:

Buildings	40 years
Equipment	3 - 10 years
Furniture, Fixtures, Fittings	5 years
Vehicles	5 years

(g) Financial Instruments

Financial instruments in the statement of financial position include cash balances, receivables and payables.

(h) Employee Entitlements – Accruals

Leave entitlements are accrued for employees. Entitlements comprise:

- Annual leave (holiday pay)
- Days in lieu of public holidays

Payroll services are provided to the Board by the Waikato District Council. The payments made to the Waikato District Council for wages include a charge for holiday pay. An accrual has been made for days in lieu of public holidays that have not been taken.

(i) Audit

These financial statements have not been audited. No auditor has been appointed for the ensuing year.

(j) Changes in Accounting Policies

There have been no changes in accounting policies for the year. Policies have been applied on a basis consistent with the previous year.



Notes to the Financial Statements
for the 7 months ended 31 January 2016

	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
2 Cash & Bank		
Westpac Cheque Account	258,162	245,448
Westpac Savings Account	594,140	439,122
Cash on Hand	30,124	4,115
Float	1,220	1,214
	883,646	689,899
3 Accounts Payable		
Trade Creditors	35,383	25,145
Westpac Credit Card	4,502	2,402
	39,885	27,547

4 Property, Plant & Equipment

	2016			2015		
	Cost/ Value	Accum Depn	Book Value	Cost/ Value	Accum Depn	Book Value
Lessees Alterations	3,505,177	800,375	2,704,802	3,256,363	701,846	2,554,517
Plant & Equipment	270,164	218,711	51,453	262,965	196,225	66,740
Furniture & Fittings	68,642	65,425	3,217	90,875	85,680	5,195
Vehicles	128,130	58,754	69,376	115,087	35,947	79,140
	3,972,113	1,143,265	2,828,848	3,725,290	1,019,698	2,705,592

	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
Reconciliation of Net Book Value		
Net book value at 1 July	2,678,794	2,560,272
Assets disposed of		
Depreciation charge for period	(91,911)	(72,053)
Asset acquisition at cost	241,965	217,373
Net book value at 31 January	2,828,848	2,705,592
Assets disposed of 1 February to 30 June		(123)
Depreciation charge for period 1 February to 30 June		(57,903)
Asset acquisition at cost 1 February to 30 June		31,228
Net book value at 30 June		2,678,794

Depreciation

	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
Lessees Alterations	64,315	46,926
Plant & Equipment	12,741	15,801
Furniture & Fittings	923	1,480
Vehicles	13,932	12,428
	91,911	76,635

Raglan Kopua Holiday Park Board has a maintenance programme for painting & refurbishment. In general this work is treated as repairs & maintenance, and is written off in the year of expenditure.



Notes to the Financial Statements
for the 7 months ended 31 January 2016

5 Capital Expenditure Commitments

Raglan Kopua Holiday Park has several capital projects noted in the Capital Plan. Current projects still in progress include the provision of BMX track amenities, the heritage trail, upgrade to the cash and card system, an upgrade to the assistant manager's house, beach access stage 2, a shed extension for vehicle cover, a car wash area, and funds allocated to the multi purpose hall project. The sum of \$1,066,482 is committed but unspent as at 31 January 2016. (Jan 2015: \$813,627)

Operating Lease Commitments

	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
<i>Lease commitments under non-cancellable operating leases:</i>		
Not later than one year	4,104	4,393
Later than one year and not later than two years	7,764	3,967
Later than two years and not later than five years	-	-
Later than five years	-	-
	11,868	8,360

Raglan Kopua Holiday Park Board entered into a rental agreement for photocopier. The lease was for a term of 5 years and was to finish 31 March 2017. Monthly instalments were \$270. From February 2016 Raglan Kopua Holiday Park Board has entered into a new rental agreement. The lease term is for a period of 59 months, and will terminate on 31 December 2020. The new agreement costs \$246 per month.

Raglan Kopua Holiday Park Board has also entered into a rental agreement for EFTPOS equipment for three years. The previous agreement finished in September 2018. The current agreement costs \$96 per month

Other Commitments - Accommodation Deposits

As at 31 January Raglan Kopua Holiday Park held deposits totalling \$37,193 excluding GST for accommodation that was to commence or be invoiced on or after 1st February. These deposits have been included in the relevant accommodation income categories. Deposits are generally non-refundable and are treated as income in the period in which they are received. (2015: \$28,299)



RAGLAN KOPUA
HOLIDAYPARK

Notes to the Financial Statements
for the 7 months ended 31 January 2016

	2016 Actual \$ 7 mths	2015 Actual \$ 7 mths
6 Movements in Equity 1 February to 30 June previous year		
Movements in Property, Plant & Equipment:		
Assets disposed of 1 February to 30 June	(123)	(438)
Depreciation charge for period 1 February to 30 June	(57,903)	(52,760)
Asset acquisition at cost 1 February to 30 June	31,228	7,601
Movements in Current Assets	172,636	64,702
Movements in Current Liabilities	(87,371)	(51,801)
Net Movements in Equity 1 February to 30 June	58,467	(32,696)
7 Revenue Received in Advance		
Revenue received in advance for caravan sites	39,197	44,622
Other accommodation revenue received in advance (refer Note 5)	37,193	28,299
	76,390	72,921
8 Contingent Losses or Gains		
There were no known contingent losses or gains outstanding as at 31st January 2016 (Jan 2015: Nil)		
9 Subsequent Events		
There are no matters or events that have arisen, or been discovered, subsequent to balance date that would require adjustment to, or disclosure in these financial statements.		

TO	Strategy & Finance Committee
DATE	3 March 2016
FROM	Colin KM Chung Chairperson Raglan Kopua Holiday Park Board of Management
SUBJECT	Raglan Kopua Holiday Park - Chairperson's Six Monthly Report July – 31 January

PURPOSE OF REPORT

The purpose of the Chairperson's six monthly report is to keep the Strategy & Finance Committee of the Waikato District Council fully informed of all significant issues/activities of the Raglan Kopua Holiday Park.

REPORT

Introduction

This report presents a summary of the main issues/activities for the period | July – 31 January 2016 and for the most part (sales and net surplus) we are slightly ahead of the previous year.

Issues:

Given the slow economic growth in our part of the world, the past 7 months have gone quite well. Our busy summer period started well with good December sales starting earlier than last year and with January having a couple periods of heavy rain effecting earlier departures and taking the icing off the cake for our busy summer, we were still able to squeeze another 8% growth during this busy period. Although January was slightly down in sales due to those couple of rainy spells, the generally good weather and long dry spell brought more families who stayed longer.

There have been very few problems overall in both customer satisfaction/sales and service/maintenance in the park, and with many good comments and rebookings for next year, we have ended this period with a slight increase over last year's.

Budget/Financial Performance:

We have budgeted for a slight increase in sales and operating surplus and although we had an increase of 8.8% in expenses, because we had a concomitant increase in sales for the same period, we were able to maintain a slight gain in net surplus over last year. With the higher depreciation expense of the new huts and main toilet block upgrade, which we had completed just before Christmas, we obtained a gain in assets of 28%, an increase in working capital to over 9% or \$638 K with net worth just short of \$3.5 M.

Capital Works/Projects:

The capital improvement budget for this year is \$638,500 with a major part (\$250,000) going to the park's contribution to the Multi-Purpose Building fund (\$681,858 held over from last year) with quite a bit already spent before the summer rush on improvements & upgrading of facilities and planned annual maintenance (\$70,000).

<i>Capital Expenditure Analysis year-to-date</i>	<i>For the period ended 31 January 2016</i>			
Description of work	Carried forward	Forecast cost*	Actual cost to date	Balance to expend
Multi purpose hall	\$681,858	\$250,000	\$0	\$931,858
BMX Track Amenities	\$0	\$5,000	\$0	\$5,000
Assistant manager's house roof & carpet	\$0	\$10,000	\$0	\$10,000
Seal roads, kerbing	\$0	\$140,300	\$0	\$140,300
Beach access stage 2	\$0	\$5,000	\$0	\$5,000
Heritage Trail - deferred	\$0	\$5,000	\$0	\$5,000
Shed extension to provide vehicle cover	\$0	\$5,000	\$0	\$5,000
Upgrade cash and card systems	\$0	\$12,000	\$3,319	\$8,681
Main Toilet Block upgrade	(\$13,470)	\$80,000	\$127,515	(\$60,985)
Soccer field boundary paling fencing	\$0	\$5,000	\$4,338	\$662
Car wash area	\$0	\$1,200	\$0	\$1,200
Van and signwriting	\$0	\$20,000	\$13,044	\$6,956
Huts on wheels x 4	\$0	\$100,000	\$92,190	\$7,810
Total	\$668,388	\$638,500	\$240,405	\$1,066,483

* Per Capital Plan put forward for approval April 2015

Major Maintenance Items:

No major maintenance items are anticipated for this year other than our planned maintenance programme of upgrading, refreshing and replacements of current assets (Approximately \$70,000).

<i>Repairs & Maintenance Analysis year-to-date</i>	<i>For the period ended 31 January 2016</i>			
Description of work	Forecast cost*	Actual cost to date	Balance to expend	Previous year to date
Replacements (< \$500)	\$41,000	\$26,830	\$14,170	\$25,106
Maintenance - Grounds	\$5,000	\$2,538	\$2,462	\$1,465
Maintenance - Plant	\$15,000	\$6,305	\$8,695	\$7,910
Maintenance - Property	\$9,000	\$12,571	(\$3,571)	\$3,952
		\$0	\$0	
Total	\$70,000	\$48,245	\$21,755	\$38,433

* Original Budget

Health & Safety Issues:

We have no major health or safety issues with either staff or patrons of the park during the past period, although the camp manager will be coordinating with the Zero Harm Manager from Waikato District Council to update reporting and procedures to meet the new standards and requirements.

Number of Visitors/Stays:

We can report that we had a small, but significant increase in numbers from clever advertising and promotions over the last year and by having a much bigger on-line presence, we were still able to get good results. We will continue with this strategy especially in the upcoming “shoulder” and “slow” seasons.

Miscellaneous Items:

Now that the summer is almost over, Rob and his team will get on with completing the rest of the projects on the Capital Plan and moving on with the programmed maintenance. We are making a big push to increase use of the Papahua Centre for schools, functions and meetings/gatherings and will be looking to assign a full time staff to both market and coordinate these events. Our proposed multi-purpose building is still on hold pending decision on ownership of the Papahua Block and the gifting of the land from the Waitangi Tribunal. Big congratulations for a well done result to the management and team for their great efforts over the busy holiday period. Once again we can be proud of their achievements and results.

Open Meeting

To	Strategy & Finance Committee
From	T G Whittaker General Manager Strategy & Support
Date	2 March 2016
Prepared By	S Monrad Corporate Planner
Chief Executive Approved	Y
DWS Document Set #	1468248
Report Title	Community Engagement Update

I Executive Summary

The purpose of this report is to provide the Committee with an update on engagement initiatives Council staff have completed over the past three months or are undertaking throughout the district. It is also an opportunity for the Committee to provide feedback on how these initiatives are progressing and to identify any other initiatives that should be noted.

Engagement initiatives staff have completed or are currently undertaking:

- Sunset Beach erosion
- Waste Minimisation Strategy
- Iwi and community partnerships
- Public Places Bylaw
- Neighbourhood Park and Reserve Management Plans
- Cemeteries Bylaw
- Plaques, Memorials and Monuments Policy
- Reserves and beaches Bylaw
- Trade Waste Bylaw
- Freedom Camping Bylaw
- Speed Limits Bylaw
- Trails Strategy
- Youth engagement development workshops
- Youth representative
- Youth Awards
- Arts Policy
- Grass Verges Policy
- Placemaking
- Heritage Forum
- Karioi track

- Significant Natural Areas
- Plan Change 8 and 19
- Huntly Memorial Hall
- Annual Plan 2016/17
- Pokeno Phase II
- Forestry Targeted Rate
- Tuakau and Ngaruawahia Structure Plans
- Waikato District Sport and Recreation Strategy
- Elections

For further details on these initiatives please refer to the attachment to this report Community Engagement register.

2 Recommendation

THAT the report of the General Manager Strategy & Support – Community Engagement Update – be received.

3 Attachments

Community Engagement Register

Project Name	Service Catchment (e.g. area of influence, area you need to engage with)	Highest Engagement Level required	Formal consultation required	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
BYLAWS					
Public Places Bylaw	District Wide	Involve	Yes (SCP)	In progress	Special Consultative Procedure is expected to commence in October following Council meeting.
Reserves and Beaches Bylaw Review	District Wide	Involve	Yes (SCP)	In progress	Council workshop - September 2015 P&R Committee recommend to notify – March 2016 (TBC) Council meeting to notify – 11 April 2016 Submissions open – 20 April 2016 Submissions close – 20 May 2016 Hearings – June 2016 Committee meeting to adopt – July 2016 Council adoption - August 2016
Cemeteries Bylaw	District Wide	Involve	Yes (SCP)	In progress	Going to P&R committee in March 2016 for approval to start consultation.
Freedom Camping Bylaw (NEW)	District Wide	Involve	Yes (SCP)	In progress	Going to P&R committee in March 2016 for approval to start consultation.
Tradewaste Bylaw	District Wide	Involve	Yes (SCP)	In progress	Going to P&R committee in March 2016 for approval to start consultation.
Easter Trading Hours	District Wide	Involve	Yes (SCP)	Not started	Awaiting the legislation to be approved.
Liquor Control Bylaw	District Wide	Involve	Yes (SCP)	Not Started	To be undertaken in 2017.
STRATEGIES					
Develop an Arts Policy/Strategy	District Wide	Involve	No	In progress	This project will commence in March 2016 an engagement plan is currently being drafted.
Trails Strategy	District Wide	Involve	No	In progress	We will undertake targeted consultation with key stakeholders. Community Boards and Committees are being asked to help formulate a draft (September/October 2015). Once a draft is completed we will undertake targeted consultation with key stakeholders (2016).
Waikato District Sport and Recreation Strategy	District Wide	Involve	No	In progress	Sports Clubs mailed survey
Tamahere Cycle/Walking Strategy	Selected stakeholders	Involve	No	In progress	Consultation to include selected stakeholders (inc Committee, NZTA) through using a Consultant to inform the Tamahere Cycle and Walkway strategy
Waste Minimisation strategy			No	In Progress	Phase 12 of LTP waste minimisation strategy. Presenting to Community Boards and Community Groups in May/June.
Heritage Strategy	District Wide	Collaborate	No	Ongoing	The forum meets on a regular basis. The forum has delegated one of its members to work with council staff in developing guidelines for applications to the Heritage Strategy Funding Criteria. The draft guidelines are to be presented next forum meeting and once adopted by Council applications can be made to this fund. This was completed in December 2015. The forum have been asked to identify items for consideration in the DP review.
PLANS					
District Pan Review	District wide	Consult	Yes (RMA process)	In progress	Iwi Reference Group meeting every three months for the District Plan Review.
Significant National Areas as part of the District Plan Review.	District Wide	Involve	Yes (RMA process)	In progress	Letters have been sent to all landowners where an SNA has been identified. We hosted 6 sessions (in Raglan, Ngaruawahia and Tuakau) to chat to land owners about their SNAs and how they can be supported to protect their natural areas. We are still receiving individual requests to discuss the SNA project and we are about to begin ground-truthing.
Plan Change 8 and 19 (election signs)	District Wide	Consult	Yes (RMA process)	In progress	Consultation completed on the proposed plan changes - the legislative process started on 17th October. PC 19 is now operative and PC 8 is awaiting the planner's report ready for a hearing
LTP - Forestry target rate	Forestry companies and local residents	Consult	No	In progress	Most recent collaboration was in regards to the Waiterimu Forest Block, which is due to be harvested later this year. The agent concerned has been very forthcoming with their programme and will as requested, be liaising with neighboring property owners and following the CAR process. In regards to ongoing operations at Klondyke Road, Peter Yardley of Rayonier continues to be extremely collaborative, both he and the other companies harvesting in the area continue to work closely with us. \$298k of the \$390k allocated budget has been expended (as at 31 Jan), however the Maintenance Team are currently forecasting the year end position to be in the region of \$430k.
Neighbourhood Park Reserve Management Plans	District Wide	Involve	Yes	In Progress	Council is preparing a Neighbourhood Parks Reserve Management Plan to outline the future use, management and development of the neighbourhood parks it administers across the district. Consultation will occur in accordance with Reserves Act 1977 requirements. This will involve the opportunity for the public to have input in to formulating a draft document (October 2015), and an opportunity to provide comments on the draft once it is completed (early 2016).
Ngaruawahia Structure Plan	Te Kowhai and Ngaruawahia	Consult	Yes (RMA process)	In progress	Two more drop-in open days in Te Kowhai and Ngaruawahia on 9, 10 February. Notification date 15 April 2016. Letters to be sent to affected landowners as part of the mandatory RMA Schedule 1 process.

Project Name	Service Catchment (e.g. area of influence, area you need to engage with)	Highest Engagement Level required	Formal consultation required	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
PLANS					
Placemaking	District Wide	Empower	No	In progress	Placemaking is gaining momentum in the district. Staff are working alongside groups in Raglan and Huntly. A presentation was provided to the Pokeno community in November 2015 with a view to kickstarting projects in that area. Staff will be presenting to all community boards and committees the placemaking strategy and associated document in March 2016. A web page is being created for communities to access for ideas and information. This will be completed by the end of the year.
Tuakau Structure Plan	Tuakau area only	Consult	Yes (RMA process)	In progress	Final Drop-in session at Tuakau Office on 1 March. Letters to be sent to affected landowners as part of the mandatory RMA Schedule 1 process. Notification date 15 April 2016
Annual Plan	District Wide	Inform	no	In progress	Report to S&F in March. Engagement to occur in March/April 2016.
POLICIES					
Plaques, Memorials and Monuments Policy	District Wide	Consult	No	In progress	To be undertaken in conjunction with the Cemeteries Bylaw review.
Grass verges policy	District Wide	Consult	No	In progress	Directly affected persons and the wider district to be consulted in March/April 2016.
EDUCATION					
Alcohol licensing workshops	District Wide	Inform	No	In progress	Workshops for duty managers and licensees organised. First workshop held in Ngaruawahia in October. Further sessions to be held in Huntly and Tuakau
Food Control Plan promotion - stakeholder engagement	District Wide	Inform	No	In progress	Invitations to food business owners sent to attend presentation introducing new food control plans that they will need to operate under and invite to register to operate one now. Sessions held in Ngaruawahia and Tuakau.
Food Safety newsletter - stakeholder engagement	District Wide	Inform	No	In progress	Biennial food safety newsletter implemented to send to food business owners
Roading	residents/ratepayers in local area	Inform	No	In progress	To introduce the community to the Waikato District Alliance and discuss the changed method of delivering roading maintenance and roading renewal activities. To identify any local issues on the roading network.
Roading Raglan	residents/ratepayers in local area	Inform	No	In progress	To introduce the community to the Waikato District Alliance and discuss the changed method of delivering roading maintenance and roading renewal activities. To identify any local issues on the roading network.
Dog Registration Process	District Wide	Inform	No	Ongoing	Each year we send out yearly invoices to dog owners reminding them of their obligations to register their dogs. This year we increased the material that we sent out with our yearly invoices to educate dog owners to the changes to our bylaws following the bylaw review. We also sent out information on payment options and worked with a designer to make our forms and information more engaging with our community.
Dogsmart Education Programme	District Wide	Inform	No	Ongoing	An education package has been created to present to school age children. This presentation teaches children about caring for their pets, staying safe around dogs and what to do if approached by an aggressive dog. We have committed to presenting this programme at least 2 times per month but are optimistic that we will exceed this target significantly.
IWI ENGAGEMENT					
Iwi and Community Partnerships Manager	Iwi, hapu, Marae representatives and Maaori community	Empower	depends on the situation	Ongoing	A key focus area for the role of Pouhono Iwi ki te Haapori is engagement with iwi, hapu, Marae reps and with members of the community (Maaori in general). Also, to provide input to various internal and external projects, from a iwi and Maaori perspective. Current engagement projects: <ul style="list-style-type: none"> • Hounuku Trust re Signage at Te Kopua Native Reserve • Hakarimata Waharoa Project - engagement with Ngaruawahia Community Board and Waikato-Tainui • Taupiri Boat Ramp Upgrade: Engagement with Waahi Whaanui and other hapu groups • Formal invites to all recognised iwi groups to meet with Mayor, Ward Councillors and Executive Team • Engagement with representatives of Mai Uenuku ki te Whenua Marae re MOU • Engagement with Waikato-Tainui re Mill Site Restoration on Old Taupiri Road • Support staff in District Plan Engagement with iwi reps
YOUTH					
Establishment of Youth Representative on Huntly and Ngaruawahia Community Boards and Te Kauwhata Community Committee.	Huntly, Ngaruawahia and Te Kauwhata	Involve	No	Completed	The Youth Co-ordinator will support the youth representative, as well as being mentored by a board member, on all youth related matters in their respective communities. This is a pilot scheme and will be rolled out across the district by 2020.
Youth engagement development workshops	Tuakau	Collaborate	No	Completed	Gathering of regional advisory agencies to assist in the development of youth engagement initiatives in the Tuakau township. A workshop was held in October 2015. Various agencies and community groups attended. Referrals were made and ongoing network hui have arisen from the initial workshop.
Establishment of the Ngaruawahia Youth Action Group	Ngaruawahia	Involve	No	In progress	This will formalise youth representation on the Ngaruawahia Community Board. Councils Youth engagement advisor is working with youth groups in Ngaruawahia to establish a youth action group.

Project Name	Service Catchment (e.g. area of influence, area you need to engage with)	Highest Engagement Level required	Formal consultation required	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
YOUTH					
Youth Awards (Waikato District)	District Wide	Collaborate	No	Ongoing	A Youth Awards evening to celebrate youth achievement and excellence. The organisation for this event is being done in collaboration with our youth community.
OTHER ENGAGEMENT PROJECTS					
Naikē Road update	Selected stakeholders	Inform	No	Completed	A meeting was held on 19 November 2015 with residents in the Te Akau/naikē and Huntly West Rural areas. The purpose was to update the residents on progress to implementing the Waikato District Alliance and seek feedback on recent maintenance works undertaken.
Participation in fundraising pack dog walk	Horotiu	Involve	No	Completed	Two rescue groups within the district organised a fundraising pack walk to encourage good ownership amongst dog owners in our district. Animal Control staff were invited to attend and took dogs available for adoption to join the walk. Waikato Times were present and photographs appeared in the newspaper the following week.
Huntly Memorial Hall	Huntly	Consult	no	In progress	Staff and Elected members are hosting an open day on 2 April. Venue TBC
Karioi track (3.4km walking/biking track from Wainui Road)	Raglan	Collaborate	No	In progress	Before work can commence consultation is required with neighbouring land owners. Discussions with Ralan Community Board on the best way forward due to commence in September/October.
Raglan Water Meters installation		Inform	No	In Progress	
Sunset beach erosion	Port Waikato, Sunset beach	Collaborate	No	In Progress	Collaborative approach to dealing with the retreat of public assets from eroding Sunset beach, Port Waikato. Key dates: Dec 2014: Consultation with local stakeholders and GHD report produced for council. June 2015: GHD report published and presented to beach residents, other stakeholders and OTCB. July 2015: Report presented to residents and ratepayers AGM and webpage set up. August 2015: Report presented to iwi. September 2015: Stakeholder open day to discuss retreat options. Oct 2015 to Jan 2016: Feedback on options and time frames. Feedback closed on 10 February 2016.
Sunset Beach erosion report	Port Waikato/extended community	Collaborate	No	In Progress	Significant engagement underway with partners (WDC, WRC, DoC) alongside GHD Consultants, iwi. Communication strategy developed and implemented, ongoing activity inc community meetings scheduled, stakeholder project team.
Waikato River Authority funding application August 2015	Rotokauri lake catchment	Empower	No	In Progress	August 2015: Application to WRA submitted with endorsements from WDC, Rotokauri committee, WRC, HCC and iwi. December 2015: Funding approved for Rotokauri Lake catchment. Feb 2016: Report to infrastructure committee advising both funding amount granted and potential work programme for the catchment.
Pokeno Phase II	Old Pokeno Village residents	Consult	No	In progress	After Infra Committee decision on 10.11.15 - need to undertake individual resident consultation with the 121 affected properties regarding the proposed new WW Retic system and obtain sign-up to legal agreements
Alcohol liaison statutory agency meetings	District Wide	Collaborate	No	Ongoing	Meetings of alcohol licensing statutory reporting agencies held three times per year
Community Liaison Group Meeting Genesis Energy	Huntly	Inform	No	Ongoing	Update on progress to stakeholders annually
Community Liaison Group Meeting Titoki	Tamahere	Inform	No	Ongoing	To update stakeholders and interested parties (Tamahere Community Committee, Tamahere school, Environment Tamahere Inc. DoC every 6 months
Holcim CLG Meetings	Pokeno	Inform	No	Ongoing	Update on progress to stakeholders quarterly
Huntly Bypass Stakeholder meetings	Huntly	Inform	No	Ongoing	Update on progress to stakeholders approx every 3 months
Perrys	Tuakau	Inform	No	Ongoing	Update for stakeholders every 6 months
Yashily	Pokeno	Inform	No	Ongoing	Update for stakeholders every 6 months

Open Meeting Excluded

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	09 March 2016
Prepared by	SL Jenkins PA Strategy & Support
Chief Executive Approved	Y
DWS Document Set #	1472640
Report Title	Lake Hakanoa Motor Caravan Park Consolidated Cost of Service Statement for the period ending 29 February 2016

I Executive Summary

To provide the Committee with Lake Hakanoa Camp Ground Financials for the 8 months ending 29 February 2016.

2 Recommendation

THAT the report of the General Manager Strategy & Support – Lake Hakanoa Motor Caravan Park Consolidated Cost of Service Statement for the period ending 29 February 2016 – be received.

3 Attachments

Lake Hakanoa Motor Caravan Park - Consolidated Cost of Service Statement for the period ending 29 February 2016

Lake Hakanoa Motor Caravan Park - Notes to Support the Cost of Service Statement

154-Lake Hakanoa Motor Caravan Park
48
Consolidated Cost of Service Statement
for the period ending 29 February 2016

		Budget 2015 / 16	Actual 2015 / 16	Variance	Budget Usage
Income					
Fees and charges	Note 1	(170,000)	(103,295)	(66,705)	61%
Internal interest		(3,560)	(3,029)	(531)	85%
Total Income		(173,560)	(106,325)	(67,235)	61%
Expenditure					
Depreciation and amortisation expense		6,608	6,112	496	92%
Finance costs (EFTPOS Fees)		333	211	122	63%
Activity expenditure	Note 2	108,899	67,288	41,611	62%
Total Expenditure		115,840	73,611	42,229	64%
Activity (Surplus) / Deficit		(57,720)	(32,714)	(25,006)	57%
Capital					
Capital project expenditure		15,000	6,405	8,595	43%
Loan repayments				0	0%
Total Capital		15,000	6,405	8,595	43%
Non-funded depreciation				0	0%
Non-funded asset writeoffs				0	0%
Total Funding Required		(42,720)	(26,309)	(16,411)	62%
Funded by					
Replacement Fund Transfers		(6,000)	(2,562)	(3,438)	43%
Reserve Transfers		48,720	28,871	19,849	59%
Total Funding		42,720	26,309	16,411	62%

Refer to Notes attached

Lake Hakanoa Motor Caravan Park

Notes to support the Cost of Service Statement

I Fees and Charges for the period 1 July 2015 to 29 February 2016

Dive School	(65,407)
Others	(37,889)
	<u>(103,295)</u>

2 Activity Expenses for the period 1 July 2015 to 29 February 2016

Power/Gas	7,657
Rental/Hireage	24,359
Refuse Bags/Bin	3,049
Repairs and Mai	(1,793)
R&M Contractors	24,615
Insurance	1,094
Printing/Stationary	0
Phones	566
Cleaning	0
Subscriptions	927
Watercoolers	320
General Expense	6,495
Total Expenditure	<u>67,288</u>

Capital Expenditure

There has been \$6,405 capital expenditure year to date

Lake Hakanoa Caravan Park Reserve - Operations

Opening balance 1 July 2015	(58,880)
Plus operating surplus year to date	(28,871)
Closing balance as at 29 February 2016	<u>(87,751)</u>

Lake Hakanoa Caravan Park - Replacement Fund

Opening balance 1 July 2015	(21,683)
Plus depreciation year to date	(3,550)
Closing balance as at 29 February 2016	<u>(25,233)</u>

Public Excluded

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469289
Report Title	Civic Assurance - Draft Statement of Intent 2016/17

1. Executive Summary

To discuss with the Strategy & Finance Committee the Civic Assurance draft Statement of Intent for the 2016/17 financial year.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Civic Assurance Draft Statement of Intent 2016/17 - be received;

AND THAT pursuant to Section 64 of the Local Government Act 2002, the Waikato District Council approves the draft Statement of Intent 2016/17 for Civic Assurance.

3. Background

Pursuant to section 64 of the Local Government Act 2002, Councils are required to approve the Statement of Intent for Council Controlled Organisations. Civic Assurance is not a Council Controlled Organisation but prepares a Statement of Intent as they consider it is good practice to do so. Hence, Council can comment on the Statement of Intent if it so wishes.

The Statement of Intent is therefore duly submitted for consideration by the Committee.

4. Discussion and Analysis of Options

4.1 Discussion

The Statement of Intent is similar to the previous year. There are no financial performance measures as Civic Assurance considers that, until the company re-establishes itself as a local government property underwriter, it is not meaningful to provide financial projections. The company intends to re-enter the property insurance market from 30 June 2016 following the recent full and final settlement of its Canterbury earthquake claims.

4.2 Options

The Strategy & Finance Committee could recommend to Council that the Statement of Intent be accepted, amended or rejected.

In the past, Council has generally been in agreement with the direction of the company. The Council will not receive a dividend from the company however the values of shares have increased from \$0.90 per share to \$1.46 per share.

5. Considerations

5.1 Financial

Civic Assurance has traditionally provided dividends that benefit all ratepayers. Although there is no dividend payment anticipated for this year, in future Council would still expect to receive dividends. The interests of the district at large must therefore be considered as part of the Statement of Intent.

5.2 Legal

The Local Government Act requires approval of Statements of Intent. Whilst Civic Assurance is not a Council Controlled Organisation and hence technically it is not required to provide a Statement of Intent. Civic Assurance does so on the basis that it is considered good practice.

5.3 Strategy, Plans, Policy & Partnership Alignment

Nil.

5.4 Assessment of Significance

Nil.

6. Consultation

The following stakeholders have been/or will be consulted:

Planned	In Progress	Complete	
	✓		Internal
			Community boards/Community committees
			Waikato-Tainui/Local iwi
			Households
			Business
			Other Please Specify

7. Conclusion

The Strategy & Finance Committee is being asked to consider and recommend approval to Council of the draft Statement of Intent for Civic Assurance.

8. Attachments

Attachments: Cover letter from Chief Executive of Civic Assurance
 Draft Statement of Intent - Civic Assurance



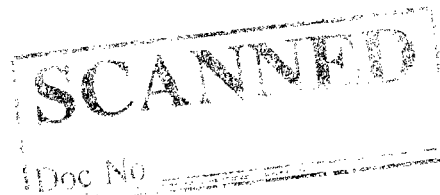
Civic Assurance

PROTECTING COMMUNITY ASSETS

RECEIVED

24 FEB 2016

Waikato District Council



Gavin Ion
 Chief Executive
 Waikato District Council
 Private Bag 544
 NGARUAWAHIA 3742

22 February 2016

Dear Gavin

Share Offer and Statement of Intent for 2016

On 11 December 2015, CCC (Christchurch City Council), Civic and other parties signed a settlement agreement for \$635 million for a 'full and final' settlement of CCC's earthquake claims, making it the biggest single insurance settlement in New Zealand's history. Payment was completed, as agreed, on Friday 19 February. It was a good result for everyone, but especially for CCC. The total paid to CCC by Civic and LAPP for CCC's 2010-11 earthquake claims was \$829 million.

With Civic finalizing CCC's earthquake claims, Civic's second share offer has closed. Civic now has five new councils as shareholders, and welcomes Bay of Plenty Regional Council, Hawkes Bay Regional Council, Opotiki District Council, Kaikoura District Council and Southland Regional Council to its share register. This now means that 72 out of 78 local authorities in New Zealand are shareholders of Civic.

New shares in Civic for its two post Canterbury earthquake capital raisings were priced at \$0.90 per share. Congratulations to the 47 councils who subscribed: the asset backing of your new shares is currently \$1.46 per share, a gain of 62%.

As stated in the attached draft 2016 Statement of Intent, Civic intends to re-enter the local government insurance market from 30 June 2016. Comments or suggestions from shareholders before 24 March on Civic's draft 2016 Statement of Intent will be gratefully received.

Yours sincerely

Tim Sole
 Chief Executive
 DDI: 04-978-1254
 Email: tim.sole@civicassurance.co.nz

Civic Assurance,
 114 Lambton Quay,
 PO Box 5521, Wellington 6145,
<http://www.civicassurance.co.nz>
 Tel: (04) 978 1250 Fax: (04) 978 1260

**NEW ZEALAND LOCAL GOVERNMENT
 INSURANCE CORPORATION LIMITED
 trading as Civic Assurance**

DRAFT STATEMENT OF INTENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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1.0 Mission Statement

Mission Statement of Civic Assurance
To provide insurance, risk-financing and superannuation solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

- 2.1 To operate as a sound and successful business.
- 2.2 To be active in the provision of insurance to the local government sector.
- 2.3 To be the primary supplier of risk-financing and superannuation services to the local government sector.
- 2.4 To investigate and facilitate, as appropriate, new products and markets in insurance, risk-financing and superannuation and such other markets that it believes could prove beneficial to its shareholders and the local government sector.
- 2.5 To regain and retain a claims paying ability rating of A- or better.

3.0 Nature and Scope of Activities

- 3.1 For traditional insurance, the Company has offered and intends to offer in the future:
- Competitive prices.
 - An honest and fair process for managing claims.
 - Products from which the profits are returned to the sector through the Company's local government shareholders.
- 3.2 The Company provides administration, reinsurance, accounting, and a range of other services to Civic Property Pool, Riskpool and LAPP.
- 3.3 The Company provides superannuation services for local government and local government staff via SuperEasy and SuperEasy KiwiSaver.
- 3.4 The Company investigates and facilitates as appropriate new insurance, risk-financing and superannuation services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- 3.5 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Profits, Dividend Policy & Projections

The Company historically has three main sources of revenue: insurance premiums, fees from providing administration and accounting services, and investment income. The profit outlook is as follows:

Profits from providing insurance: These will take a while to build following the Company's withdrawal from the property insurance market after it was unable to secure suitable reinsurance terms for 1 July 2011. The Company intends to re-enter the local government insurance market from 30 June 2016.

Profits from providing administration and accounting services: The fee income generated contributes significantly to Civic's overheads.

Profits from investment income: Civic's investment income is mainly from its rental income from Civic Assurance House, a nine-storey Wellington CBD office building.

Until such time that Civic has re-established itself as a provider of insurances to the local government sector, it is not meaningful to provide financial projections. However, following profitable years in 2014 and 2015, Civic expects 2016 to be profitable.

5.0 Performance Targets and Measures

- 5.1 To replace its provisional insurance licence from RBNZ with a full insurance licence.
- 5.2 To obtain and maintain a claims paying ability rating from rating agency AM Best of 'A- (Excellent)' or better.
- 5.3 To provide superannuation services to at least 90% of local authorities.
- 5.4 To continue to be an efficient and effective administration manager for Civic Property Pool, Riskpool and LAPP.

6.0 Reporting to Shareholders

- An annual report for 2015 by 31 May 2016 containing:
 - A review of the Company's operations by Directors
 - Statement of Financial Performance
 - Statement of Movements in Equity
 - Statement of Financial Position
 - Statement of Cash Flows
 - Notes to the Financial Statements
 - Auditor's Report on the above Financial Statements

- A report on the first half of 2016 by 30 September 2016 containing:
 - A review of the Company's operations during the half year
 - Unaudited half-yearly accounts

7.0 Acquisitions/Disposals

Any acquisition or disposal which is equivalent to 50% or more of the Company's assets will fall under the definition of a "major transaction" in the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition which is equivalent to 25% or more but less than half of the Company's assets will fall under the definition of a "minor transaction" in the Company's constitution, and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.21% at 22 February 2015). The Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP) and Civic Property Pool are also considered to be related parties. Transactions with shareholder members include insurances, other risk-financing services, and superannuation related financial services.

Charges from shareholder members and charges to shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

Open Meeting

To	Strategy and Finance Committee
From	TG Whittaker General Manager Strategy and Support
Date	8 March 2016
Prepared by	CW Morgan Economic Development Manager
Chief Executive Approved	Y
DWS Document Set #	1474293
Report Title	Economic Development Strategy Implementation Programme

1 Executive Summary

The purpose of this report is for the Strategy and Finance Committee to receive and recommend to Council adoption of the Economic Development Strategy Implementation programme.

The Economic Development Strategy was adopted by Council in November 2015 on the understanding that an implementation programme would be prepared to prioritise the actions identified in the Economic Development Strategy, giving consideration to the resourcing requirements and related costs.

Staff have developed an implementation programme for the Committees approval.

2 Recommendation

THAT the report of the General Manager Strategy and Support – *Economic Development Strategy Implementation programme* – be received;

AND THAT the Strategy and Finance Committee recommend Council adopt the Economic Development Strategy Implementation Programme.

3 Background

Council adopted the new Economic Development Strategy in December 2015 (EDS).

The EDS will guide our economic development activity over the next three years.

In developing the EDS, a review of the previous economic development roadmap, and an update on the district's economic performance, challenges and opportunities were undertaken. This review also considered how best to align the EDS with the Waikato Regional economic development strategy called Waikato Means Business (which did not exist when the Roadmap was developed in 2012).

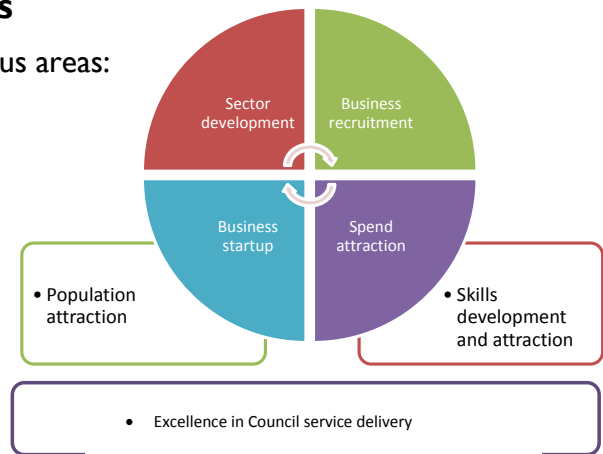
The EDS stakeholder consultation and Councillor Workshops concluded in November 2015. Consultation encompassed providing the draft EDS to a targeted reference group of 65 organisations comprising of iwi, businesses, business support agencies, regional economic development officers, and non-government organisations. Seventeen reasonably comprehensive responses were received. In addition to this, related feedback received through the Long Term Plan submission's process was considered. Staff also conveyed feedback from key customers throughout the development and research phase.

The final step required is to develop an implementation programme to prioritise the actions in the EDS, and identify the required resourcing necessary to activate the EDS projects.

4 Discussion and Analysis of Options

The EDS actions sit under seven strategic focus areas:

- Sector development,
- Business recruitment
- Business start Up
- Spend attraction
- Population attraction
- Skills development and attraction
- Excellence in Council service delivery



Economic Development Strategy December 2015.

A combined total of 23 high level projects are contained across these seven strategic focus areas.

Staff considered each of these projects to estimate the required internal and external resources, expenditure, and to prioritise their delivery.

Analysis

Each project was broken down into their component parts and sub projects, ending up with 37 projects in total across all six strategic focus areas.

The approach taken included estimating the:

- Number of Economic Development unit hours, other staff hours, and external hours to derive full time equivalent (FTE) weeks.
- Amount of external resourcing costs including consultants, collateral and materials.

This information was then used to prioritise the projects based on the EDS prioritisation criteria, supported by Council.

It became apparent that not all projects could be delivered in parallel given the existing economic development budget and resources. The total budget required to deliver all 37 Projects is estimated to be \$500,000 and approximately 1.8 FTE staff (72 weeks). The total budget available from existing sources is \$450,000 and the current economic development unit consists of 1.0 FTE staff (40 hrs/week).

A floating line was used to show what projects could be accommodated. Only half of the projects were deliverable based on current economic development staff resourcing.

Discussion

Councillor feedback and guidance was sought through two workshops in February this year. At these workshops Councillors confirmed the use of the EDS prioritisation criteria to prioritise the 32 projects. Discussions relating to the constraints around resourcing and available budget concluded that no additional economic development funding be made available at this time and that any consideration of additional funding be deferred until the 2018 LTP review. Councillors supported the use of the existing budget to fund additional staff on the basis that this would enable more EDS projects to be delivered.

Councillors also suggested that continuing to develop relationships with strategic partners, in the freight and Logistics sector may assist with project resourcing requirements.

The importance of our rural sector was also discussed, particularly whether a specific project to support our rural sector should be included in the implementation programme. It is considered that due to the district economy being based on rural activity, many of the projects will by default encompass our primary and secondary sectors which are heavily weighted towards rural activity. As also suggested, the Customer Relationship Management and International Connectedness projects will include key rural sector stakeholders.

Based on Councillor feedback and following further analysis a final list of prioritised projects has been developed. This list is based on limiting expenditure to the existing economic development budget and any additional staffing costs being funded from the existing budget.

Due to the budget constraint a trade-off exists between increasing staff numbers providing more time to deliver whilst reducing the remaining budget capacity for external resources to deliver various projects.

This trade-off means some projects will not commence until after the 2016-2017 year.

Upon review following the Councillor workshop, both the Freight and Logistics and Small Business Facilitation Service project resourcing requirements have been reduced.

The tables below show the priority projects and those projects to be deferred until resources become available.

Priority Projects

On the basis of securing an additional FTE resource, the following projects have been prioritised.

Strategy	Priority Projects – to be activated 2016-17
Sector development	*Freight & logistics promotion, Wet industry/primary sector processing,
Business recruitment	Promote development opportunities, Support existing businesses, Customer relationship management, International connections
Business start up	Innovation Support, *Small business facilitation service,
Spend attraction	District visitor strategy (support HWT), Cultural tourism, Raglan focus
Population attraction	Promote Waikato towns, Ngaruawahia focus, Tuakau focus, Te Kauwhata focus, Pokeno focus, Huntly focus, Strategic growth planning, Transport improvements
Build skills	Education to Employment, Demand for future skills study, Maori/Pasifika trades training
Excellence on Council service delivery and core activity	**Council as a business friendly organisation, Marketing & information provision, Broadband – digital enablement, Cross-border development collaboration
Notes: * Both Freight and logistics and Small business facilitation service have had scope revised to reduce expenditure and resourcing requirements. **Council as a business friendly organisation incorporates 6 sub projects. 32 projects and sub projects in total.	

These remaining projects will be incorporated into the economic development work plan as soon as resources become available.

Strategy	Deferred Projects – activated as resources become available
Sector development	Irrigation & water storage
Spend attraction	I-Site review, Waingaro Hot Springs opportunity, Gateway visitor centre (Service Delivery project), Rangiriri Pa restoration,
Population attraction	Tamahere focus

Not securing additional resource would mean only 50% of projects would commence in the 2016-2017 year. The remaining projects would be delayed until resource became available over the next 1 to 2 years resulting in poor implementation of the EDS.

Reporting

Over the coming months workflow data will be captured to assess how much time is being spent by economic development staff on activities. This will assist staff prepare any future case for funding and resourcing and provide a better understanding of what can be achieved.

Quarterly reporting to Council will include updates on project KPI's providing Council (and staff) the opportunity to review progress.

A full review of the EDS implementation programme will be timed to inform the 2018 LTP review.

Review Processes

As discussed with Councillors during the workshops implementation of the EDS needs to be an iterative process due to the dynamic nature of economic development, its interdependence with other Council activities and the ever changing external environment. The EDS governance structure, planning workshops and quarterly reporting to the Strategy and Finance Committee will provide touch points for ongoing updates and review of the EDS implementation programme and economic development in general.

Following adoption of this report, a programme document will be produced to communicate the EDS and the implementation programme.

5 Considerations

5.1 Financial

The development of the implementation programme to date has been funded from the economic development project budget.

Any specific projects or resources that cannot be funded from the economic development budget will require a business case. Note: requests for additional staffing funded by the existing economic development budget will require a business case.

A small contingency is available to fund unforeseen new projects and priority project cost variations.

5.2 Legal

The EDS is contemplated by the Local Government Act 2002, Section 10. The amended purpose of local government provides for councils to meet the current and future needs of communities for good quality local infrastructure, local public services and performance functions in a way that is most cost-effective for households and businesses.

5.3 Strategy, Plans, Policy & Partnership Alignment

The EDS replaces the previous Economic Development Roadmap. The EDS supports the Waikato Means Business regional economic development strategy. It aligns with the Council's People, Economy and Energy principles, the Council's vision and the Waikato District Development strategy.

5.4 Assessment of Significance & Engagement

In accordance with Council's Engagement and Significance Policy, appropriate consultation and engagement was undertaken throughout the development of the EDS including the background study. Continued engagement will be undertaken throughout the implementation phase as specific projects necessitate. As additional funding is not being sought to support the implementation programme no further consultation is necessary.

6 Consultation

The following stakeholders have been/or will be consulted:

Planned	In Progress	Complete	
		√	Internal
		*	Community Boards/Community Committees
		√	Waikato-Tainui/Local iwi
		x	Households
		√	Business
		√	NGO's, business support groups & associations

*Comment: EDS consultation shown. *Community plans were included in the review process. Future engagement and collaboration with boards and committees will occur as specific projects necessitate. LTP feedback related to economic development was considered.*

No specific community engagement was required to develop implementation programme, as it was giving effect to the EDS which has been consulted on.

7 Conclusion

Delivery of all 32 EDS projects and sub projects are not able to be met by the existing economic development unit resources and budget. It is therefore proposed to implement the EDS effectively over the next one to three years, by monitoring input and achievements in a way Council can reprioritise or support additional resourcing as required.

By balancing the trade-off between additional economic development staff and using external resources, it is estimated that 32 projects can be activated in the 2016-17 year. This approach best achieves Council's requirements of an effective EDS implementation whilst avoiding additional funding costs.

The effective implementation of this programme will be an iterative process. The implementation programme provides reporting and review opportunities through the EDS governance structure, quarterly reports to Strategy and Finance and planning workshops. This reflects the very dynamic external environment as well as the interdependencies with internal work programmes and unforeseen “black swan” events.

8 Attachments

Economic Development Strategy Implementation Programme - Project summary

Attachment I – (Not prioritised summary of projects)

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
1		Freight & Logistics Sector Promotion					
		Develop and promote a prospectus specifically focusing on the Waikato District's comparative advantage in freight and logistics. This to clearly set out the value proposition of freight and logistics sector locating to the Waikato relative to alternative locations	40	60	100		
			12	18	30		
			36	0	36		
			40	0	40		
			10	0	10		
	104	208	312				
	sub-total		222	286	508	7	mhhh
	FTE weeks		7.4	9.5	16.9		
2		Wet Industry (Primary Sector Processing)	12	8	20	0	

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
4		Business retention and recruitment					
		Encourage business awareness and take-up of Callaghan Innovation and NZTE partnership programmes.	0	0	0	0	
		sub-total	36	6	42	4	lhhh
		FTE weeks	1.2	0.2	1.4		
5		Promote opportunities					
		Promote property development opportunities arising from the district plan review (e.g. areas subject to up-zoning, increased flexibility of rules, reduced compliance costs) through, for example, securing articles in real estate pages of newspapers and relevant printed and electronic media.	20	40	60	0	
		sub-total	40	60	100	10	mhhh
		FTE weeks	1.3	2.0	3.3		
6		Customer Relationship Management					

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Establish processes and culture that values and fosters high value key relationships.	100.0	150.0	250.0		
		sub-total	62	255	317	10	lhhm
		FTE weeks	2.1	8.5	10.6		
7		International connections					
		Support the regional Waikato Story initiative and facilitate Mayoral/council hosting of international business and political delegations, to pursue business matching opportunities	50		50		assume up to 10 mtgs per annum and 2hrs each for a translator @ \$80ph=1.6k
		sub-total	50	0	50	1.6	lmhh
		FTE weeks	1.7	0.0	1.7		
8	Business Start up	Innovation Support					

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Encourage businesses to engage with SODA and the Waikato Innovation Park to establish and maintain an innovators network throughout the Waikato District. Encourage business awareness and take-up of Callaghan Innovation and NZTE partnership programmes.	0.5	0.25	0	0.25	lh hh
9		New small business facilitation service Design and implement a new small business facilitation service that will include a free consultation with a staff member to help start-ups understand and negotiate council requirements and a “starter pack” information bundle (setting out all you need to know about doing business in the Waikato District). sub-total	25	30	55	8	
		FTE weeks	48	80	128	5	lm hh
			1.6	2.7	4.3		
10	Spend attraction	District Visitor Strategy					

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Support the Waikato-Hamilton RTO to implement a Visitor Strategy aimed at domestic and international markets	5	0	5	150	
		sub-total	105	0	105	150	hhhl
		FTE weeks	3.5	0.0	3.5		
11		Waingaro Hot Springs					
		Waingaro sits in a location that could potentially link Raglan Ngaruawahia Huntly and Rangiriri as a visitor journey as well as its own destination potential. The asset is at risk and options for development need consideration and advocacy to the lessee.	60	30	90		
		sub-total	60	30	90	0	mhmh
		FTE weeks	2.0	1.0	3.0		
12		Rangiriri pa restoration					

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Rangiriri is one of NZ most significant historical locations and potentially a high demand visitor destination. Support the restoration of the pa site identify opportunities to assist and optimise the commercial development of this visitor asset	10		10		
		sub-total	10	0	10	0	mhlm
		FTE weeks	0.3	0.0	0.3		
13		Review the i-Site Strategy Review the way council supports the provision of visitor information (i-Site) services. To identify potential to enhance further current levels of service	40	10	50		
		sub-total	70	34	104	25	mhmm
		FTE weeks	2.3	1.1	3.5		
14		Gateway visitor centre Investigate a new Waikato gateway visitor centre in the north of the District	30	10	40		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		sub-total	55	30	85	0	mhmm
		FTE weeks	1.8	1.0	2.8		
15		Cultural tourism Support Waikato Tainui Cultural 2015 Tourism Hui action plan e.g. cultural activity/visitor centres Support Waikato-Tainui investigation of a business cases for cultural tourism experiences and establishment of a Waikato cultural centre within the District as an iconic events venue and attraction.	20	0	20	0	
		sub-total	20	0	20	0	mhmh
		FTE weeks	0.7	0.0	0.7		
16		Raglan Focus Raglan is the districts tourism Icon. It is promoted internationally by the WHRTO. Working with community to enhance the Raglan proposition and economic value add	30	60	90		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		sub-total	30	120	150	10	mhmh
		FTE weeks	1.0	4.0	5.0		
17	Population Attraction	Promote Waikato smaller towns					
		Promote settlements in close proximity to main urban centres as lifestyle and visitor destinations with a special mix of activities and rural character.	10	40	50		
		sub-total	105	435	540	20	mhmh
		FTE weeks	3.5	14.5	18.0		
18		Ngaruawahia Focus					
		Support structure plan investment, optimise commercial opportunity of visitor product including Hakariamata, Te Awa, River and attract new retail service offerings to support these opportunities.	30	60	90		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		sub-total	120	60	180	6	mhmh
		FTE weeks	4.0	2.0	6.0		
19		Tuakau Focus Tuakau Structure plan will be operative 2016. This provides significant opportunity to accelerate growth in the Tuakau area.	30	30	60		
		sub-total	120	30	150	9	mhmh
		FTE weeks	4.0	1.0	5.0		
20		Te Kauwhata Focus The Auckland housing shortage is a structural issue that will take significant time to work through. The positive effects are being realised in our towns. Te Kauwhata has had significant investment and we now appear to have an opportunity to accelerate the towns growth.	30	30	60		
		sub-total	30	30	60	5	mhmh

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		FTE weeks	1.0	1.0	2.0		
21		Tamahere Focus The development of the Tamahere Hub presents a commercial opportunity that will add economic value to the district.	30	0	30		
		sub-total	30	0	30	5	mhmh
		FTE weeks	1.0	0.0	1.0		
22		Huntly Focus - In light of the expressway bypass in 2019-2020 and the potential impacts on the town a focussed response to support Huntly transition through this change is required. Develop Huntly location marketing and place making strategy utilising video case study and media campaign, target marketing, advertising and community development initiatives. Alignment with and support of community plan Business attraction	15.0	0	15		
		sub-total	124	190	314	17	mhmh
		FTE weeks	4.1	6.3	10.5		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
23		Pokeno Focus Pokeno: ongoing support of market square and main street development					
		sub-total FTE weeks	30.0 1.0	0.0 0.0	30.0 1.0	5.0	mhmh
24		Strategic growth planning Advocate in Auckland planning processes for consideration of the growth potential of Tuakau and Pokeno associated with the Franklin local board area.	8	16	24		
		sub-total	18	36	54	0	lhmh
		FTE weeks	0.6	1.2	1.8		
25		Transport improvements Advocate for improved Waikato commuter train and bus services and road connections in the Auckland Transport Alignment Project.	15	0	15		
		sub-total	15	0	15	0	lhmh
		FTE weeks	0.5	0.0	0.5		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
26	Build skills	Education to employment					
		Support SMART Waikato to create better linkages between education and the workplace, and encourage local schools and businesses to participate in the Young Enterprise Scheme (YES) and Youth to Employment programme.	12	12	24		
		sub-total	12	12	24	5	Imhh
		FTE weeks	0.4	0.4	0.8		
27		Maori and Pasifika Trades Training					
		Support youth participation in MBIE Maori and Pasifika Trades Training contracts and engage with stakeholders on the future of the programme.	5	0	5		
		sub-total	5	0	5	0	Imhh
		FTE weeks	0.2	0.0	0.2		
28		Demand trends	0	0	0		

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Identify emerging demand for skills and occupations in the district to inform education providers in the region	9	0	9		
		sub-total	9	0	9	2	Imhh
		FTE weeks	0.3	0.0	0.3		
29	Excellence in council service delivery and underpinning core activity						
		Assess the council's performance as a business friendly council based on the toolkit developed as part of implementing the REDS.	15	225	240		Ihhh
		Explore the business case for an economic development grants policy and fund to assist locally-led initiatives to contribute to the above strategic focus areas.	15	150	165		IIhm
		Work with Waikato-Tainui iwi on economic development initiatives of mutual interest, including identifying the appropriate point of contact with the Iwi on development matters.	24	0	24		Imhh

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		Protect and enhance business-zoned areas through structure plans, public open space and streetscape-amenity projects.	24	0	24		mhhh
		Ensure an economic development lens is applied to planning and implementation of council infrastructure and community facilities projects.	24	0	24	0	mhhh
		Ensure the district plan review (various objectives):					
		<ul style="list-style-type: none"> i. Explores innovative ways to: <ul style="list-style-type: none"> - contain land use planning strategies that maintain flexibility to respond to market demand (including potential industry clusters) - anticipate likely development/bulk and location needs in industrial and business zones and develop provisions that enable that development with minimal consenting requirements. ii. Is subject to an audit against economic development priorities prior to public notification. 	24	0	24	7	lmhh

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		sub-total	126	375	501	7	lmhh
		FTE weeks	4.2	12.5	16.7		
30		Marketing and information provision					
		Develop and implement an Open Waikato marketing and communication strategy	8	40	48		
31		Maintain and enrich the Open Waikato website as a “front window” to promote the district as a good place to invest, visit and live. Enrichment of site to include information on the District’s competitive strengths (e.g. business land and labour costs, residential property costs, infrastructure capacity and quality, transport/freight time and cost).	48	48	96		
		sub-total	160	120	280	25	lhhh
		FTE weeks	5.3	4.0	9.3		
32		Broadband					

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		<ul style="list-style-type: none"> Advocate to government for quality broadband infrastructure (ultra-fast broadband, rural-broadband initiative and VDSL) in the district Implement the council's Digital Enablement Plan (2015) to support broadband roll-out and take-up by communities and businesses in the district.	120	0	120	100	
		sub-total	132	64	196	100	hhmm
		FTE weeks	4.4	2.1	6.5		
32		Cross-border business development collaboration Work with public and private sector groups in the Auckland and Waikato regions on sector and business development initiatives of advantage to the district. e.g.. · Motorsport industry cluster.	36		36		
			50		50		lmlh

Waikato EDS (2015): Implementation Programme Analysis Summary, February 2016.

Action No.	Strategy	Project	Total ED hours	Total Internal Hours	Total Hours	External ED Budget \$000	ROI Assessment Profile
		sub-total	86	0	86	0	
		FTE weeks	2.9	0.0	2.9		
		Grand total	70.7	78.1	148.8	491.6	

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469285
Report Title	Local Authority Shared Services Limited Draft Statement of Intent for 2016/17

1. Executive Summary

To present to the Strategy & Finance Committee the Local Authority Shared Services Limited (LASS) draft Statement of Intent for 2016/17.

Two new activities will be transferred to LASS effective from 1 July 2016; Waikato Building Consent Group and Road Asset Technical Accord (RATA). New non-financial performance targets have been included in the Statement of Intent to ensure these new activities are operated effectively and efficiently.

The financials incorporate new budgets for the licensing costs associated with accessing the Bay of Plenty Local Authority Shared Services (BOPLASS) Collaboration Portal and hosting costs of the GIS Data Portal. \$210,000 of revenue is expected to be received through the collaboration agreement with the Energy Efficiency Conservation Authority (EECA). The expected net deficit before tax for 2016/17 is \$305,784 attributed to non-funding of depreciation. Net working capital is expected to be \$375,000 lower than the 2015/16 year.

2. Recommendation

THAT the report of the Acting Chief Executive – Local Authority Shared Services Limited Draft Statement of Intent for 2016/17 — be received.

Attachment(s) – Local Authority Shared Services Limited – Draft Statement of Intent for 2016 – 2017



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**DRAFT
STATEMENT OF INTENT
FOR 2016/17**

30 June 2016

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Local Authority Shared Services Limited

Introduction

This Statement of Intent is a public declaration of the activities and intentions of the Waikato Council Controlled Organisation, Local Authority Shared Services Limited (LASS). The statement outlines the proposed work plan for 2016/17 and the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

Objectives of LASS

LASS was incorporated in December 2005, and is owned by the 12 Waikato local authorities. Each Waikato Council owns an equal number of shares in LASS and as such has an equal say in its development. LASS provides a legal entity, representative of all the shareholding councils, which can enter into contracts and agreements with external suppliers and provide value to the shareholders by reducing costs. These contracts are available to be joined by any shareholder that so chooses.

Much of the work of LASS is undertaken by Working Parties or Advisory Groups made up of staff representatives from the shareholding councils, with expertise and interest in particular services. The LASS CEO provides facilitation and co-ordination of the Working Parties, and is an ex officio member of the Advisory Groups.

As part of providing a mechanism for supporting shared services and collaborative opportunities within the region, LASS also provides support to the Waikato Mayoral Forum and its working parties.

The objectives of LASS are:

- To enable the Waikato councils to collectively be more effective as a region on the national stage
- To contribute to building central government's confidence in the Waikato region, to encourage central government investment
- To achieve effectiveness and efficiency gains
- To reduce duplication of effort and eliminate waste through repetition
- To make it easier for customers to engage with councils in the Waikato region
- To promote and contribute to the development of best practice
- To promote business transformation to improve customers' experiences.

Nature and Scope of Current Activities

There are currently four major initiatives operating under the LASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.

- 1 Shared Valuation Data Service (SVDS).** This operational system is providing timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database for the region.
- 2 Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. This model provides accurate information to Councils and external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a

significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessment in relation to the development of Ruakura.

3. **Joint Procurement Initiatives.** LASS is a party to a number of joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, involving only some of the shareholding councils (e.g. the Professional Services Panel; computer-generated print, mail house and e-services). Further procurement opportunities are continually being identified, and a number are currently under active investigation (e.g. asset valuation services; pipe procurement).
4. The **Waikato Regional Aerial Photography Service (WRAPS).** WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been three WRAPS contracts – 2002, 2007 and 2012. In 2012, the WRAPS members were the councils of the Waikato Region, plus the Department of Conservation and Waikato University. The next contract is due in 2016/17. Discussions are currently being held with other parties to assess their willingness to join the syndicate. Both Land Information New Zealand (LINZ) and the NZ Transport Agency (NZTA) have indicated potential interest, which would reduce the cost to the participating councils. WRAPS became a LASS-managed project in December 2014.

Proposed New Activities

Two new activities are proposed to transfer into LASS, effective from 1 July 2106.

Waikato Building Consent Group

The Waikato Building Consent Group was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises seven councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Waikato, Waipa and Waitomo Districts), with the addition of a further council (Thames Coromandel) currently under consideration.

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

The Vision of the Group is to:

- provide an excellent and consistent service to building consent customers across the Waikato region
- increase collaboration between BCAs
- improve communication between BCAs, and between BCAs and industry stakeholders
- ensure the competency of technical officers undertaking building control functions.

In 2015, the LASS CEO approached the Group to discuss a proposal to bring them under the LASS umbrella, consistent with the philosophy of having all Waikato shared services within LASS. This proposal was unanimously supported by the Group, and in November 2015, the LASS Board resolved to include the transfer of the Building activity into LASS in the draft 2016/17 Statement of Intent, for consultation with shareholders.

Waikato District Council currently acts as the host council for the Group, providing accommodation and overheads (which are fully recovered from the Group), and managing the employment agreements/relationships with the two staff members. No changes to these arrangements are proposed.

The activity is fully funded by the participating councils and has been established as a separate cost centre within the LASS accounts.

Road Asset Technical Accord (RATA)

RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration.

Positive results and feedback have been achieved over the first 18 months of RATA's operation, and already, NZTA consider the RATA model to be the national benchmark for best practice. In late 2015, the RATA governance group, supported by a unanimous resolution of the Mayoral Forum, recommended the permanent establishment of RATA as a business unit within LASS.

Subsequently, the LASS Board resolved to include the transfer of RATA into LASS in the draft 2016/17 Statement of Intent, for consultation with shareholders.

Waipa District Council currently acts as the host council for RATA, providing accommodation and overheads (which are fully recovered from RATA), and managing the employment agreements/relationships with the two staff members. No changes to these arrangements are proposed, although it is anticipated that the number of staff will increase in response to the expansion of RATA's activities.

The activity is fully funded by the participating councils and has been established as a separate cost centre within the LASS accounts.

Proposed New Business Transformation Initiatives

The Board is proposing to investigate business transformation opportunities which will improve customer experiences and provide added value, particularly within the digital field of operation. No new funding is currently required, as the Chief Executives of each council will work collectively within their existing budgets to scope the work required. This work will link to, and be a logical extension of, the work being undertaken as part of "Waikato Means Business" and the Waikato Plan. Modern Councils need to identify and respond to the digital challenges that technology provides by giving people the opportunity to do Council business for themselves, via their phone, tablet or computer. It is envisaged that this project will use our collective ability to examine and deliver solutions at reduced cost to the individual partnering authorities. Examples of successes could include on-line LIMS, on-line credit card payment facilities, and the continuing opportunities that on-line building consenting will present.

Additional Costs

Two additional activities have been included in the Information Technology cost centre. There is a new budget of \$35,000 per annum to fund licensing for all councils to access the **BOPLASS Collaboration Portal** (noting that Rotorua and Taupo are excluded, as they already participate directly through BOPLASS). The budget includes software maintenance, user licences and administration support. The Portal was developed by BOPLASS, and has a public facing website to communicate success stories to our communities; a project register where councils can record their work programmes; and a facility for shared workspaces. Further planned developments include discussion forums, a register of shared services and activity resource areas.

The second new budget of \$7,600 per annum is required to fund the **GIS Data Portal**. This covers hosting costs for the data platform and viewer, and support to all councils (except for Rotorua and Taupo, who are hosted via BOPLASS). The initial datasets include aerial photography, 3-waters data and District Plan zones for the Waikato region. Further datasets will be added over time.

A new cost centre has been established for the **Energy Management** activity. At its February 2016 meeting, the Board resolved to enter into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA), which will bring \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. This activity is fully funded by the 10 participating councils and has been established as a separate cost centre within the LASS accounts.

Waikato Mayoral Forum

The establishment of the **Waikato Mayoral Forum** in 2012 resulted in the creation of five work streams to investigate collaborative opportunities in the areas of governance, spatial planning, two waters, roading, and economic development. An additional work stream for bylaws and policies was created in 2013, and is focussing on three main areas: reducing the number and standardising the format of Council policies and bylaws, and developing a regional Infrastructure Technical Specification, which will provide a single regional guide on how to construct public infrastructure.

The governance work stream is currently in abeyance. The spatial plan work stream is now known as the Waikato Plan, and is governed by a Joint Committee, which was established in July 2015. The two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils, who are investigating a future delivery model for water services across the three councils. As noted above, the roading work stream (RATA) is proposed for transfer into LASS from 1 July 2016. Finally, the Economic Development work stream has developed a strategy, and implementation of the "Waikato Means Business" plan has been devolved to an independent Steering Group since July 2015.

LASS provides administrative and financial support both to the Mayoral Forum and its work streams.

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Development of new initiatives
- Opportunities for all Councils (irrespective of their location or size) to benefit from joint initiatives
- Leverage provided from economy of scales resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from the shareholding Councils and the Mayoral Forum, the LASS Directors will continue to discuss opportunities to develop shared services at Board meetings. The Directors see the continuing investigation of possible future shared services as a key focus of their role.

Governance

LASS has twelve Directors, with each Director representing a shareholder Council.

Unless otherwise agreed by the appointing Councils, each Director shall be the Chief Executive of a local authority. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. At this time, no independent directors have been appointed to the Board.

LASS conducts itself in accordance with its constitution, its annual Statement of Intent as agreed with shareholders, the provisions of the Local Government Act 2002, and LASS policies.

Directors

The current Directors of LASS are:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Chris Ryan	Chief Executive Officer, Waitomo District Council	Waitomo District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Richard Briggs	Chief Executive, Hamilton City Council	Hamilton City Council
David Hammond	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Don McLeod	Chief Executive Officer, Matamata-Piako District Council	Matamata-Piako District Council
Rob Williams	Chief Executive Officer, Taupo District Council	Taupo District Council
Craig Hobbs	Chief Executive Officer, South Waikato District Council	South Waikato District Council
Dave Clibbery	Chief Executive Officer, Otorohanga District Council	Otorohanga District Council

Activities for which the Board seeks Compensation

Additional shared services may be developed during the year that this Statement of Intent is current. Any such services will only be delivered by LASS after the Directors have agreed that the proposed new service meets the objectives of LASS.

Shareholders will continue to contribute to the operational costs of the LASS on an annual basis. Specific projects will be funded solely by those councils which choose to participate, subject to funding approval from each participating council.

Performance Targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2016/17 are as follows:

TARGET	METHOD	MEASURE
<p>Procurement Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>
<p>Existing LASS Contracts Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>
<p>Cashflow The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p> <p>The LASS Board reviews the financial statements quarterly.</p>	<p>Monthly financial statements show a positive cashflow position.</p>
<p>Cost Control Administration expenditure shall be managed and</p>	<p>The Financial Accountant and Chief Executive review</p>	<p>Administration expenditure shall not exceed budget by</p>

monitored.	<p>expenditure monthly.</p> <p>The LASS Board reviews the financial statements quarterly.</p>	more than 5%, unless prior approval is obtained from the Board.
<p>Reporting</p> <p>Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the LASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of LASS to the Shareholders every six months.</p> <p>Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.</p>
<p>Waikato Mayoral Forum</p> <p>The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.</p>	<p>Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive.</p> <p>Mayoral Forum projects shall be managed financially through the LASS.</p> <p>Note: The current approved work streams are:</p> <ul style="list-style-type: none"> • Regulatory Bylaws and Policies • Waikato Plan 	<p>The Mayoral Forum is regularly updated on the progress of each approved work stream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>
<p>Shared Valuation Data Services (SVDS)</p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>
<p>RATA</p> <p>All stakeholders are kept informed about RATA's projects and achievements.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p> <p>Annual Forward Works</p>	<p>Reports presented to LASS Board as at 30 December and 30 June, and circulated to stakeholders.</p> <p>Reports include a summary of savings achieved.</p> <p>All RATA councils</p>

<p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience</p> <p>Data collection contracts (minimum of two across the region) are managed in accordance with best practice.</p> <p>Data supplied by contractors is of good quality and meets all councils' requirements.</p>	<p>participate in the tour.</p> <p>Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p> <p>Any data issues are identified and resolved, with any incidents reported to stakeholders.</p>
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>
<p>Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.</p>	<p>Internal audits completed annually for each Group member.</p> <p>Provide Group members with a joint quality assurance system that meets statutory compliance.</p> <p>Report at least six monthly to the LASS Board on the Group's activities.</p>
<p>Shareholder Survey Shareholders are satisfied with the performance of LASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with LASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>

<p>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by LASS.</p>	<p>The benefits of LASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>
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Policy Statements

Changes to NZ Accounting Standards

LASS transitioned to the new Public Sector Public Benefit Entities (PBE) accounting standards for the year ended 30 June 2015. LASS is eligible to report in accordance with the Tier 2 PBE accounting standards.

Statement of Accounting Principles

Financial statements are for a company wholly owned by the 12 local authorities within the Waikato Region, in the proportion of one share per local authority. Financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZ GAAP), the Financial Reporting Act 1993 and the NZ Financial Reporting Standard No. 42.

Specific Accounting Principles

The following particular principles, which have a significant effect on measurement of the financial position, will apply:

- Receivables are recorded at their face value, less any provisions for impairment.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.

Intangible Assets

Where intangible assets are purchased, such as intellectual property and computer software, these are capitalised and written off on a straight line basis over their expected life, but over no greater than seven years.

Depreciation / Amortisation is provided on a straight-line basis on all assets other than land, and shall align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Balance Sheet Ratios

The Local Government Act 2002 requires the Statement of Intent to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position.

LASS is budgeted to have an accumulated shareholders fund of \$625,571 at 30 June 2017, which relates to 71.9% of total assets. The only liabilities of LASS are trade creditors.

The Forecast Financial Statements for 2016/17 are attached to this Statement of Intent.

Procedures for the Purchase and Acquisition of Shares

The Board will give approval before LASS subscribes for, purchases, or otherwise acquires shares in any company or other organisation, which is external to the Group.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing computer-based services to a number of parties. They will be valued at net realisable value.

Taxation

Taxation will be provided as required against the company, in line with the required legislation.

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Auditor General will be responsible for the audit of the company's financial statements.

As the current shared services are on a cost recovery basis, it is not envisaged that any dividends will be paid.

Value of Shareholders' Investment

The Directors' estimate of the commercial value of the shareholders' investment in the LASS is equal to the shareholders equity in the company. Reassessment of the value of this shareholding shall be undertaken on or about 1 April each year.

Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds remaining from an activity or from the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

Compensation

Directors of the LASS will not receive any fees or expenses for work undertaken on behalf of the LASS.

As the basis of funding for LASS, payment will be sought from all local authorities that receive services from LASS.

Information to be Provided to Shareholders

The company will deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a 6-monthly report, including a Statement of Financial Performance, a Statement of Changes in Equity, a Statement of Financial Position, and a Statement of Cashflows and Service Performance.

- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, a Statement of Cashflows and Service Performance, plus a summary of how the company has fared against its objectives, its prospects for the next financial year, and a report on the company's medium to long-term plans.

Review of Statement of Intent

The Directors shall approve by 1 March of each year a Draft Statement of Intent for distribution to and consideration by the shareholders.

The shareholders must provide any comments or feedback on the Draft Statement of Intent within two months of 1 March. The Directors must consider all comments that are received, and shall deliver the completed Statement of Intent to the shareholders by 30 June.

Local Authority Shared Services					
Company Summary					
For the Year Ended 30 June 2017					
	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income					
Company Administration Member Charges	169,550	159,550	(10,000)	162,762	166,045
Recovery of Admin Costs	62,686	61,567	(1,119)	63,163	64,793
SVDS Member Charges	290,293	266,735	(23,558)	280,728	278,853
SVDS Data & Software Sales	192,000	227,919	35,919	232,933	238,058
TA Valuation Services Recovery	78,500	78,463	(37)	80,189	81,953
SVDS Enhancements Recovery	10,000	10,190	190	10,414	10,643
WRTM Member Charges	128,143	105,084	(23,060)	116,347	118,725
WRTM External User Recovery	12,000	12,000	0	12,000	12,000
Mayoral Forum Funding	440,000	61,000	(379,000)	7,000	7,000
Procurement Member Charges	0	20,000	20,000	20,000	20,000
N3 Membership Fee Recovery	18,000	18,000	0	18,000	18,000
ValueFinancials Fee Recovery	46,750	37,181	(9,569)	37,181	37,181
Insurance Brokerage Fee Recovery	147,500	147,500	0	147,500	147,500
Infometrics Recovery	70,400	62,400	(8,000)	62,400	62,400
Asset Valuation Services	0	0	0	0	0
RATA Funding	611,245	942,500	331,255	959,103	980,159
Health and Safety Working Party	0	5,000	5,000	5,000	5,000
IT Initiatives	22,334	43,600	21,266	43,600	43,600
EECA Collaboration - Council Contributions	16,000	80,000	64,000	89,200	101,500
EECA Revenue	0	133,000	133,000	35,000	35,000
Waikato Building Consent Group - Council	0	179,456	179,456	183,404	187,439
Waikato Building Consent Group - Accumulated	0	45,144	45,144	46,137	47,152
WRAPS Recovery	0	84,000	84,000	0	0
Historical Aerial Photos Recovery	77,000	77,000	0	77,000	0
Interest Received	2,000	6,500	4,500	6,632	6,767
Total Income	2,394,401	2,863,789	469,388	2,695,694	2,669,769
Operating Expenditure					
Company Admin Operating Expenditure	233,736	221,117	(12,619)	225,925	230,838
SVDS Operating Expenditure	561,293	573,617	12,324	594,351	599,365
WRTM Operating Expenditure	186,773	117,084	(69,690)	128,347	130,725
Mayoral Forum Operating Expenditure	440,000	61,000	(379,000)	7,000	7,000
Procurement Operating Expenditure	359,650	451,081	91,431	367,081	290,081
RATA Operating Expenditure	611,245	942,500	331,255	959,103	980,159
IT Operating Expenditure	33,600	43,600	10,000	43,600	43,600
Building Consent Group Operating Expenditure	0	230,600	230,600	235,673	240,858
Energy Management Operating Expenditure	16,000	213,000	197,000	124,200	136,500
Total Operating Expenditure	2,442,297	2,853,599	411,302	2,685,280	2,659,126
Earnings before interest, tax and depreciation/ amortisation (EBITA)	(47,896)	10,190	58,086	10,414	10,643
Non-Cash Operating Expenditure					
Company Admin Non-Cash Expenditure	171	171	0	171	171
SVDS Non-Cash Expenditure	109,699	97,055	(12,643)	102,055	110,475
WRTM Non-Cash Expenditure	328,122	218,748	(109,374)	0	0
Total Non-Cash Operating Expenditure	437,992	315,974	(122,017)	102,226	110,646
Earnings before interest and tax (EBIT)	(485,888)	(305,784)	180,103	(91,812)	(100,003)
Net Surplus (Deficit) before tax	(485,888)	(305,784)	180,103	(91,812)	(100,003)
Company Admin Net Surplus (Deficit) before tax	(171)	(171)	0	(171)	(171)
SVDS Net Surplus (Deficit) before tax	(99,699)	(86,865)	12,833	(91,641)	(99,832)
WRTM Net Surplus (Deficit) before tax	(374,752)	(218,748)	156,004	0	0
Mayoral Forum Net Surplus (Deficit) before tax	0	0	0	0	0
Procurement Net Surplus (Deficit) before tax	0	0	0	0	0
RATA Net Surplus (Deficit) before tax	0	0	0	0	0
IT Net Surplus (Deficit) before tax	(11,266)	0	11,266	0	0
Building Net Surplus (Deficit) before tax	0	0	0	0	0
Energy Net Surplus (Deficit) before tax	0	0	0	0	0
Net Surplus (Deficit) before tax	(485,888)	(305,784)	180,103	(91,812)	(100,003)
Capital Expenditure					
Enhancements	10,000	10,190	190	10,414	10,643
Total Capital Expenditure	10,000	10,190	190	10,414	10,643

Local Authority Shared Services					
Company Admin					
For the Year Ended 30 June 2017					
Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income					
Company Administration Member Charges	169,550	159,550	(10,000)	162,762	166,045
Recovery of Admin Costs	62,686	61,567	(1,119)	63,163	64,793
Mayoral Forum Interest	1,500	0	(1,500)	0	0
Total Income	233,736	221,117	(12,619)	225,925	230,838
Expenses					
Accounting/ Financial Services	27,500	27,500	0	28,105	28,723
External Accounting/ Financial Services	4,000	5,000	1,000	5,110	5,222
Audit Fees	15,349	15,349	0	15,687	16,032
IT Services	92	92	0	92	92
Bank Charges	280	500	220	511	522
Legal Fees	2,500	2,500	0	2,500	2,500
Value Financials Licence Fee	2,600	2,341	(259)	2,393	2,445
Sundry Expenses	1,200	1,300	100	1,329	1,358
Professional Fees	0	2,500	2,500	2,555	2,611
Insurance	2,800	2,535	(265)	2,591	2,648
Shared Services Contractors	156,000	146,000	(10,000)	149,212	152,495
Company Secretary Services	11,415	5,500	(5,915)	5,621	5,745
Mileage Costs	10,000	10,000	0	10,220	10,445
Total Expenses	233,736	221,117	(12,619)	225,925	230,838
Earnings before interest, tax and depreciation/ amortisation (EBITA)					
	0	0	0	0	0
Non-Cash Expenses					
Depreciation	171	171	0	171	171
Earnings before interest and tax	(171)	(171)	0	(171)	(171)
Net Surplus (Deficit) before tax	(171)	(171)	0	(171)	(171)

Local Authority Shared Services						
Procurement of Shared Services						
For the Year Ended 30 June 2017						
	Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income						
Procurement Member Charges	1	0	20,000	20,000	20,000	20,000
N3 Membership Fee Recovery		18,000	18,000	0	18,000	18,000
Value Financials Fee Recovery	2	46,750	37,181	(9,569)	37,181	37,181
Insurance Brokerage Fee Recovery		147,500	147,500	0	147,500	147,500
Infometrics	3	70,400	62,400	(8,000)	62,400	62,400
Asset Valuation Services		0	0	0	0	0
Health and Safety Working Party	4	0	5,000	5,000	5,000	5,000
WRAPS Recovery	5	0	84,000	84,000	0	0
Historical Aerial Photos Recovery		77,000	77,000	0	77,000	0
Total Income		359,650	451,081	91,431	367,081	290,081
Expenses						
Professional Services	1	0	20,000	20,000	20,000	20,000
N3 Membership Fee Recovery		18,000	18,000		18,000	18,000
Value Financial Fees	2	46,750	37,181	(9,569)	37,181	37,181
Insurance Brokerage Fee Payable		147,500	147,500	0	147,500	147,500
Infometrics	3	70,400	62,400	(8,000)	62,400	62,400
Asset Valuation Services		0	0	0	0	0
Health and Safety Working Party	4	0	5,000	5,000	5,000	5,000
WRAPS Services	5	0	84,000	84,000	0	0
Historical Aerial Photos Services		77,000	77,000	0	77,000	0
Total Expenses		359,650	451,081	91,431	367,081	290,081
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	0
Earnings before interest and tax		0	0	0	0	0
Net Surplus (Deficit) before tax		0	0	0	0	0
Notes						
1) To fund external project management, procurement and feasibility investigations for new initiatives.						
2) The councils involved are Taupo District Council, Waitomo District Council, Hauraki District Council, Otorohonga District Council, Waikato Regional Council, and LASS. Value Financial fees are reduced in 2016/17 due to the withdrawal of one council.						
3) The councils involved are Hamilton City Council, Waikato District Council, Thames-Coromandel District Council, and Waikato Regional Council.						
4) New funding for Health and Safety projects.						
5) WRAPS working party are currently developing the tender document, and it is unknown at this stage what the costs will be. \$84,000 from external agencies has been committed to help fund this project, and more external funding is being sought.						

Local Authority Shared Services						
Information Technology (IT)						
For the Year Ended 30 June 2017						
	Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income						
IT Initiative Contributions	1	22,334	43,600	21,266	43,600	43,600
Total Income		22,334	43,600	21,266	43,600	43,600
Expenses						
Meeting Expenses		0	1,000	1,000	1,000	1,000
GIS Shared Data Portal	1, 2	33,600	7,600	(26,000)	7,600	7,600
Collaboration Portal	2	0	35,000	35,000	35,000	35,000
Total Expenses		33,600	43,600	10,000	43,600	43,600
Earnings before interest, tax and depreciation/ amortisation (EBITA)						
	1	(11,266)	0	11,266	0	0
Earnings before interest and tax		(11,266)	0	11,266	0	0
Net Surplus (Deficit) before tax	1	(11,266)	0	11,266	0	0
Notes						
1) In 2015/16, \$11,266 was funded from prior years' IT surpluses.						
2) All Councils are involved except Rotorua and Taupo, who are participating via BOPLASS.						

Local Authority Shared Services						
Energy Management						
For the Year Ended 30 June 2017						
	Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income						
EECA Collaboration - Council Contributions	1	16,000	80,000	64,000	89,200	101,500
EECA Revenue		0	133,000	133,000	35,000	35,000
Total Income		16,000	213,000	197,000	124,200	136,500
Expenses						
EECA Collaboration		0	80,000	80,000	89,200	101,500
Professional Services Costs		16,000	133,000	117,000	35,000	35,000
Total Expenses		16,000	213,000	197,000	124,200	136,500
Earnings before interest, tax and depreciation/ amortisation (EBITA)						
		0	0	0	0	0
Earnings before interest and tax						
		0	0	0	0	0
Net Surplus (Deficit) before tax						
		0	0	0	0	0
Notes						
1) All Councils are involved, except Thames Coromandel and Matamata Piako.						

Local Authority Shared Services					
Shared Valuation Data Service (SVDS)					
For the Year Ended 30 June 2017					
Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income					
	290,293	266,735	(23,558)	280,728	278,853
	78,500	78,463	(37)	80,189	81,953
1	10,000	10,190	190	10,414	10,643
	192,000	227,919	35,919	232,933	238,058
	500	500	0	500	500
Total Income	571,293	583,807	12,514	604,765	610,008
Expenses					
	49,200	48,667	(533)	49,738	50,832
2	95,000	105,467	10,467	107,787	110,158
	276,500	283,187	6,687	289,417	295,784
	78,500	78,463	(37)	80,189	81,953
	16,000	16,000	0	16,352	16,712
	6,250	6,250	0	6,388	6,528
	0	300	300	300	300
	1,500	1,500	0	1,533	1,567
3	4,000	0	(4,000)	8,000	0
	3,000	3,000	0	3,066	3,133
	31,343	30,784	(560)	31,581	32,397
Total Expenses	561,293	573,617	12,324	594,351	599,365
Earnings before interest, tax and depreciation/ amortisation (EBITA)	10,000	10,190	190	10,414	10,643
Non-Cash Expenses					
	109,699	97,055	(12,643)	102,055	110,475
	(99,699)	(86,865)	12,833	(91,641)	(99,832)
Net Surplus (Deficit) before tax	(99,699)	(86,865)	12,833	(91,641)	(99,832)
Capital Expenditure					
1	10,000	10,190	190	10,414	10,643
Total Capital Expenditure	10,000	10,190	190	10,414	10,643
Total Cash Expenditure (Opex, Interest & Capital)	571,293	583,807	12,514	604,765	610,008
Notes					
1) Enhancement work to be recovered by individual councils.					
2) Software contract costs have increased in 2016/17 due to enhancements no longer being covered as part of this contract after contract re-negotiations.					
3) Provision in 2017/18 to tie in with contract review terms.					

Local Authority Shared Services							
Road Asset Technical Accord (RATA)							
For the Year Ended 30 June 2017							
	Notes	Budget 2015/16	Budget 2016/17	Variance to 16 Budget	Jun- 16 Budget	Budget 2017/18	Budget 2018/19
Income							
NZTA		0	315,000	315,000		321,930	329,012
Councils - Data Collection		0	28,000	28,000		28,616	29,246
Councils - Project Funding		0	599,500	599,500		608,557	621,901
Roading (RATA)		611,245	0	(611,245)		0	0
Total Income		611,245	942,500	331,255		959,103	980,159
Expenses							
Data Collection		0	315,000	315,000		321,930	329,012
Forward Works Programme Tours		0	5,000	5,000		5,110	5,222
Asset Managers Forum		0	3,000	3,000		3,066	3,133
Benchmarking of Reg Road Outcomes		0	20,000	20,000		20,440	20,890
Staff and Contractor Services		0	425,000	425,000		434,350	443,906
Vehicles		0	29,000	29,000		29,638	30,290
Staff Training / Subscriptions / Professional Development		0	10,000	10,000		10,220	10,445
Recruitment		0	5,000	5,000		1,000	1,000
Sundry Expenses (stationery, telephones etc.)		0	3,500	3,500		3,555	3,611
External Contractor Support (Data Collection Contract)		0	7,000	7,000		7,154	7,311
Overheads	1	0	120,000	120,000		122,640	125,338
Roading (RATA)		611,245	0	(611,245)		0	0
Total Expenses	2	611,245	942,500	331,255		959,103	980,159
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		0	0	0		0	0
Earnings before interest and tax							
		0	0	0		0	0
Net Surplus (Deficit) before tax							
		0	0	0		0	0
Notes							
1) Waipa District Council provides RATA with full support services, including accommodation, finance, IT, HR, GIS, legal advice, communications and Group Manager support.							
2) CPI Increase has been applied for 2017/18 and 2018/19 as per BERL LG cost index for OPEX.							

Local Authority Shared Services						
Waikato Regional Transport Model (WRTM) ¹						
For the Year Ended 30 June 2017						
	Notes	Budget 2015/16	Budget 2016/17	Variance to 16 Budget	Jun- 16 Budget	Budget Budget 2018/19 2017/18
Income						
WRTM Member Charges		128,143	105,084	(23,060)		116,347
External User Recovery		12,000	12,000	0		12,000
Total Income		140,143	117,084	(23,060)		128,347
Expenses						
WRTM Project Manager		18,000	18,000	0		18,908
Minor Model Upgrades		30,000	30,000	0		31,513
Peer Review		5,000	5,000	0		5,252
Annual Scheduling of Works Review		4,500	4,500	0		4,727
Insurance		1,300	1,300	0		1,366
WRTM Base Model Testing		15,000	0	(15,000)		0
External User Costs		10,000	10,000	0		10,000
Census Update		14,959	0	(14,959)		0
Tendering for WRTM Contract		13,671	0	(13,671)		0
Future Land Use Client Input		43,000	0	(43,000)		0
WRTM Projects						
Future Land Use Update	2	0	15,000	15,000		0
Household Interview Survey (HIS) Scoping	3	0	2,500	2,500		0
HIS Input into National Survey	4	0	0	0		25,000
On charge of LASS Admin Costs		31,343	30,784	(560)		31,581
Total Expenses		186,773	117,084	(69,690)		128,347
Earnings before interest, tax and depreciation/ amortisation (EBITA)	5	(46,630)	0	46,630		0
Non-Cash Expenses						
Depreciation	6	328,122	218,748	(109,374)		0
Earnings before interest and tax		(374,752)	(218,748)	156,004		0
Net Surplus (Deficit) before tax		(374,752)	(218,748)	156,004		0
Notes						
1) WRTM is being managed by RATA from 1 July 2016.						
2) Update of Future Land Use reference scenario post Auckland Unitary Plan decisions and Future Proof / Smart Growth updates.						
3) Prov Sum item - HIS research topic with NZTA at present. This budget will allow the WRTM partners to scope inputs needed.						
4) Prov Sum item - assumes input into national survey. Actual costs to be scoped with MOT.						
5) In 2015/16 \$46,630 was funded from unspent prior years contributions.						
6) The WRTM asset will be fully depreciated by Feb 2017.						

Local Authority Shared Services						
Waikato Building Consent Group						
For the Year Ended 30 June 2017						
	Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
Income						
Member Charges		0	179,456	179,456	183,404	187,439
Accumulated Fund		0	45,144	45,144	46,137	47,152
Interest Received		0	6,000	6,000	6,132	6,267
Total Income		0	230,600	230,600	235,673	240,858
Expenses						
Salaries		0	166,200	166,200	169,856	173,593
Vehicle Expenses		0	17,700	17,700	18,089	18,487
Training / Professional Fees		0	3,300	3,300	3,373	3,447
Operating Costs		0	3,000	3,000	3,066	3,133
Communications / IT Costs		0	2,000	2,000	2,044	2,089
Annual Subscriptions		0	400	400	409	418
Overheads	1	0	38,000	38,000	38,836	39,690
Total Expenses		0	230,600	230,600	235,673	240,858
Earnings before interest, tax and depreciation/ amortisation (EBITA)						
		0	0	0	0	0
Earnings before interest and tax						
		0	0	0	0	0
Net Surplus (Deficit) before tax						
		0	0	0	0	0
Notes						
1) Waikato District Council provides the Building Consent Group with support services, including accommodation, HR and Group Manager support.						

Local Authority Shared Services						
Mayoral Forum Projects						
For the Year Ended 30 June 2017						
Notes	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19	
Income						
Spatial Plan	319,000	0	(319,000)	0	0	
Policy & Bylaws	114,000	0	(114,000)	0	0	
Regional Infrastructure Tech. Specs.	0	40,000	40,000	0	0	
Policy & Bylaws	0	7,000	7,000	0	0	
Section 17a Review	0	7,000	7,000	0	0	
Meeting Expenses	7,000	7,000	0	7,000	7,000	
Total Income	440,000	61,000	(379,000)	7,000	7,000	
Expenses						
Spatial Plan	319,000	0	(319,000)	0	0	
Policy & Bylaws	114,000	0	(114,000)	0	0	
Regional Infrastructure Tech. Specs.	0	40,000	40,000	0	0	
Policy & Bylaws	0	7,000	7,000	0	0	
Section 17a Review	0	7,000	7,000	0	0	
Meeting Expenses	7,000	7,000	0	7,000	7,000	
Total Expenses	440,000	61,000	(379,000)	7,000	7,000	
Earnings before interest, tax and depreciation/ amortisation (EBITA)						
	0	0	0	0	0	0
Earnings before interest and tax						
	0	0	0	0	0	0
Net Surplus (Deficit) before tax						
	0	0	0	0	0	0

Local Authority Shared Services					
Balance Sheet					
For the Year Ended 30 June 2017					
	Budget 2015/16	Budget 2016/17	Variance to Jun-16 Budget	Budget 2017/18	Budget 2018/19
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss	(1,845,542)	(2,408,415)	(562,873)	(2,714,199)	(2,806,012)
Plus Current Year Operating Surplus/(Deficit)	(485,888)	(305,784)	180,103	(91,812)	(100,003)
TOTAL CAPITAL FUNDS	625,571	242,802	(382,769)	150,989	50,987
ASSETS					
CURRENT ASSETS					
Prepayments	2,990	2,692	(298)	2,751	2,812
Accounts Receivable	15,167	3,503	(11,664)	3,878	3,958
RWT On Interest	560	1,820	1,260	1,857	1,895
Local Authority Shared Services On-Call	398,831	371,790	(27,041)	346,485	353,697
GST Paid	(32,833)	(40,055)	(7,222)	(37,688)	(47,301)
TOTAL CURRENT ASSETS	384,715	339,750	(44,965)	317,283	315,060
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,080,875	3,085,506	4,631	3,095,920	3,106,563
WRTM - Intangible Asset	2,296,855	2,296,855	0	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	0	1,195	1,195
Accumulated Depreciation	(4,894,039)	(5,187,846)	(293,807)	(5,290,073)	(5,400,719)
TOTAL NON-CURRENT ASSETS	484,886	195,710	(289,176)	103,897	3,894
NET ASSETS	869,601	535,459	(334,142)	421,181	318,954
LESS CURRENT LIABILITIES					
Accounts Payable	234,053	273,470	39,417	257,339	254,833
Accounts Payable Accrual	9,977	11,473	1,496	11,726	11,984
TOTAL CURRENT LIABILITIES	244,030	284,943	40,913	269,065	266,817
NET WORKING CAPITAL	625,571	250,516	(375,055)	152,116	52,138

Local Authority Shared Services					
Statement of Cashflows					
For the Year Ended 30 June 2017					
	Budget 2015/16	Budget 2016/17	Variance to 16 Budget	Jun- Budget 2017/18	Budget 2018/19
Cashflows from Operating Activities					
Interest Received	2,000	6,500	4,500	6,632	6,767
Receipts from Other Revenue	2,493,568	2,807,386	313,818	2,751,337	2,727,977
Payments to Suppliers	(2,337,965)	(2,875,749)	(537,784)	(2,764,573)	(2,726,425)
Taxes Paid	(560)	(1,820)	(1,260)	(1,857)	(1,895)
Goods & Services tax (net)	(20,629)	4,598	25,227	(1,560)	11,413
Net cash from operating activities	136,414	(59,085)	(195,499)	(10,022)	17,837
Purchase of Intangible Assets	(10,000)	(10,190)	(190)	(10,414)	(10,643)
Net cash from investing activities	(10,000)	(10,190)	(190)	(10,414)	(10,643)
Net increase in cash, cash equivalents and bank accounts	126,415	(69,275)	(195,690)	(20,435)	7,194
Opening cash and cash equivalents and bank overdrafts	272,416	435,363	162,947	371,790	346,485
Closing cash, cash equivalents and bank accounts	398,831	366,088	(32,743)	351,355	353,679
Summary of Bank Accounts					
BNZ - Call a/c	398,831	371,790	(27,041)	346,485	353,697
Closing Balance of Bank	398,831	371,790	(27,041)	346,485	353,697

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469338
Report Title	Local Authority Shared Services Limited Six Monthly Report

1. Executive Summary

To report to the Committee the progress with Local Authority Shared Services Limited (LASS) for the six months to 31 December 2015.

Both financial and non-financial performance are tracking well against expected 2015/16 outcomes. Expenditure for the period has been lower than anticipated in relation to company administration and Waikato Regional Transportation Model (WRTM) costs. Revenue, however, is above budgeted levels as a result of Shared Valuation Database Service (SVDS) data sales, revenue in advance for the Waikato Regional Aerial Photography Service (WRAPS) and higher interest income.

LASS have achieved all but three of their Statement of Intent objectives for 2015/16. The following are on track to be delivered by the end of the year:

- WRTM independent peer review has been scheduled following census data updates,
- Shareholder survey will be undertaken in March, and
- Two more procurement initiatives (laboratory services has been implemented) to be delivered in relation to establishing a legal services panel and an IT professional services panel.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Local Authority Shared Services Limited Six Monthly Report - be received.

Attachment(s) – *Local Authority Shared Services Limited – Six Monthly Report to Shareholders – 1 July 2015 to 31 December 2015*



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SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2015 to 31 December 2015

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Local Authority Shared Services Limited – 6 Monthly Report

Waikato Local Authority Shared Services Limited (LASS) was incorporated in December 2005. Each of the 12 Waikato councils owns an equal number of shares in LASS and as such has an equal say in its development. This report covers the 6-month period from 1 July to 31 December 2015, as required by Section 66 of the Local Government Act 2002.

Objectives of LASS

LASS was established principally to provide the Councils in the Waikato Region with a vehicle to procure shared services. Its key purpose is to drive collaboration between councils, to improve customer service and performance, and to reduce costs. It provides a mechanism for the development of new services, which are available to be joined by any shareholder that chooses to do so.

LASS also provides administrative and financial support services to the Waikato Mayoral Forum, to enable the successful implementation of Mayoral Forum initiated projects.

The shareholders continue to identify improvements that could be made, such as: implementing shared services related to back-office activities; shared procurement to provide cost savings and consistency; streamlining of work processes; and service improvements. A range of initiatives which could benefit from being managed by LASS continues to be considered by working groups comprising staff from the shareholding councils.

Over the period that the company has been operating, benefits have been delivered in the form of:

- improved levels and quality of service
- a more co-ordinated approach to the provision of services
- reductions in the cost of services
- the development of new initiatives
- standardisation of service levels
- opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives
- economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

These gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM), and a variety of joint procurement services (e.g. insurance and postal services).

The ability of LASS to contribute to a greater extent in terms of shared services and also at a strategic collaboration level has also been the subject of discussion at the Waikato Mayoral Forum.

The LASS Directors continue to seek new opportunities, either from internal investigations or from council or CEO initiatives that are presented to the Board.

Nature and Scope of Current Activities

Services

Currently, three major services operate under the LASS umbrella. A number of shared service procurement contracts are in place, several new initiatives are under investigation, and LASS is providing a support role for the collaborative initiatives of the Waikato Mayoral Forum. These activities are described in more detail below.

The **Shared Valuation Data Service (SVDS)** continues to provide timely and accurate property valuation data to member Councils and shareholders at a reducing cost. The SVDS has become the accepted valuation database in the region, with 10 of the 12 councils participating. Development work has slowed as the enhancement programme has been scaled back. The emphasis now is on individual Councils paying for their own enhancements unless there is a collective benefit.

A review of the management contracts for this service has recently been completed, and significant savings (\$126,000 per annum) have been realised. New contracts to sell the data have also been negotiated, which is bringing in new revenue and further reducing the cost of operating this activity. External revenue now totals over \$200,000 per annum, which reduces the cost to the participating councils.

The **Waikato Regional Transportation Model (WRTM)** became fully operational in February 2010. This model provides accurate information to Councils for their transport modelling requirements. Third parties also contract to LASS to use the model (for a charge). The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. The contract with the model's operations supplier was recently publicly re-tendered, and has been re-let to the Traffic Design Group. It is proposed that this activity will be managed by staff in the Road Asset Technical Accord (RATA) from 1 July 2016, as RATA will be transferring into LASS effective from 1 July 2016.

The **Waikato Regional Aerial Photography Service (WRAPS)** was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been three WRAPS contracts – in 2002, 2007 and 2012. In 2012, the WRAPS members were the councils of the Waikato Region, plus the Department of Conservation and Waikato University. The next WRAPS contract is due to be tendered in 2016/17. Work is currently underway to secure external funding for this project, which will reduce the cost to the participating councils. So far, \$84,000 revenue from third parties has been secured.

Proposed New Services

The transfer of two existing services into LASS has been investigated over the last 6 months and both have been recommended to proceed by the LASS Board. The proposed new LASS services are the **Road Asset Technical Accord (RATA)** and the **Waikato Building Consent Group (WBCG)**. These two proposals will be consulted on with shareholders as part of the draft Statement of Intent for 2016/17.

Benefits Review

A key achievement over the last 6-months has been the analysis and compilation of the benefits that have been achieved by LASS since its inception. A report describing these achievements, titled "*Collaboration in Action*", was published in August 2015 and presentations on the findings were made to the Mayoral Forum in September 2015, and to a special workshop for elected members, which was held at Lake Karapiro in November 2015. A copy of the report is available on request to the Company Secretary.

Procurement

LASS is a party to numerous **Procurement Contracts** which provide value to the participating councils. Current LASS contracts include: a variety of **Insurance** coverage (Brokerage Services, Material Damage / Business Interruption Insurance, Infrastructure Insurance, Motor Vehicle Fleet Insurance); **computer-generated print, mail-house and e-Services**; a **Professional Services Procurement (PSP) Panel**; an **Accommodation** provider; **water and wastewater treatment plant chemicals**; a **Financial Reporting** tool; a **Fleet Management** system; a **GPS tracking** system; an **Economic profiler**; as well as access to **N3** (previously the Government Stores Board), **All of Government** contracts, and **Syndicated contracts**.

The existing LASS contract with NZ Post for **postal and courier services** was recently extended for a further two years, on the same terms and conditions. This contract provides annual savings of over \$100,000 and all of the LASS councils are participating in these benefits.

Earlier this year, LASS entered into a Memorandum of Understanding with LINZ to scan the **Waikato Historic Aerial Photos** archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ.

A new shared services contract for the **analysis of water and wastewater samples** has recently been negotiated with Hills Laboratories. All councils will be able to enter into a Joining Agreement with LASS to gain access to the discounted rates. Based on current levels of usage, savings of over \$170,000 per annum are anticipated.

Advisory Groups

Two Advisory Groups have been established: to oversee the work of the Shared Valuation Data Service (SVDS) and the Insurance activities.

The **SVDS Advisory Group** manages the work of the SVDS Contract Manager. The primary role of the Advisory Group (amongst other things) is to recommend measures to enhance the value of SVDS information, to identify and investigate commercial opportunities, and to review the direction of the SVDS service. Membership comprises one representative from each of the service shareholders, with one being elected as Chair. (The current Chair is the representative from Waipa District Council.)

The **Insurance Advisory Group** works with our insurance broker (currently Aon) to deliver economies of scale, to reduce the group's exposure to market increases in premium costs, to enhance cover arrangements and to minimise risk. Membership comprises one representative from each of the service shareholders, with one being elected as Chair. (The current Chair is the representative from Waikato Regional Council.)

Working Parties

The LASS Chief Executive co-ordinates and facilitates a number of Working Parties of council staff. The standing Working Parties are: the **Shared Services Working Party**, which comprises the GM Corporate (or equivalent) from all of the shareholding councils, and which considers and evaluates new shared services opportunities and makes recommendations to the LASS Board; the **Waikato IT Managers' Working Party**, which comprises the IT Managers from all of the shareholding councils, and which investigates collaboration opportunities in the technology space; and the **Procurement Managers' Working Party**, which comprises the Procurement Managers from Hamilton City, Waikato Regional and Waikato District councils, and which manages procurement initiatives on behalf of LASS.

Over the past 6 months, the **Shared Services Working Party** recommended that energy audits be investigated. A stocktake of the energy saving opportunities available in all councils (except

for Hamilton City and Matamata Piako), has now been completed. (Hamilton and Matamata Piako were excluded because they already have energy saving programmes in place, and therefore are not eligible for a subsidy from the Energy Efficiency Conservation Authority – EECA.) Sufficient energy-saving opportunities were identified from the stocktake to justify entering into negotiations with EECA. EECA have recently offered LASS a 3-year Collaboration Agreement, which will bring in \$210,000 in subsidies, subject to the achievement of specific energy-saving milestones. All of the eligible councils, except for Thames Coromandel, have agreed to participate in this programme, which will be considered by the LASS Board in February 2016.

The Shared Services Working Party has also initiated a review of vehicle fleet operations, to assess the feasibility of things like fleet sharing and other strategic opportunities for fleet management.

The primary focus of the **Waikato IT Managers' Working Party** over the past six months has been the development of a GIS Data Portal, which will provide easy, secure access to spatial tools, information and data, and provide a map viewer for the whole of the Waikato region, including a link to Civil Defence and Emergency Management information. The initial datasets will include the historic aerial photos archive, 3-waters pipe networks and District Plan zones, and will be expanded over time. The portal is expected to come on-line early in 2016.

Representatives from the **IT Managers' Working Party** are also involved with the Waikato Regional Aerial Photography Syndicate (WRAPS).

Current projects being led by representatives of the **Procurement Managers' Working Party** include the establishment of a Legal Services Panel and an IT Professional Services Panel (both of these Panels are expected to be in place by 1 July 2016).

Over the past 6 months, two new Working Parties have been established: a **Health and Safety Working Party** and an **Asset Valuation Working Party**.

The purpose of the **Health & Safety Working Party** is to identify issues arising from the new Health and Safety legislation which need to be addressed by the participating councils; to identify areas where Health and Safety policy, procedures and guidelines need to be developed (which are applicable to all of the councils); to develop standard reporting measures for health and safety; to develop draft Health and Safety policies, procedures and guidelines; and to make recommendations to the LASS Board. All of the LASS councils are now represented on the Working Party. The Working Party was responsible for organising training sessions on the new health and safety legislation for elected representatives, chief executives and staff in November 2015. These sessions were well attended and positive feedback was received from the attendees.

The purpose of the **Asset Valuation Working Party** is to collate data on the current asset lives being used by all councils, to enable recommendations to be developed for transitioning to standard or consistent asset lives, and to identify where changes (and possibly reductions) to depreciation rates may be appropriate. Asset condition data has recently been collected for the 3 waters, noting that the collection of roading data is being managed through the RATA project. A standard process map for valuing assets, aimed at reducing the reliance on default values and minimising the use of overly conservative values, to help reduce the risk of over-depreciation, is currently being developed.

A number of other shared services procurement initiatives are currently under investigation and will be reported on in the Annual Report.

Waikato Mayoral Forum

The Mayoral Forum initially established six working parties to investigate collaborative opportunities in the areas of governance, planning, waters, roading, economic development, and policy and bylaws.

The governance work stream is currently in abeyance. The Waikato Spatial Plan work stream is now known as the Waikato Plan, and is governed by a Joint Committee, which was established in July 2015. The two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils, who are investigating a future delivery model for water services across the three councils.

As noted above, the roading work stream (now called RATA) is proposed for transfer into LASS from 1 July 2016. Finally, the Economic Development work stream has developed a strategy, and implementation of the “Waikato Means Business” plan was devolved to an independent Steering Group in July 2015.

LASS provides administrative support to the Mayoral Forum, and also administers the collective funding for each of these work streams, invoicing each of the participating councils and paying all of the approved invoices for each work stream.

Service Performance

The **Shared Valuation Data Service (SVDS)** has continued to operate effectively in supplying timely and accurate information and is considered to be operating in a “steady state”. No interest has been shown by councils outside the region to join, although preliminary discussions are being held with councils in the South Island West Coast region. The Advisory Group has undertaken a review of the development roadmap and scaled down future planned development. Any further development will require a business case prior to proceeding, which has reduced future costs.

Significant benefits continue to accrue to Councils using the SVDS service, including:

- Competition in the Waikato valuation market, with a resultant improved level of service
- Significantly improved data quality, and a minimum of errors
- Standardisation of information and the removal of processing inefficiencies
- Quicker and more efficient access to data
- Far greater collaboration between the user Local Authorities.

The SVDS Contract Manager and the Advisory Group are to be congratulated on their excellent management of this important operation.

The **Waikato Regional Transport Model (WRTM)** remains fully operational, and has recently been updated to include the latest census data. The WRTM service contract with the Traffic Design Group (TDG) was recently publicly tendered, and TDG were again successful in winning the contract. The model continues to be an important input to the development of the Waikato Plan.

With the proposed transition of RATA into LASS from 1 July 2016, management of the WRTM will become RATA’s responsibility and the engagement of an external contract manager will no longer be required.

The **Waikato Regional Aerial Photography Service (WRAPS)** became a LASS-managed project in December 2014. The next WRAPS contract is due to be tendered in 2016/17. A working party has been set up to consider the most appropriate technology to be used and the most efficient method for contracting the capture of both rural and the urban imagery.

Discussions are currently being held with other parties to assess their willingness to join the syndicate. The University of Waikato has already signed up to be a funding partner, and both Land Information New Zealand (LINZ) and the NZ Transport Agency (NZTA) have indicated potential interest, which will reduce the cost to the participating councils.

Performance Measures

The following performance measures were included in the Statement of Intent for the 2015/16 financial year. An update on their status as at 31 December 2015 is shown in the table below.

TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>Procurement Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p>	<p>On Track One new procurement initiative has been implemented (Laboratory Services), and two are currently in progress (a Legal Services Panel and an IT Professional Services Panel).</p> <p>Achieved The Laboratory Services contract is expected to save over \$170,000 p.a.</p> <p>Achieved The Laboratory Services contract is an extension of an existing Waikato Regional Council contract, which was originally competitively tendered.</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p>	<p>Achieved Three new collaboration projects are in progress: EECA Collaboration Agreement; transfer of the Waikato Building</p>

		If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Consent group into LASS; the permanent establishment of RATA within LASS. Achieved All three proposals will be subject to approval by resolution of the LASS Board.
Existing LASS Contracts Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The LASS Contracts Register is maintained and managed. Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved The Contracts Register is up-to-date. Achieved The NZ Post contract has been extended for 2 years on the existing terms and conditions.
Cashflow The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly. The LASS Board reviews the financial statements quarterly.	Monthly financial statements show a positive cashflow position.	Achieved Reports on the financial position were considered at LASS Board meetings on 21 August and 3 November 2015.
Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The LASS Board reviews financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved Administration expenditure showed a positive variance of \$17,970 as at 31 December 2015.
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the LASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months. Note that every second report shall be the Annual Report, which includes a report that all of the statutory	Achieved Six-monthly report is being provided. Achieved The 2014/15 LASS Annual Report was sent to all

		requirements of the LASS are being adhered to.	shareholders in November 2015.
<p>Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the LASS.</p> <p>Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive.</p>	<p>The Mayoral Forum is regularly updated on the progress of each approved work stream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>Achieved Progress reports were provided to the Mayoral Forum on 7 September and 16 November 2015.</p> <p>Achieved All approved invoices were paid by the 20th of the month following their receipt.</p>
<p>Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved SVDS was available to users for more than 99% of normal working hours.</p> <p>Not Applicable There has been no capital enhancement work over the last 6 months.</p> <p>Achieved The SVDS Advisory Group met on 6 August and 5 November 2015.</p>
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group - TDG) and reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p>	<p>Achieved All timeframes are being met.</p> <p>Achieved A report recommending awarding the WRTM Operations contract to TDG was approved at a Board teleconference</p>

		The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	on 4 December 2015 On track A peer review is scheduled following the update of the model with the new census data.
Shareholder Survey Shareholders are satisfied with the performance of LASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with LASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	On track The annual shareholders' survey is scheduled for March 2016.
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by LASS.	The benefits of LASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.	Achieved A report on the achievements of LASS, titled "Collaboration in Action", was published in August 2015. A verbal update to elected members was given by the LASS Chief Executive at a special Mayoral Forum meeting at Karapiro on 16 November 2015. Further information on the LASS work programme and achievements are contained in this report.

LASS Financial Position

Expenditure for the LASS Company has been assessed on the basis of the direct cost of management and the Directors' governance role. The Directors have directed that these costs be kept to a minimum.

The LASS Company expenditure for this period was \$1,153,731 against a budget of \$1,199,525. The variance was largely due to under-expenditure in the Company Administration and Waikato Regional Transport Model cost centres.

Revenue was above budget at \$1,410,866 compared to a budget of \$1,362,824. The additional revenue was a result of unbudgeted income received for SVDS data and software sales, revenue in advance for the WRAPs project (which will not take place until 2016/17), and higher interest income.

Overall, revenue was higher than expenditure by \$257,134 against a budget of revenue exceeding expenditure by \$163,299. The timing of the Mayoral Forum project costs was the main contributor.

The combined service costs are shown in the attached financial statements in Appendix 1. The financial statements meet the LASS policies as stated in Appendix 2, as well as complying with the generally accepted international accounting principles.

Outcome of 2014 Audit

Audit New Zealand issued an unmodified audit opinion on 21 August 2015. No recommendations were made.

SVDS Financial Position

The full year forecast currently predicts an out-turn of \$23,077 favourable against the budget. Consideration will be given to reducing the fourth quarter member charges to offset the forecast cash surplus, but this decision will be made closer to the end of the financial year.

The operating costs for SVDS were \$284,637 against a year-to-date budget of \$283,897. Revenue gained from the external sale of data during this period was \$124,113 against a budgeted income of \$96,000.

There were no enhancements to SVDS over this period.

WRTM Financial Position

The net operating deficit as at 31 December was \$26,132. The depreciation charge for this six month period was \$164,061. Income was primarily from shareholder cost recovery of \$86,242.

Forecasted expenditure is currently \$34,356 above budget due to higher costs than budgeted for the re-tendering of the WRTM Operations contract and anticipated higher costs than budgeted for the Future Land Use investigations. These additional costs either will be or have been approved by the WRTM Advisory Group. It is expected that all budgeted expenditure will be recovered from shareholders.

Directors

The Directors appointed for the period that this six monthly report covers were:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Geoff Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Chris Ryan	Chief Executive Officer, Waitomo District Council	Waitomo District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Richard Briggs	Chief Executive(s), Hamilton City Council	Hamilton City Council
David Hammond	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Don McLeod	Chief Executive Officer, Matamata-Piako District Council	Matamata-Piako District Council
Craig Hobbs	Chief Executive, South Waikato District Council	South Waikato District Council
Rob Williams	Chief Executive Officer, Taupo District Council	Taupo District Council
Dave Clibbery	Chief Executive Officer, Otorohanga District Council	Otorohanga District Council

Company Summary
Local Authority Shared Services Ltd
Management Accounts for the Period Ended 31 December 2015

	Notes	Year to Date			Full Year		Last Year
		Actual YTD	Budget	Variance	Budget	Forecast	
Income							
Company Administration Member Charges		169,550	169,550	0	169,550	169,550	87,146
Recovery of Admin Costs		31,343	31,343	(0)	62,686	62,686	44,405
SVDS Member Charges		217,719	217,720	(1)	290,293	290,293	429,777
SVDS Data & Software Sales		124,113	96,000	28,113	192,000	223,670	191,426
TA Valuation Services Recovery		78,500	78,500	0	78,500	78,500	0
SVDS Enhancement Recovery		0	0	0	10,000	10,000	0
WRTM Member Charges		86,242	85,000	1,242	128,143	150,682	206,781
WRTM External Users Recovery		8,028	8,000	28	12,000	12,000	3,390
Mayoral Forum Funding		372,809	372,809	0	1,051,245	1,064,773	535,866
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financials Fee Recovery		0	0	0	46,750	46,750	36,894
Insurance Brokerage Fee Recovery		147,500	147,500	0	147,500	147,500	147,500
Infometrics Fee Recovery		62,400	62,400	0	70,400	62,400	70,400
Asset Valuation Services		0	0	0	0	0	0
Energy Management		16,000	16,000	0	16,000	16,000	0
Health and Safety Working Party		0	0	0	0	0	0
Health and Safety Training		7805	0	7805	0	11680	0
IT Initiatives - GIS Shared Portal		0	0	0	22,334	22,334	0
LG Collaboration Portal		0	0	0	0	0	0
WRAPS Recovery		4,000	0	4,000	0	4,000	0
Historical Aerial Photos Recovery		77,000	77,000	0	77,000	77,000	0
Debt Management Solutions Recovery		0	0	0	0	0	7,880
SISP Funding		0	0	0	0	0	0
Professional Services Panel Funding		0	0	0	0	0	0
Interest Received		7,857	1,002	6,855	2,000	8,500	16,612
Total Income		1,410,866	1,362,824	48,042	2,394,401	2,476,318	1,796,077
Operating Expenditure							
Company Admin Operating Expenditure		91,370	109,340	17,970	233,736	228,796	197,516
SVDS Operating Expenditure		284,637	283,897	(741)	561,293	566,243	665,551
WRTM Operating Expenditure		120,402	157,580	37,178	186,773	221,129	202,528
MF Operating Expenditure		372,809	372,809	0	1,051,245	1,064,773	535,866
Procurement Operating Expenditure		283,705	275,900	(7,805)	375,650	384,330	280,674
SISP Operating Expenditure		808	0	(808)	33,600	34,115	947
PSP Operating Expenditure		0	0	0	0	0	2,767
Total Operating Expenditure		1,153,731	1,199,525	45,794	2,442,297	2,499,386	1,885,849
Earnings before interest, tax and depreciation/ amortisation (EBITA)		257,134	163,299	93,836	(47,896)	(23,069)	(89,773)
Non-Cash Operating Expenditure							
Company Admin Non-Cash Expenditure		85	86	1	171	171	171
SVDS Non-Cash Expenditure		45,607	54,850	9,243	109,699	109,699	91,236
WRTM Non-Cash Expenditure		164,061	164,061	1	328,122	328,122	328,122
Total Non-Cash Operating Expenditure		209,753	218,996	9,244	437,992	437,992	419,529
Earnings before interest and tax		47,381	(55,697)	103,079	(485,888)	(461,061)	(509,302)
Net Surplus (Deficit) before tax		47,381	(55,697)	103,079	(485,888)	(461,061)	(509,302)
CA Net Surplus (Deficit) before tax		117,295	92,218	25,077	(171)	11,769	(50,976)
SVDS Net Surplus (Deficit) before tax		90,087	53,726	36,361	(99,699)	(73,480)	(134,937)
WRTM Net Surplus (Deficit) before tax		(190,193)	(228,641)	38,448	(374,752)	(386,569)	(319,675)
MF Net Surplus (Deficit) before tax		0	0	0	0	0	0
Procurement Net Surplus (Deficit) before tax		31,000	27,000	4,000	0	(1,000)	0
SISP Net Surplus (Deficit) before tax		(808)	0	(808)	(11,266)	(11,781)	(947)
PSP Net Surplus (Deficit) before tax		0	0	0	0	0	(2,767)
Net Surplus (Deficit) before tax		47,381	(55,698)	103,079	(485,888)	(461,061)	(509,302)
Capital Expenditure							
SVDS Enhancements		0	0	0	10,000	10,000	9,441
Total Cash Expenditure (Opex, Interest & Capital)		0	0	0	10,000	10,000	9,441

Local Authority Shared Services Ltd **125**
Management Accounts for the Period Ended 31 December 2015
Company Admin

	Notes	Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year
Income							
Company Administration Member Charges		169,550	169,550	0	169,550	169,550	87,146
Recovery of Admin Costs		31,343	31,343	(0)	62,686	62,686	44,405
Interest Received CA	1	7,857	750	7,107	1,500	8,500	15,161
Total Income		208,750	201,643	7,107	233,736	240,736	146,712
Expenses							
Accounting/ Financial Services		13,338	13,750	412	27,500	27,500	22,673
External Accounting/ Financial Services	2	3,342	2,000	(1,342)	4,000	5,000	3,345
Audit Fees		0	0	0	15,349	15,349	15,145
IT Services		0	92	92	92	92	128
Recruitment Fees		0	0	0	0	0	277
Professional Fees		0	0	0	0	0	1,722
Bank Charges		199	140	(59)	280	320	329
Legal Fees		126	1,250	1,124	2,500	2,500	0
Value Financials Licence Fee		0	0	0	2,600	2,600	2,310
Sundry Expenses		765	600	(165)	1,200	1,400	1,163
Insurance		2,535	2,800	265	2,800	2,535	2,525
Shared Services Contractors		63,991	78,000	14,009	156,000	156,000	132,040
Secretarial Services		1,971	5,708	3,737	11,415	5,500	4,457
Mileage Costs		5,103	5,000	(103)	10,000	10,000	9,978
Write Offs		0	0	0	0	0	1,424
Total Expenses		91,370	109,340	17,970	233,736	228,796	197,516
Earnings before interest, tax and depreciation/ amortisation (EBITA)		117,380	92,304	25,076	0	11,940	(50,805)
Non-Cash Expenses							
Depreciation		85	86	(1)	171	171	171
Earnings before interest and tax		117,295	92,218	25,077	(171)	11,769	(50,976)
Net Surplus (Deficit) before tax		117,295	92,218	25,077	(171)	11,769	(50,976)
Cash Surplus							
Opening Balance		31,600	0	31,600	0	31,600	82,404
plus /(less) transfers	3	(7,767)	0	(7,767)	0	(7,767)	0
Movement for year		117,380	92,304	25,077	0	11,940	(50,805)
Cash Surplus / (Deficit)		141,213	92,304	48,909	0	35,773	31,600

Notes

- 1) Interest received from revenue received in advance for the Mayoral Forum projects is used to offset administrative costs incurred.
- 2) External tax services are higher than budgeted due to additional work needed to be done on tax note for 2014/15 Annual Report due to Audit NZ requests.
- 3) Prior year surplus used to offset \$2,767 for Professional Services Panel deficit, and \$5,000 to fund Health & Safety working party projects.

Local Authority Shared Services Ltd **126**
Management Accounts for the Period Ended 31 December 2015
Shared Valuation Data Service (SVDS)

	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
SVDS Member Charges		217,718	217,720	(2)	290,293	290,293	429,777
TA Valuation Services Recovery		78,500	78,500	0	78,500	78,500	0
SVDS Enhancements Recovery		0	0	0	10,000	10,000	0
SVDS Data & Software Sales	1	124,113	96,000	28,113	192,000	223,670	191,426
Interest Received - SVDS		0	252	(252)	500	0	647
Total Income		420,331	392,472	27,859	571,293	602,463	621,850
Expenses							
Hosting Contract		23,880	24,600	720	49,200	47,760	59,497
Software Contract	2	51,750	47,500	(4,250)	95,000	103,500	145,684
Management Services		139,532	140,750	1,218	276,500	276,033	371,617
TA Valuation Services		38,500	39,250	750	78,500	77,000	0
Contract Management Services		10,988	8,000	(2,988)	16,000	16,000	30,431
Software Support Contingency		0	3,125	3,125	6,250	6,250	0
Secretarial Services		1,924	1,500	(424)	3,000	3,000	2,100
SVDS Review		0	0	0	0	0	13,837
Insurance		1,357	1,500	143	1,500	1,357	1,357
Legal Fees		1,034	2,000	966	4,000	4,000	18,762
Other Expenses		0	0	0	0	0	63
Oncharge of LASS Admin Costs		15,672	15,672	(1)	31,343	31,343	22,203
Total Expenses		284,637	283,897	(741)	561,293	566,243	665,551
Earnings before interest, tax and depreciation/ amortisation (EBITA)		135,694	108,575	27,119	10,000	36,219	(43,701)
Non-Cash Expenses							
Depreciation	3	45,607	54,850	9,243	109,699	109,699	91,236
Earnings before interest and tax		90,087	53,726	36,361	(99,699)	(73,480)	(134,937)
Net Surplus (Deficit) before tax		90,087	53,726	36,361	(99,699)	(73,480)	(134,937)
Capital Expenditure							
SVDS Enhancements		0	0	0	10,000	10,000	9,441
Total Cash Expenditure (Opex, Interest & Capital)		284,637	283,897	(741)	571,293	576,243	674,992
Cash Surplus							
Opening Balance	4	(3,142)	0	(3,142)	0	(3,142)	50,000
plus /(less) transfers		0	0	0	0	0	0
Movement for year		135,694	108,575	27,119	0	26,219	(53,142)
Cash Surplus / (Deficit)		132,552	108,575	23,977	0	23,077	(3,142)

Notes

- 1) Data and Software Sales are higher due to higher revenue than budgeted to be received from Corelogic.
- 2) Slightly higher than budgeted due to actual contract coming in higher than budgeted.
- 3) Depreciation is forecasted to be lower than budget due to a lower value of enhancements than budgeted being made to the asset in 2014/15.
- 4) Prior year cash deficit of \$3,142 due to miscalculation of forecasted savings in management services contract remitted back to members. To be offset by forecasted surplus.

Local Authority Shared Services Ltd **127**
Management Accounts for the Period Ended 31 December 2015
Waikato Regional Transport Model (WRTM)

	Notes	Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year 2014/15
Income							
WRTM Member Charges	1	86,242	85,000	1,242	128,143	150,682	206,781
WRTM External Users Recovery		8,028	8,000	28	12,000	12,000	3,390
Interest Received - WRTM		0	0	0	0	0	804
Total Income		94,270	93,000	1,270	140,143	162,682	210,975
Expenses							
WRTM Project Manager		7,500	9,000	1,500	18,000	18,000	18,000
Minor Model Upgrades		16,187	16,000	(187)	30,000	30,000	17,262
Peer Review		276	2,083	1,807	5,000	5,000	0
Annual Scheduling of Works Review		0	1,875	1,875	4,500	4,500	0
External User Costs		6,690	7,000	310	10,000	10,000	2,825
Census Update	1	8,662	8,000	(662)	14,959	25,408	98,456
Future Land Use Client Input	2	27,983	28,000	18	43,000	59,150	29,790
Tendering for WRTM Contract	3	19,570	13,671	(5,899)	13,671	19,865	12,635
WRTM Base Model Testing		16,506	15,000	(1,506)	15,000	16,506	0
Insurance		1,357	1,300	(57)	1,300	1,357	1,357
Oncharge of LASS Admin Costs		15,672	15,672	(1)	31,343	31,343	22,203
Total Expenses		120,402	157,580	(2,802)	186,773	221,129	202,528
Earnings before interest, tax and depreciation/ amortisation (EBITA)		(26,132)	(64,580)	(1,532)	(46,630)	(58,447)	8,447
Non-Cash Expenses							
Depreciation		164,061	164,061	0	328,122	328,122	328,122
Earnings before interest and tax		(190,193)	(228,641)	(1,532)	(374,752)	(386,569)	(319,675)
Net Surplus (Deficit) before tax		(190,193)	(228,641)	(1,532)	(374,752)	(386,569)	(319,675)
Cash Surplus							
Opening Balance		58,447	0	58,447	46,630	58,447	50,000
plus /(less) transfers		0	0	0	0	0	0
Movement for year		(26,132)	(6,917)	(19,215)	(46,630)	(58,447)	8,447
Cash Surplus / (Deficit)		32,314	(6,917)	39,231	0	(0)	58,447

Notes

- 1) Additional costs incurred as approved by the WRTM advisory group
- 2) Additional costs incurred as approved by the WRTM advisory group
- 3) Additional costs incurred as approved by the WRTM advisory group

Local Authority Shared Services Ltd **128**
Management Accounts for the Period Ended 31 December 2015
Waikato Mayoral Forum

	Notes	Year to Date			Full Year			Project to date
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year	
Income								
Governance		0	0	0	0	0	(570)	7,430
Spatial Plan		0	0	0	319,000	319,000	560,953	1,196,239
Economic Development		0	0	0	0	0	7,636	200,869
Waters		0	0	0	0	0	(12,917)	232,440
Roading (RATA)		203,458	203,458	0	611,245	611,245	767,820	1,070,458
Policy & Bylaws		-	-	-	-	-	66,000	86,000
Regional Infrastructure Tech. Specs.		0	0	0	100,000	100,000	-	0
Policy & Bylaws		10,000	10,000	0	7,000	10,000	-	10,000
Section 17a Review		14,000	14,000	0	7,000	14,000	-	14,000
Administration Costs		0	0	0	7,000	7,000	348	5,348
Revenue		227,458	227,458	0	1,051,245	1,061,245	1,389,270	2,822,784
Less Revenue in Advance	1	145,351	145,351	0	0	3,528	(493,703)	(826,561)
Total Income		372,809	372,809	0	1,051,245	1,064,773	895,567	1,996,223
Expenses								
Governance		0	0	0	0	0	0	7,430
Spatial Plan		219,580	219,580	0	319,000	319,000	297,011	735,770
Economic Development		0	0	0	0	0	29,020	200,869
Waters		0	0	0	0	0	0	232,440
Roading (RATA)		131,163	131,163	0	611,245	611,245	565,897	770,048
Policy & Bylaws		-	-	-	-	-	-	0
Regional Infrastructure Tech. Specs.		0	0	0	100,000	100,000	-	0
Policy & Bylaws		13,528	13,528	0	7,000	13,528	3,291	36,685
Section 17a Review		6,000	6,000	0	7,000	14,000	-	6,000
Administration Costs		2,538	2,538	0	7,000	7,000	348	6,981
Total Expenses		372,809	372,809	0	1,051,245	1,064,773	895,567	1,996,223
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	0	0	0
Earnings before interest and tax		0	0	0	0	0	0	0
Net Surplus (Deficit) before tax		0	0	0	0	0	0	0

Notes

1) The split of the balance of \$826,561 of revenue in advance for individual projects is:

	Admin	Spatial Plan	RATA	Bylaws	Waters	Economic Development	Governance	Total
Revenue	5,348	1,196,239	1,070,458	110,000	232,440	200,869	7,430	2,822,784
Expenditure	6,981	735,770	770,048	42,685	232,440	200,869	7,430	1,996,223
Total Available Funds	(1,633)	460,469	300,410	67,315	0	0	0	826,561

Local Authority Shared Services Ltd **129**
Management Accounts for the Period Ended 31 December 2015
Procurement of Shared Services

	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financials Fee Recovery		0	0	0	46,750	46,750	36,894
Insurance Brokerage Fee Recovery		147,500	147,500	0	147,500	147,500	147,500
Infometrics Fee Recovery		62,400	62,400	0	70,400	62,400	70,400
Asset Valuation Services		0	0	0	0	0	0
Energy Management		16,000	16,000	0	16,000	16,000	0
Health and Safety Working Party		0	0	0	0	0	0
Health and Safety Training	1	7,805	0	7,805	0	11,680	0
WRAPS Recovery	2	4,000	0	4,000	0	4,000	0
Historical Aerial Photos Recovery		77,000	77,000	0	77,000	77,000	0
Debt Management Solutions Recovery		0	0	0	0	0	7,880
Total Income		314,705	302,900	11,805	375,650	383,330	280,674
Expenses							
N3 Membership Fee		0	0	0	18,000	18,000	18,000
Value Financial Fees		0	0	0	46,750	46,750	36,894
Insurance Brokerage Fee Payable		147,500	147,500	0	147,500	147,500	147,500
Infometrics		62,400	62,400	0	70,400	62,400	70,400
Asset Valuation Services		0	0	0	0	0	0
Energy Management		16,000	16,000	0	16,000	16,000	0
Health and Safety Working Party		0	0	0	0	5,000	0
Health and Safety Training	1	7,805	0	(7,805)	0	11,680	0
WRAPS Recovery		0	0	0	0	0	0
Historical Aerial Photos		50,000	50,000	0	77,000	77,000	0
Debt Management Solutions		0	0	0	0	0	7,880
Total Expenses		283,705	275,900	(7,805)	375,650	384,330	280,674
Earnings before interest, tax and depreciation/ amortisation (EBITA)		31,000	27,000	4,000	0	(1,000)	0
Earnings before interest and tax		31,000	27,000	4,000	0	(1,000)	0
Net Surplus (Deficit) before tax		31,000	27,000	4,000	0	(1,000)	0
Cash Surplus							
Opening Balance		0	0	0	0	0	0
plus /(less) transfers	3	5,000	0	5,000	0	5,000	0
Movement for year		31,000	27,000	4,000	0	(1,000)	0
Cash Surplus / (Deficit)		36,000	27,000	9,000	0	4,000	0

Notes

- 1) Not previously budgeted as training was decided in September 2015. Cost recovery from all Councils
- 2) Revenue in advance received from University of Waikato
- 3) Surplus from Company Administration to be allocated to the Health and Safety Working Party for projects

Local Authority Shared Services Ltd **130**
Management Accounts for the Period Ended 31 December 2015
Information Technology

	Notes	Actual YTD	Year to Date Budget	Variance	Budget	Full Year Forecast	Last Year
Income							
SISP Funding		0	0	0	0	0	0
LG Collaboration Portal		0	0	0	0	0	0
IT Initiatives - GIS Shared Portal		0	0	0	22,334	22,334	0
Total Income		0	0	0	22,334	22,334	0
Expenses							
SISP Consultancy Services		0	0	0	0	0	0
LG Collaboration Portal		0	0	0	0	0	0
IT Initiatives - GIS Shared Portal	1	293	0	(293)	33,600	33,600	0
Meeting Expenses		515	0	(515)	0	515	947
Printing and Stationery		0	0	0	0	0	0
Total Expenses		808	0	(808)	33,600	34,115	947
Earnings before interest, tax and depreciation/ amortisation (EBITA)	2	(808)	0	(808)	(11,266)	(11,781)	(947)
Earnings before interest and tax		(808)	0	(808)	(11,266)	(11,781)	(947)
Net Surplus (Deficit) before tax		(808)	0	(808)	(11,266)	(11,781)	(947)
Cash Surplus							
Opening Balance	2	11,519	11,519	0	11,519	11,519	12,466
plus /(less) transfers		0	0	0	0	0	0
Movement for year		(808)	0	(808)	(33,600)	(34,115)	(947)
Cash Surplus / (Deficit)		10,711	11,519	(808)	(22,081)	(22,596)	11,519

Notes

- 1) Purchase of domains for GIS data portal
- 2) Surplus to be carried over to 2015/16 to fund the GIS Data Portal development

Local Authority Shared Services Ltd **131**
 Management Accounts for the Period Ended 31 December 2015
 Professional Services Panel

	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
Professional Services Panel Funding		0	0	0	0	0	0
Total Income		0	0	0	0	0	0
Expenses							
Consultancy Services		0	0	0	0	0	2,767
Total Expenses		0	0	0	0	0	2,767
Earnings before interest, tax and depreciation/ amortisation (EBITA)							
		0	0	0	0	0	(2,767)
Earnings before interest and tax		0	0	0	0	0	(2,767)
Net Surplus (Deficit) before tax		0	0	0	0	0	(2,767)
Cash Surplus							
Opening Balance		(2,767)	0	(2,767)	0	0	0
plus /(less) transfers	1	2,767	0	2,767	0	0	0
Movement for year		0	0	0	0	0	(2,767)
Cash Surplus / (Deficit)		0	0	0	0	0	(2,767)

Notes

1) 2014/15 Deficit has been offset by Company Administration surplus.

Local Authority Shared Services Ltd
Balance Sheet
As at 31 December 2015

	Notes	Year to Date			Full Year	
		Actual YTD	Budget	Variance	Budget	Last YTD
CAPITAL						
Shares - SVDS		1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM		1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss		(1,924,992)	(1,845,542)	(79,450)	(1,845,542)	(1,415,694)
Plus Current Year Operating Surplus/(Deficit)		47,381	(55,697)	103,079	(485,888)	(509,301)
TOTAL CAPITAL FUNDS		1,079,390	1,055,762	23,628	625,571	1,032,006
ASSETS						
CURRENT ASSETS						
Prepayments		1,913	0	1,913	2,990	149,413
Accounts Receivable	1	346,989	37,800	309,189	15,167	781,855
Accounts Receivable Accruals		4,321	0	4,321	0	21,836
Accrued Interest		351	0	351	0	345
RWT On Interest		7,001	560	6,441	560	4,802
Local Authority Shared Services 00	2	379,424	0	379,424	0	29,041
Local Authority Shared Services On-Call	2	642,357	369,168	273,189	398,831	620,178
BNZ - Term Deposit 020		44,938	0	44,938	0	44,396
GST Paid		6,557	6,452	105	(32,833)	(21,003)
TOTAL CURRENT ASSETS		1,433,850	413,980	1,019,870	384,715	1,630,865
NON-CURRENT ASSETS						
SVDS - Intangible Asset		3,065,310	3,070,875	(5,565)	3,080,875	3,065,316
WRTM - Intangible Asset		2,296,855	2,296,855	(0)	2,296,855	2,296,855
MoneyWorks Software		1,195	1,195	0	1,195	1,195
Accumulated Depreciation	3	(4,662,118)	(4,675,043)	12,925	(4,894,039)	(4,452,365)
TOTAL NON-CURRENT ASSETS		701,241	693,882	7,359	484,886	911,001
NET ASSETS		2,135,092	1,107,862	1,027,230	869,601	2,541,866
LESS CURRENT LIABILITIES						
Accounts Payable		208,620	52,100	156,520	234,053	492,150
Accounts Payable Accrual		10,054	0	10,054	9,977	45,094
ACC Prepayments		52	0	52	0	52
RWT On Payments		3,960	0	3,960	0	990
Revenue in Advance	4	833,015	0	833,015	0	971,573
TOTAL CURRENT LIABILITIES		1,055,702	52,100	1,003,601	244,030	1,509,859
NET WORKING CAPITAL		1,079,390	1,055,762	23,628	625,571	1,032,006

Notes

- 1) Outstanding Receivables are expected to be received in January. No issues to note.
- 2) Funds are higher than budgeted primarily due to Mayoral Forum funds not yet spent.
- 3) Accumulated depreciation is lower than budget due to a lower value of enhancements than budgeted made to the SVDS asset in 2014/15
- 4) Unbudgeted revenue in advance relates primarily to contributions for the Mayoral Forum projects.

Local Authority Shared Services Ltd
Statement of Cashflows
As at 31 December 2015

	Actual YTD	Full Year	Last YTD
Cashflows from Operating Activities			
Interest Received	7,863	2,000	16,538
Receipts from Other Revenue	1,685,272	2,493,568	2,280,922
Payments to Suppliers	(1,314,459)	(2,337,965)	(2,101,635)
Taxes Paid	772	(560)	5,330
Goods & Services tax (net)	(6,344)	(20,629)	59,305
Net cash from operating activities	373,103	136,415	260,460
<hr/>			
Purchase of Intangible Assets	0	(10,000)	(9,441)
Net cash from investing activities	0	(10,000)	(9,441)
<hr/>			
Net increase in cash, cash equivalents and bank accounts	373,103	126,415	251,019
Opening cash and cash equivalents and bank overdrafts	693,617	272,416	442,598
<hr/>			
Closing cash, cash equivalents and bank accounts	1,066,719	398,831	693,617
<hr/>			
Summary of Bank Accounts			
BNZ - Cheque a/c	379,424	0	29,042
BNZ - Call a/c	642,357	398,831	620,179
Term Deposit	44,938	0	44,396
Closing Balance of Bank	1,066,719	398,831	693,617

Appendix 2

The following policies have been adhered to in the completion of this financial report:

Changes to NZ Accounting Standards

LASS transitioned to the new Public Sector Public Benefit Entities (PBE) accounting standards for the year ended 30 June 2015. LASS is eligible to report in accordance with the Tier 2 PBE accounting standards.

Accounting Principles

Financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (GAAP), the Financial Reporting Act 1993 and NZ IFRS Standards.

Specific Accounting Principles

The following particular principles which have a significant effect on the measurement of financial position apply:

- Receivables are recorded at their face value, less any provisions for impairment.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.

Intangible Assets

Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but over no greater than seven years.

Depreciation is provided on a straight line basis on all assets other than land, and align with normal accepted depreciation for the types of services being developed.

Impairment Testing

Assets with a finite life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Inventories

It is not envisaged that the company will hold inventories, other than those that might relate to providing electronic services to a number of parties. They are valued at net realisable value.

Taxation

Taxation is provided as required against the company in line with the required legislation.

Audit

In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Office of the Auditor General is responsible for auditing the company's financial statements.

Dividend Payments

It is not envisaged that the Board will make any recommendation about dividend, as the shared services are on a cost recovery basis and any savings will be used to reduce service costs or to reinvest in new services or upgrades.

Consolidated Shareholders' Funds

In accordance with the Local Government Act 2002, the ratio of Consolidated Shareholders' Funds to Total Assets has been included within the Statement of Financial Position (Balance Sheet).

Consolidated Shareholders' Funds are defined as the sum of retained earnings, reserves and paid-up share capital.

Assets

Total Assets include Current and Non-Current Assets, as disclosed in the Statement of Financial Position (Balance Sheet). This includes, but is not limited to, Bank, Debtors and Operational Assets.

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469301
Report Title	Local Government Funding Agency six month report

1. Executive Summary

The attached interim report for the Local Government Funding Agency (LGFA) provides an update on the agencies performance over the past six months and outlines the key areas of focus for the remainder of the year.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Local Government Funding Agency six month report – be received.

Attachment(s) – *Cover letter from the Chief Executive LGFA*

LGFA half year report to December 2015

29 February 2016

Dear Stakeholder

LGFA Half Year Report for six month period to 31 December 2015

I attach our Interim Report for the six month period to 31 December 2015 as required under section 8 of our Statement of Intent (SOI).

We are pleased to highlight another strong period for LGFA that included a number of achievements.

1. **We have made longer dated borrowing options available to our council borrowers**
By 31 December 2015, LGFA had lent \$5.679 billion to forty-six participating councils. This is an increase of \$700 million from June 2015 and \$1.159 billion from December 2014. The average term of LGFA loans to councils in the six month period was a record 9.19 years. Bespoke lending where a council can chose its own borrowing terms remains popular with \$178 million or 25% of our new lending over the six month period in this product.
2. **We commenced issuing LGFA Bills and introduced short dated lending.**
We offered short dated lending to councils for the first time in November 2015 and this has proven successful with \$84 million lent to six councils as at today. It is pleasing that LGFA is now providing interest savings to councils for both short dated and long dated borrowing.
3. **A strong financial position and credit rating agency recognition of the credit quality of LGFA**
The financial strength of LGFA has been enhanced with a Net Operating Profit of \$4.769 million achieved for the six month period, compared to \$4.468 million for the comparable period to December 2014. The strong financial strength of the organisation supports our high credit rating. During the period, both S&P and Fitch reaffirmed our credit rating at AA+.
4. **NZX listing and new members**
In November 2015 we listed \$5.56 billion of LGFA bonds on the NZX Debt market in the largest listing of securities in New Zealand history. The listing provides greater access for retail investors to invest in LGFA bonds, assists with growing our offshore investor base and is best practice from an investor and corporate governance perspective.
Finally we welcome Buller District Council and Canterbury Regional Council as new members of LGFA, bringing the total number of Participating Local Authorities to forty-seven.

Please do not hesitate to contact me if you have any comments or questions regarding the Interim Report.

Kind regards



Mark Butcher
Chief Executive



NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

HALF YEAR Report

31 DECEMBER 2015





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Cover: The newly refurbished Upper Hutt Train Station. Upper Hutt City Council.

Left: Construction of a new road layout at Narrow Bridge, Ngatimoti, Tasman. Tasman District Council.



CHAIRMAN'S REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

"LGFA continues to provide high quality service to our local government stakeholders while introducing new products and growing our membership."

Craig Stobo, Chairman LGFA Board



Directors would like to highlight the following developments at LGFA for the interim results for the six months to December 2015:

1. Strong Financial and Operational Performance

LGFA total interest income for the six-month period of \$134.2 million was a 28.3% increase over the 2014-15 comparable period of \$104.6 million while Net Operating Profit of \$4.8 million was a 6.7% increase on the 2014-15 comparable period of \$4.5 million. Operating expenses were higher as a result of the listing of LGFA bonds on the NZX and increased Approved Issuer Levy (AIL) payments incurred as offshore investor holdings of LGFA bonds grow. The financial strength of the LGFA was reaffirmed by credit rating agencies Standard and Poor's and Fitch who maintained our credit rating at AA+. Our credit rating is the same as the NZ Government.

LGFA commenced nearly all front, middle and back office activities from 1 July 2015 following the transition of services previously undertaken on our behalf by the NZ Debt Management Office. It was pleasing to note that the new Treasury Management System was completed on time and under budget.

2. Borrowing activity

LGFA has now issued \$5.665 billion of bonds on behalf of its Council members across six maturities from 2017 to 2027. LGFA is now one of the largest issuer of NZD securities after the NZ Government and our bonds are amongst the largest and most liquid NZD debt instruments available for investors.

LGFA successfully launched its short-dated LGFA Bill programme in October 2015 and now auctions 3-month and 6-month LGFA Bills on a monthly basis.

On 16 November 2015, LGFA listed its bonds on the NZX Debt Market and this will increase our domestic and offshore investor base and add to liquidity.

3. Lending to the sector

LGFA was established four years ago to provide long-dated borrowing, certainty of access to markets and reduce the borrowing costs for the local government sector. It is pleasing to note the following achievements over the past six months:

- We added two new members, Canterbury Regional Council and Buller District Council, bringing total membership to forty-seven councils.

Left: Construction of the Stopbank Cycle Track. Upper Hutt City Council.

- Bespoke lending continues to be popular for councils in that it provides flexibility as to maturity dates of borrowing and the date of drawdown. LGFA lent \$178 million on a bespoke basis for the six-month period. This was approximately 25% of our total lending over that six-month period.
- Following the issuance of LGFA Bills we were able to offer short-dated lending (less than 365 day terms) to councils. LGFA in the first month of this initiative had lent \$44 million to three councils.
- The tenor of lending by LGFA to the sector continued to lengthen with the average term of borrowing by councils increasing to 9.2 years in the six-month period.

There have been some changes to the governance of LGFA following the November 2015 AGM. I would like to welcome Linda Robertson and Mike Timmer to the LGFA board and acknowledge the contribution of Paul Anderson who has retired as a director. Paul, as Christchurch City Council Chief Financial Officer, was a member of the Tight Nine that seed funded the LGFA concept, a member of the LGFA Establishment Board and then the LGFA Board when the company was incorporated in December 2011. Paul has made a significant contribution to the success of LGFA and I wish to express my thanks to him for his efforts.

The next six months will be a challenging period for borrowers as a result of the recent market volatility and deteriorating credit market sentiment. I believe however that LGFA is well positioned to continue to deliver relative cost savings to the sector.

Craig Stobo
Chairman, LGFA Board

STATEMENT OF SERVICE PERFORMANCE



Construction of a new road layout at Narrow Bridge, Ngatimoti, replacing an old bridge constructed in the 1930s. Tasman District Council.

STATEMENT OF SERVICE PERFORMANCE

Performance Against Objectives and Performance Targets

1 Primary objectives

LGFA operates with two primary objectives

1. Optimising the debt funding terms and conditions for participating local authorities.
2. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector:

1.1 Optimising the debt funding terms and conditions for participating local authorities

(i) Providing savings in annual interest costs for all Participating Local Authorities

LGFA measures the pricing performance of bond tenders against two key benchmarks:

- LGFA aims to reduce its margin over New Zealand Government bonds (NZGBs).
- LGFA aims to minimise its margin over swap rates to provide cost-effective funding to councils.

The LGFA margin to swap and NZGB will depend upon a number of factors including the relative demand and supply of high grade bonds, general credit market conditions, performance of NZGBs and swap rates, investor perceptions of LGFA and the issuance volume and tenor of LGFA bonds.

Given that LGFA tends to match fund its on-lending to councils, ie. tends to issue bonds in the same tenor and volume as its on-lending. As a result LGFA only has influence over investor perception amongst the above factors that determine LGFA spreads to NZGB and swap.

There will be periods within the interest rate and credit market cycles when LGFA bonds will outperform its benchmarks (spreads narrowing) and there will be periods of time when LGFA bonds underperform (spreads widening).

LGFA spreads to its benchmarks have narrowed since it first began issuing bonds in February 2012 but these spreads have widened from the historical lows over the past six months.

Over the course of the six-month period to 31 December 2015:

- LGFA margins to NZGB widened by between 3 bps (2017s) and 17 bps (2027s).
- LGFA margins to swap widened by between 11 bps (2019s) and 32 bps (2027s).

These secondary market pricing movements are summarised in the following tables:

Margins – 15 December 2017	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	36	39	3
NZGB margin to swap	(29)	(20)	9
LGFA margin to swap	7	19	12

Margins – 15 March 2019	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	44	47	3
NZGB margin to swap	(33)	(25)	8
LGFA margin to swap	11	22	11

STATEMENT OF SERVICE PERFORMANCE

Margins – 15 April 2020	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	49	56	7
NZGB margin to swap	(34)	(27)	7
LGFA margin to swap	15	29	14

Margins – 15 May 2021	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	58	67	9
NZGB margin to swap	(42)	(32)	10
LGFA margin to swap	16	35	19

Margins – 15 April 2023	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	67	79	12
NZGB margin to swap	(47)	(33)	14
LGFA margin to swap	20	46	26

Margins – 15 April 2027	As at 30 June 2015 (bps)	As at 31 Dec 2015 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	71	88	17
NZGB margin to swap	(40)	(25)	15
LGFA margin to swap	31	63	32

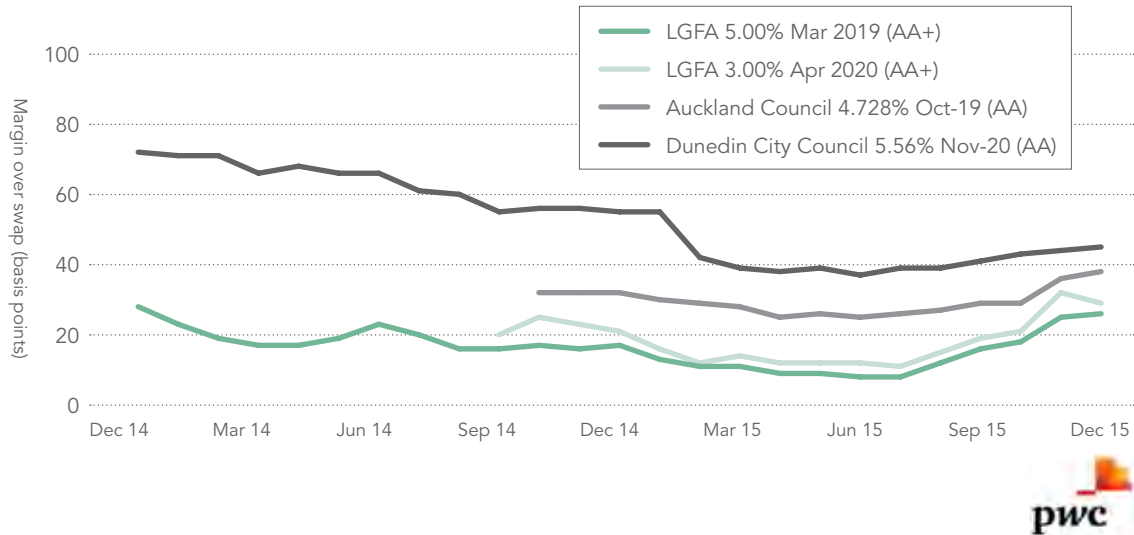
The widening in our margin to swap and NZGB over the past six months has reversed the improvement in the 2014-15 year. Until July 2015, credit market conditions were strong and there was growing offshore investor interest in LGFA bonds. Margins on LGFA bonds to NZGB or swap were at or near historical lows in June 2015.

Over the past six months there has been a number of factors that have led to a widening in spreads for all borrowers. Global investors have been concerned over the global economic outlook and the implications of the US Federal Reserve raising the Fed Funds rate. As a result there has been a reduction in risk sentiment and this has reduced demand for NZD investments and for bonds issued by all non-sovereign borrowers, eg. the margin to swap on the World Bank October 2021 issue widened by 14 bps over the same period and the margin to swap on the KBN February 2024 issue widened by 26 bps.

While LGFA continues to provide cost savings to councils, our estimate of savings for AA-rated councils has diminished over the past six months. This is because although margins for our benchmark councils (Auckland and Dunedin) have widened, they have not widened as much as the LGFA margins. These two councils have not issued as much debt (\$50 million between them) compared to previous periods whereas LGFA remains a large issuer (\$710 million) over the same period. Our two benchmark councils also benefit from a general shortage of single name council debt since most councils are now borrowing from LGFA.

STATEMENT OF SERVICE PERFORMANCE

LGFA March 2019 and April 2020 secondary market credit margin over swap



From the table below we estimate that as at 31 December 2015, LGFA was saving AA-rated councils approximately 11 bps for a 2019 (four year) maturity.

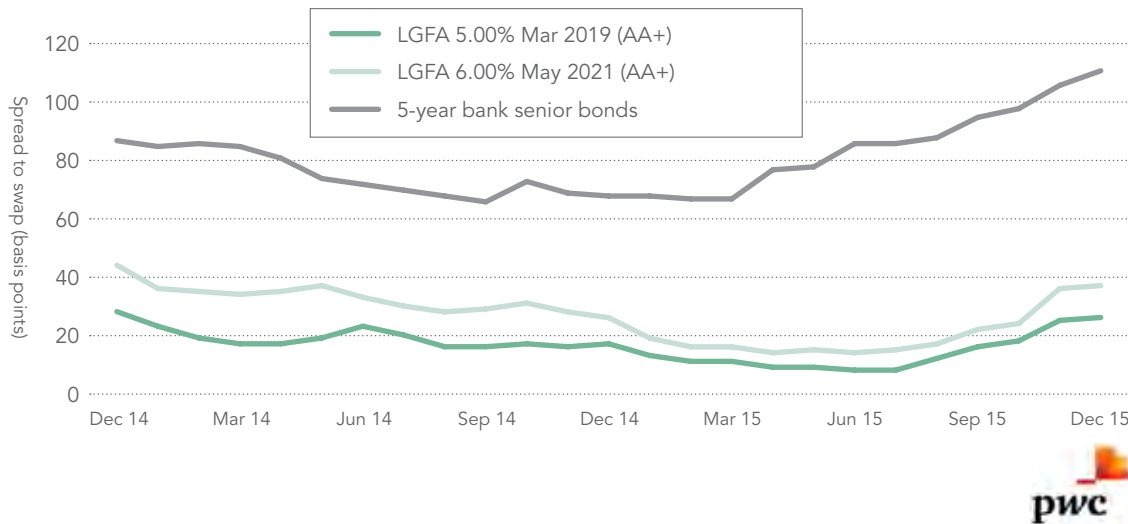
31 December 2015	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA-rated councils margin to swap	35	45	50	59	69
Less LGFA margin to swap	-25	-29	-35	-41	-54
LGFA Gross Funding Advantage	10	16	15	18	15
Less LGFA Base Margin	-9	-10	-10	-10.5	-11
LGFA Net Funding Advantage	1	6	5	7.5	4
Add 'LGFA Effect' *	10	10	10	10	10
Total Saving	11 bps	16 bps	15 bps	17.5 bps	14 bps

* The 'LGFA effect' represents the estimated conservative reduction in AA-rated council's margin to swap as a result of LGFA operations. From May to June 2012, the margin to swap for AA-rated councils fell by 10 bps, with no corresponding move in swap spreads for other borrowers. This suggests that potential access to cost-effective LGFA funding has enabled these councils to reduce their borrowing margin by around 10 bps.

It should be noted that although the costs savings for the sector have diminished over the past six months, LGFA remains the cheapest source of borrowing for the sector as illustrated in the following chart which shows the widening borrowing cost for banks.

STATEMENT OF SERVICE PERFORMANCE

LGFA March 2019 and April 2020 secondary market credit margin over swap



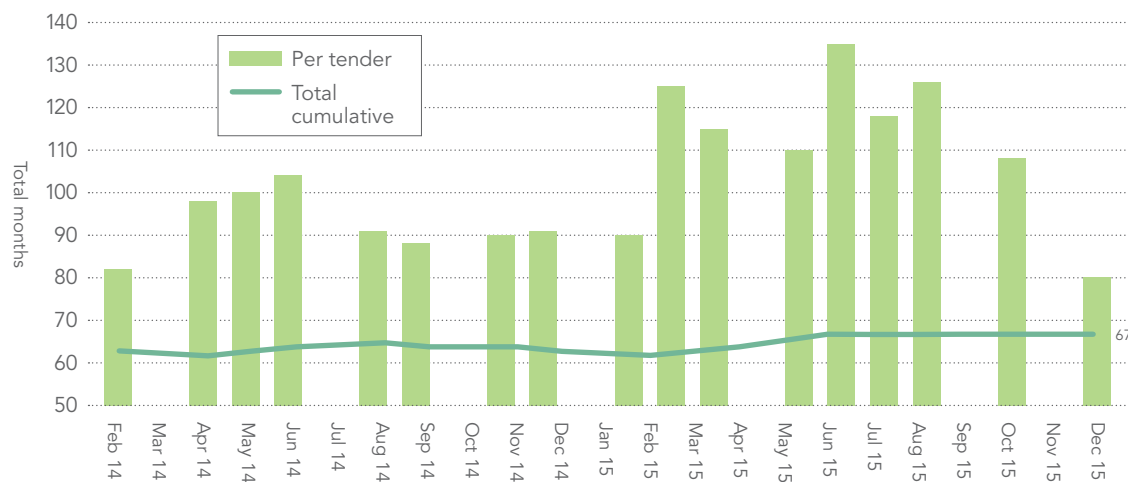
(ii) Making longer-term borrowings available to participating local authorities

Over the past six months, LGFA offered two maturity dates for borrowing in excess of seven years to participating councils:

- 15 April 2023 bond (seven years) and this maturity has comprised 15.5% of total issuance in the past six months, and
- 15 April 2027 (eleven years) and this maturity comprised 53.5% of our issuance in the past six months.

The following chart shows the average months to maturity for LGFA bonds issued at each tender, and the average months to maturity for all LGFA bonds outstanding at each tender. Over the past year the average maturity of LGFA bonds on issue has lengthened by four months to 67 months (despite a natural 12-month shortening in time).

Average total months to maturity

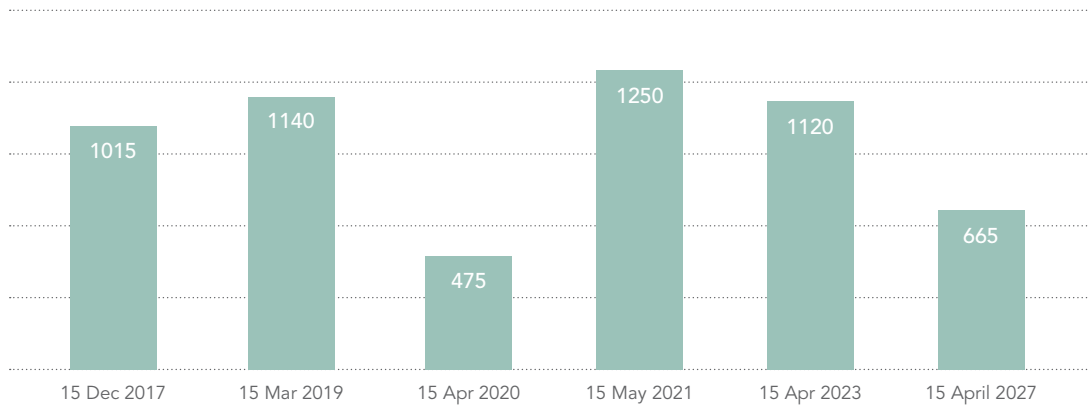


The average term of borrowing by Councils from LGFA was approximately 9.2 years for the six-month period to 31 December 2015. This compares favourably to the average term of 8.1 years for the 2014-15 year.

STATEMENT OF SERVICE PERFORMANCE

The following chart shows the total LGFA bond outstandings by maturity as at 31 December 2015.

LGFA bond outstandings as at 31 December 2015 (\$ million)



Over the six-month period to 31 December 2015 LGFA issued \$710 million of debt with a weighted average maturity of 8.9 years. This compares favourably to an average maturity for the 2014-15 year of 7.9 years. Approximately 69% of LGFA bond issuance for the six-month period was in the two longest dated maturities – 2023 and 2027.

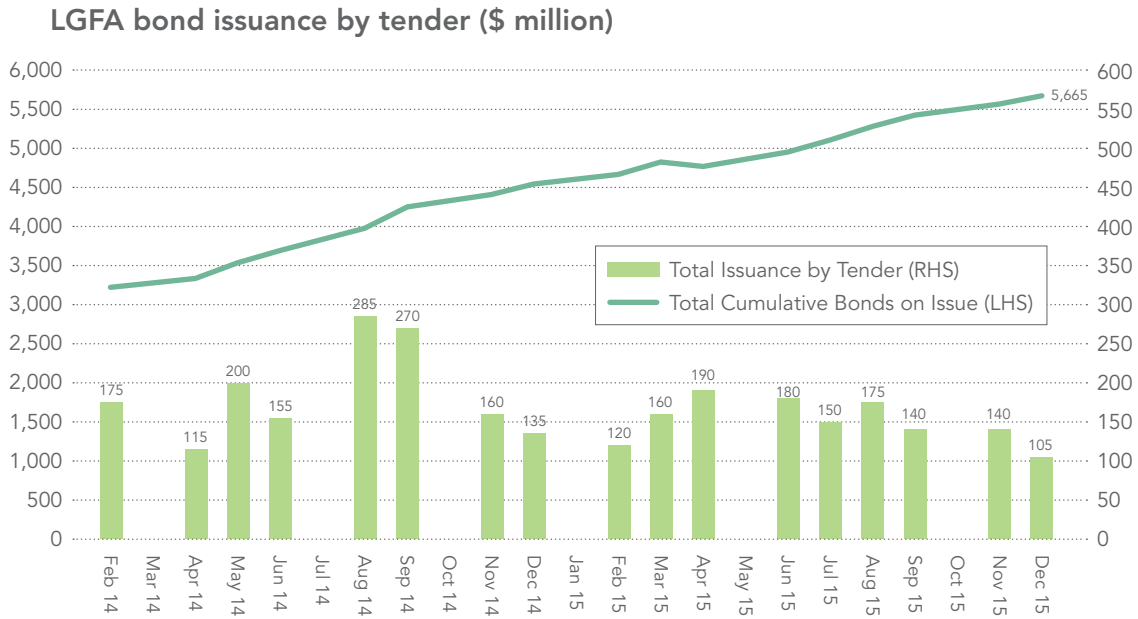
July 2015 – December 2015 LGFA Bond Issuance

Dec-17	Mar-19	Apr-20	May-21	Apr-23	Apr-27	Total
\$ nil	\$30 million	\$110 million	\$80 million	\$110 million	\$380 million	\$710 million
0.0%	4.2%	15.5%	11.3%	15.5%	53.5%	100%

(iii) **Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice**

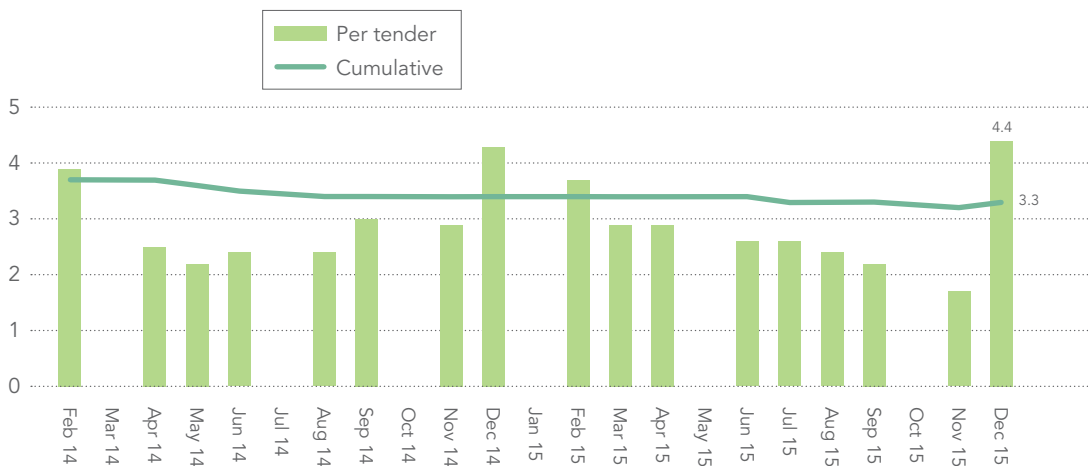
LGFA held five tenders during the six-month period to 31 December 2015, with an average tender volume of \$142 million. The volume offered at each tender ranged from \$105 million to \$175 million and all tenders were successful and fully subscribed. Total issuance during the six-month period of \$710 million resulted in nominal outstandings of LGFA bonds of \$5.655 billion as at 31 December 2015.

STATEMENT OF SERVICE PERFORMANCE



Over the six-month period to 31 December 2015, total bids received across the five tenders were \$1.8 billion for the \$710 million of LGFA bonds offered resulting in a coverage ratio of 2.6 times. The LGFA cover ratio for each tender and the cumulative ratio for tenders over the past two years are shown in the following chart.

Tender cover ratio



While the coverage ratio for the past six months is lower than the average coverage ratio of 3.3 times since LGFA first commenced issuing in February 2012, this is not surprising given the longer duration of LGFA bonds being currently tendered, the smaller tranche sizes now being offered in the shorter dated LGFA maturities, tight spreads to both NZGB and swap and low outright yields. Furthermore, offshore investor demand for LGFA securities has been noted in the secondary market rather than at LGFA tenders.

While LGFA issues fixed coupon debt to investors, Councils were provided the choice of either fixed or floating rate borrowing for their borrowing from LGFA. Councils tend to borrow on a floating rate basis from LGFA.

STATEMENT OF SERVICE PERFORMANCE

Improved certainty of access for councils was achieved with the commencement of bespoke lending in February 2015 and short-dated lending (less than one-year terms) in November 2015. Bespoke lending allows councils to have flexibility in the tenor of their borrowing and the timing of their drawdown.

(iv) **Offering more flexible lending terms to Participating Local Authorities**

The successful introduction of bespoke lending and short-dated lending has provided councils with flexible lending conditions.

LGFA first offered bespoke lending in February 2015 where council borrowers could select their preferred borrowing maturity date and their preferred date of borrowing drawdown. In the six-month period to 31 December 2015 LGFA lent \$178 million on a bespoke basis across 23 transactions. Total bespoke lending outstanding as at 31 December 2015 was \$257 million.

LGFA first offered short-dated lending to councils in November 2015 and to date has lent \$44 million to three councils. Councils can now borrow on attractive terms out to 364 days where previously the shortest borrowing maturity was to December 2017.

1.2 LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:

(i) **LGFA will review each Participating Local Authority's financial position, its financial head-room under LGFA policies and visit each Participating Local Authority on an annual basis**

LGFA undertakes a detailed financial assessment on each of its borrowers and meets with all member councils on an annual basis while monitoring council performance throughout the year. LGFA reviews the Annual and Long Term Plans for each council and the annual financial statements. LGFA assigns an internal credit rating to each of its council members as part of the review exercise. All council members were compliant with LGFA covenants at June 2015.

(ii) **LGFA will commence work on analysing finances at the Council group level in addition to parent level. Previously the analysis was undertaken at the Council parent level**

As in previous years we continue to analyse the financial position of each council on a Group basis where appropriate e.g. where council services are delivered through subsidiaries or holds substantial investments in subsidiaries.

(iii) **LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues**

LGFA staff and directors have met with the OAG during the past six months and staff have met with DIA. LGFA has presented at each of the two LGNZ quarterly media briefings during the six-month period and authored the LGNZ report on local government sector finances in December 2015.

2 Additional objectives

LGFA has a number of additional objectives which complement the primary objectives. These additional objectives are to:

2.1 Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6 of the Statement of Intent

The LGFA's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA cost of funds plus 2% over the medium term.

STATEMENT OF SERVICE PERFORMANCE

Due to higher lending volumes and expenditure being contained close to budget we expect profitability to be sufficient to make a dividend payment.

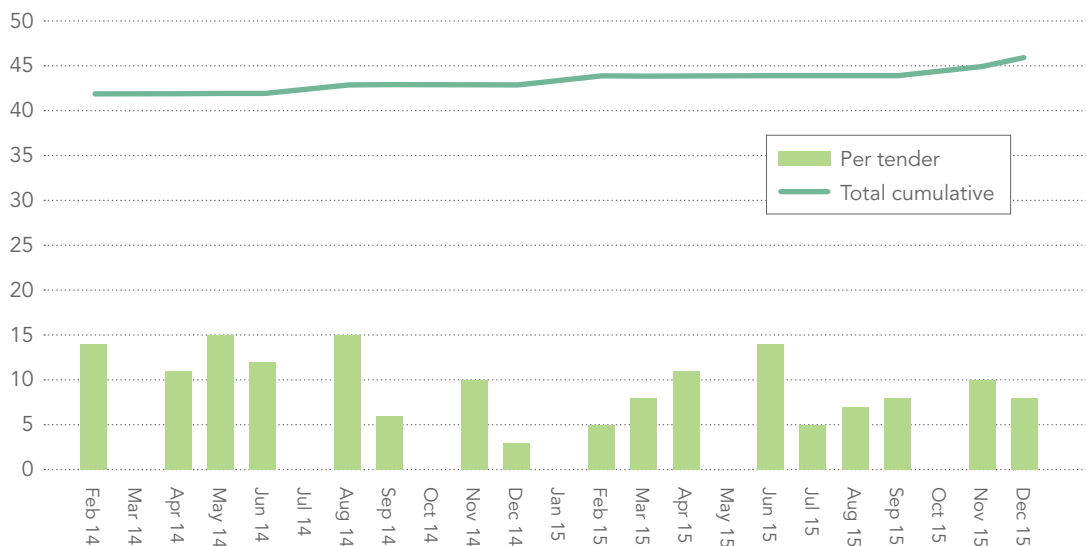
The decision to pay a dividend for the 2015-16 financial year is at the discretion of the LGFA Directors and will be made no later than the 30 September 2016.

2.2 Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

Two new councils joined LGFA in the six-month period: Buller District Council as a borrower and Canterbury Regional Council as a borrower and guarantor, bringing the total number of council members to 47. Councils have strongly supported LGFA and by 31 December 2015, 46 participating councils have borrowed from LGFA.

The strong council support for LGFA is demonstrated in the following chart which shows the progression of council participation.

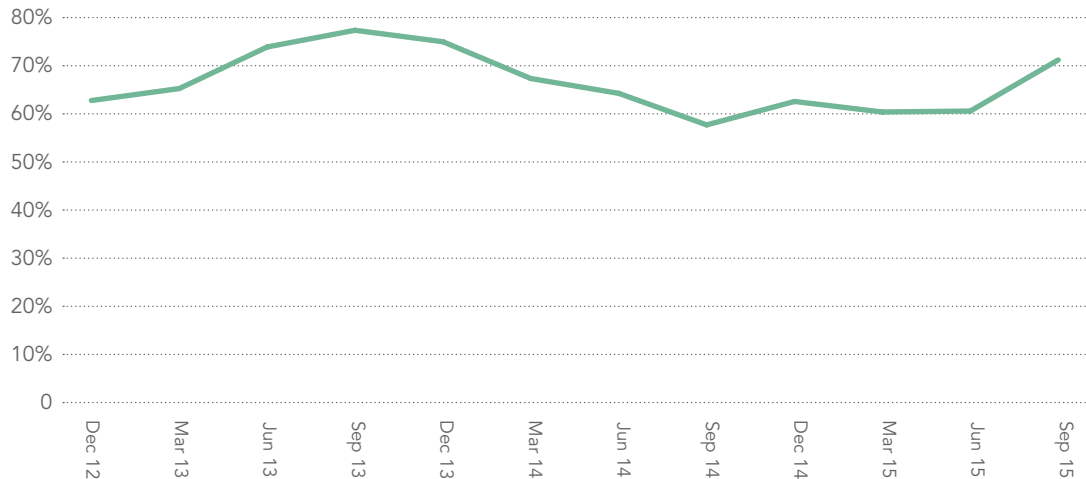
Participating councils



The following chart shows the LGFA market share of new local government debt issuance and is derived from data provided by PwC. Our share of long-term borrowing by the sector including non-members of LGFA was 71.3% for the twelve-month period to September 2015. The market share is influenced by the amount of debt issued by the sector's largest borrower, Auckland Council in its own name in the domestic market. If we exclude Auckland Council external borrowing from the data then our estimated market share for the year to September 2015 was 84%.

STATEMENT OF SERVICE PERFORMANCE

LGFA Market Share – rolling one year average



2.3 Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the Statement of Intent

Issuance and Operating Expenses for the six-month period to December 2015 were \$2.82 million compared to a full year SOI forecast of \$5.94 million and as such expenses for the six-month period are slightly lower than budget.

Over the past six months, legal costs and expenses associated with the listing of LGFA bonds on the NZX debt markets were higher than planned. This was offset by a lower than forecast expenditure on AIL, NZDMO facility fee and general operating expenses.

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

On 10 November 2015, Standard & Poor's (S&P) affirmed LGFA's local currency credit rating at AA+ and foreign currency credit rating at AA. The outlook on both ratings is stable.

On 13 November 2015, Fitch affirmed LGFA's local currency credit rating at AA+ and foreign currency credit rating at AA. The outlook on both ratings is positive.

Both the S&P and Fitch ratings are the same as, and are capped by, New Zealand's sovereign credit ratings. Fitch has defined LGFA as a dependant Public Sector Entity and our credit rating is now explicitly linked to the New Zealand Sovereign credit rating.

2.5 Achieve the Financial Forecasts set out in section 4 of the Statement of Intent

LGFA's financial results for key items set out in section 4 of the SOI for the six-month period to 31 December 2015 are:

In \$ million	31 Dec 2015 Actual	30 June 2016 SOI Forecast
Net interest revenue	7.59	16.36
Issuance and operating expenses	(2.82)	(5.94)
Net Profit	4.77	10.42

STATEMENT OF SERVICE PERFORMANCE

Net interest revenue is expected to be lower than forecast for the full year due to lower interest rates reducing returns on the investment assets, differences in the accrual accounting treatment of the bonds and derivative positions, and timing differences associated with bespoke lending.

Issuance and operating expenses are \$159k below budget due to lower NZDMO facility charges and AIL.

2.6 Meet or exceed the Performance Targets outlined in section 5

Current performance targets	Full Year Target	Result as at Half Year	Outcome
1 Average cost of funds on debt issued relative to New Zealand Government Securities for the 12-month period	0.50%	0.69%	No (i)
2 Average base on-lending margin above LGFA's cost of funds	0.10%	0.114%	No (ii)
3 Annualised issuance and operating expenses	\$5.9 million	\$5.6 million	Yes
4 Lending to participating councils	\$5,885 million	\$5,665 million	Yes

(i) The average cost of funds of total bond issuance for the six-month period ending 31 December 2015 relative to NZGS was 0.69%. This compares to a spread of 0.64% for the six-month period to June 2015. The widening in the margin is due to a softening in credit market sentiment for non-sovereign bonds and the disproportionate amount of longer dated LGFA bonds issued (and hence a wider margin) over the past six months.

(ii) The average base on-lending margin has narrowed from 13 bps (0.13%) in the six-month period to 31 December 2015 but is still above the 10 bps (0.10%) target. The margin is a function of duration of council borrowing as the current margin is 0.09% for council borrowing to March 2019, 0.10% from April 2020 to May 2021 and 0.11% for terms longer than April 2023. Given that councils have been borrowing for longer tenors, the average margin is above 0.10%. Note that this margin calculation does not include any short-dated lending where the base margin is zero and LGFA only charges a credit margin. If short-dated lending was included then the average base on-lending margin would reduce to 0.107%.

2.7 Comply with its Treasury Policy, as approved by the Board

LGFA was compliant at all times with the Treasury Policy for the six-month period ending 31 December 2015.

FINANCIAL STATEMENTS



Upper Hutt Train Station. A joint project with Wellington Regional Council. Upper Hutt City Council.

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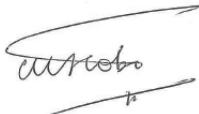
DIRECTORS' DECLARATION

In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 22 to 38:

- Comply with New Zealand generally accepting accounting practice and give a true and fair view of the financial position of the Company as at 31 December 2015, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial position of the Company and facilitates the compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Directors



C. Stobo, Director
29 February 2016



A. Foote, Director
29 February 2016

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2015 (unaudited) in \$000s

	Note	31 December 2015 Unaudited	31 December 2014 Unaudited
Interest income from			
Cash and cash equivalents		635	848
Loans to local government		108,035	95,394
Marketable securities		598	130
Deposits		2,037	1,197
Derivatives		22,912	7,052
Fair value hedge ineffectiveness	2	-	-
Total interest income		134,217	104,621
Interest expense on			
Bills		542	
Bonds		124,476	96,602
Borrower notes		1,606	1,419
Total interest expense		126,624	98,021
Net interest income		7,593	6,600
Operating expenses			
Issuance and on-lending expenses	3	1,556	1,027
Operating expenses	4	1,268	1,105
Total expenses		2,824	2,132
Net operating profit		4,769	4,468
Total comprehensive income for the period		4,769	4,468

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

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015 (unaudited) *in \$000s*

	Note	Share Capital	Retained earnings	Total equity
Equity as at 30 June 2015	10	25,000	11,287	36,287
Net operating profit			4,769	4,769
Total comprehensive income for the period			4,769	4,769
Transactions with owners:				-
Dividend paid on 15 October 2015			(1,603)	(1,603)
Equity as at 31 December 2015	10	25,000	14,453	39,453

For the six months ended 31 December 2014 (unaudited) *in \$000s*

	Note	Share Capital	Retained earnings	Total equity
Equity as at 30 June 2014		25,000	3,848	28,848
Net operating profit			4,468	4,468
Total comprehensive income for the period			4,468	4,468
Transactions with owners:				-
Dividend paid on 15 October 2014			(1,765)	(1,765)
Equity as at 31 December 2014		25,000	6,551	31,551

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 (unaudited) in \$000s

	Note	31 December 2015 Unaudited	30 June 2015	31 December 2014 Unaudited
Assets				
Financial assets				
Cash and bank balances		42,409	31,708	31,983
Trade and other receivables			38	1
Short-term loans to local government	5	44,071	-	-
Loans to local government	5	5,733,848	5,031,942	4,571,548
Marketable securities		94,861	5,345	10,196
Deposits		105,967	70,896	107,341
Derivatives in gain		298,392	270,503	179,289
Non-financial assets				
Prepayments		805	325	446
Property, plant and equipment		1,011	1,081	510
Total assets		6,321,364	5,411,838	4,901,314
Equity				
Share capital		25,000	25,000	25,000
Retained earnings		9,684	11,287	2,083
Total comprehensive income / (deficit) for the period		4,769	-	4,468
Total equity		39,453	36,287	31,551
Liabilities				
Financial liabilities				
Trade and other payables		457	444	3,139
Accrued expenses		455	344	557
Bills		148,952	-	-
Bonds	6	6,034,179	5,274,319	4,770,050
Borrower notes	7	97,868	85,120	76,462
Derivatives in loss		-	15,324	19,555
Total liabilities		6,281,911	5,375,551	4,869,763
Total equity and liabilities		6,321,364	5,411,838	4,901,314

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

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015 (unaudited) in \$000s

	Note	31 December 2015 Unaudited	31 December 2014 Unaudited
Cash flow from operating activities			
Cash applied to loans to local government		(746,138)	(823,027)
Interest paid on bonds issued		(134,839)	(106,325)
Interest paid on borrower notes		(57)	-
Interest paid on loans		(26)	-
Interest received from cash & cash equivalents		635	848
Interest received from loans to local government		108,270	89,345
Interest received from marketable securities		756	89
Interest received from deposits		1,966	1,398
Net interest on derivatives		32,147	21,091
Payments to suppliers and employees		(3,051)	(2,017)
Net cash flow from operating activities	9	(740,337)	(818,598)
Cash flow from investing activities			
Purchase of marketable securities		(89,745)	(10,155)
Purchase of deposits		(35,000)	(58,000)
Purchase of plant and equipment		(4)	(91)
Net cash flow from investing activities		(124,749)	(68,246)
Cash flow from financing activities			
Dividends paid		(1,608)	(1,765)
Cash proceeds from borrower notes		11,200	13,152
Cash proceeds from bonds issued		744,807	854,603
Cash proceeds from bills issued		148,410	-
Cash applied to derivatives		(27,022)	(2,289)
Net cash flow from financing activities		875,787	863,701
Net increase / (decrease) in cash		10,701	(23,143)
Cash and cash equivalents at beginning of year		31,708	55,126
Cash and cash equivalents at end of period		42,409	31,983

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

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

a Reporting Entity

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

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

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

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

The financial statements are for the six-month period ended 31 December 2015.

These financial statements were authorised for issue by the Directors on 29 February 2016.

b Basis of Preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

The following accounting standard has been early adopted by LGFA.

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

- NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

c Financial instruments

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

d Other assets

Property, plant and equipment (PPE)

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

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

Intangible assets

Intangible assets comprise acquired and internally developed computer software costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (3 to 7 years). Costs associated with maintaining computer software are recognised as expenses when incurred.

e Other liabilities

Employee entitlements

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

f Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

g Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

h Segment reporting

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

i Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

NOTES TO THE FINANCIAL STATEMENTS

2 Hedge accounting

LGFA is exposed to interest rate risk from fixed rate borrowing and variable rate lending to councils. LGFA manages this interest rate risk through the use of interest rate swaps. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowing.

The gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships is shown in the table below.

For the six months ended 31 December 2015 <i>in \$000s</i>	2015 Gain/(loss) Unaudited	2014 Gain/(loss) Unaudited
Hedging instruments – interest rate swaps	127,024	99,404
Hedged item attributable to the hedged risk – fixed rate bonds	(127,024)	(99,404)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

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

3 Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the six months ended 31 December 2015 <i>in \$000s</i>	2015 Unaudited	2014 Unaudited
NZDMO facility fee	200	100
NZDMO processing fees	-	77
NZX	56	-
Rating agency fees	255	250
Legal fees for issuance	171	59
Regulatory, registry, other fees	14	11
Trustee fees	50	51
Approved issuer levy	751	463
Promotion/roadshow	-	16
Information Services ⁽¹⁾	59	-
	1,556	1,027

¹ Information services expenses were included in NZDMO processing fees in the 31 December 2014 Half Year Report.

NOTES TO THE FINANCIAL STATEMENTS

4 Operating expenses

Operating expenses are all other expenses that are not classified as 'Issuance and on-lending expenses.'

For the six months ended 31 December 2015 <i>in \$000s</i>	2015 Unaudited	2014 Unaudited
Consultants ⁽¹⁾	75	-
Directors' fees	144	135
Insurance	31	31
Legal fees	19	62
Other Expenses	361	339
Auditors' remuneration : Statutory Audit	21	23
Personnel	617	515
	1,268	1,105

¹ The cost of consultants relates primarily to the treasury system and was included in Other Expenses in the 31 December 2014 Half Year report.

NOTES TO THE FINANCIAL STATEMENTS

5 Loans to local government

Includes loans and short-term loans to local government.

As at 31 December 2015 (unaudited) in \$000s	Face value	Unamortised Premium / (Discount)	Accrued interest	Total
Ashburton District Council	15,000	768	116	15,884
Auckland Council	1,957,000	16,602	12,362	1,985,964
Buller District Council	20,000	-	2	20,002
Canterbury Regional Council	15,000	-	29	15,029
Christchurch City Council	1,050,000	3,144	5,692	1,058,836
Far North District Council	10,000	-	47	10,047
Gisborne District Council	17,000	-	71	17,071
Greater Wellington Regional Council	205,000	-	721	205,721
Grey District Council	20,000	545	164	20,709
Hamilton Council	225,000	-	782	225,782
Hastings Council	50,000	-	205	50,205
Hauraki District Council	36,011	-	149	36,161
Horizons Regional Council	10,000	-	18	10,018
Horowhenua District Council	47,000	572	364	47,936
Hurunui District Council	15,000	-	80	15,080
Hutt City Council	79,000	246	558	79,804
Kapiti Coast District Council	150,000	-	513	150,513
Manawatu Council	41,000	15	290	41,306
Marlborough District Council	28,000	(115)	179	28,064
Masterton Council	44,000	-	200	44,200
Matamata-Piako District Council	24,500	-	86	24,586
Nelson City Council	35,000	-	173	35,173
New Plymouth Council	61,000	-	229	61,229
Opotiki District Council	5,000	183	43	5,226
Otorohanga Council	9,000	204	76	9,280
Palmerston North City Council	77,000	-	352	77,352
Porirua City Council	23,500	-	135	23,635
Queenstown Lakes District Council	75,000	1,006	476	76,482
Rotorua District Council	92,197	522	457	93,176
Selwyn Council	35,000	-	66	35,066
South Taranaki Council	62,000	-	279	62,279
Taranua District Council	9,000	-	39	9,039
Tasman Council	90,000	-	372	90,372
Taupo Council	125,000	-	511	125,511
Tauranga Council	245,000	672	1,152	246,823
Thames-Coromandel District Council	35,000	-	81	35,081
Timaru District Council	51,000	39	318	51,356
Upper Hutt City Council	22,500	-	100	22,600
Waikato District Council	50,000	-	189	50,189
Waimakariri District Council	75,000	301	642	75,943
Waipa Council	13,000	-	21	13,021
Wellington City Council	208,000	-	995	208,995
Western Bay Of Plenty District Council	70,000	-	276	70,276
Whakatane District Council	28,000	-	90	28,090
Whanganui District Council	41,000	-	192	41,192
Whangarei Council	127,035	41	541	127,617
	5,722,743	24,744	30,431	5,777,919

NOTES TO THE FINANCIAL STATEMENTS

5 Loans to local government (continued)

As at 30 June 2015 in \$000s	Face value	Unamortised Premium / (Discount)	Accrued interest	Total
Ashburton District Council	15,000	829	113	15,941
Auckland Council	1,725,000	16,818	11,396	1,753,214
Buller District Council	-	-	-	-
Canterbury Regional Council	-	-	-	-
Christchurch City Council	932,500	3,219	5,463	941,183
Far North District Council	10,000	-	55	10,055
Gisborne District Council	17,000	-	51	17,051
Greater Wellington Regional Council	155,000	-	741	155,741
Grey District Council	20,000	592	163	20,754
Hamilton Council	225,000	-	771	225,771
Hastings Council	50,000	-	204	50,204
Hauraki District Council	34,000	-	184	34,184
Horizons Regional Council	10,000	-	18	10,018
Horowhenua District Council	47,000	618	366	47,985
Hurunui District Council	12,000	-	67	12,067
Hutt City Council	49,000	281	401	49,682
Kapiti Coast District Council	130,000	-	480	130,480
Manawatu Council	41,000	27	303	41,330
Marlborough District Council	28,000	-129	175	28,046
Masterton Council	40,000	-	194	40,194
Matamata-Piako District Council	24,500	-	98	24,598
Nelson City Council	25,000	-	150	25,150
New Plymouth Council	56,000	-	221	56,221
Opotiki District Council	3,500	49	25	3,574
Otorohanga Council	9,000	235	73	9,308
Palmerston North City Council	77,000	-	376	77,376
Porirua City Council	20,000	-	140	20,140
Queenstown Lakes District Council	60,000	1,096	444	61,539
Rotorua District Council	55,000	599	573	56,172
Selwyn Council	35,000	-	66	35,066
South Taranaki Council	62,000	-	234	62,234
Tararua District Council	9,000	-	45	9,045
Tasman Council	90,000	-	428	90,428
Taupo Council	100,000	-	423	100,423
Tauranga Council	215,000	525	1,062	216,587
Thames-Coromandel District Council	35,000	-	89	35,089
Timaru District Council	51,000	45	334	51,378
Upper Hutt City Council	18,000	-	72	18,072
Waikato District Council	50,000	-	215	50,215
Waimakariri District Council	55,000	324	409	55,733
Waipa Council	13,000	-	22	13,022
Wellington City Council	138,000	-	712	138,712
Western Bay Of Plenty District Council	70,000	-	127	70,127
Whakatane District Council	28,000	-	101	28,101
Whanganui District Council	41,000	-	182	41,182
Whangarei Council	98,000	43	507	98,550
	4,978,500	25,170	28,272	5,031,942

NOTES TO THE FINANCIAL STATEMENTS

6 Bonds issued

As at 31 December 2015 (unaudited) in \$000s		Face value	Unamortised premium / (discount)	Accrued interest	Fair value hedge adjustment	Total
15 December 2017	6% coupon	1,015,000	32,261	2,829		1,050,090
15 March 2019	5% coupon	1,140,000	31,203	16,912		1,188,115
15 April 2020	3% coupon	475,000	(21,126)	3,037		456,911
15 May 2021	6% coupon	1,250,000	76,279	9,684		1,335,963
15 April 2023	5.5% coupon	1,120,000	51,323	13,128		1,184,451
15 April 2027	4.5% coupon	665,000	20,248	6,377		691,625
Fair value hedge adjustment					127,024	127,024
		5,665,000	190,188	51,967	127,024	6,034,179

As at 30 June 2015 in \$000s		Face value	Unamortised premium / (discount)	Accrued interest	Fair value hedge adjustment	Total
15 December 2017	6% coupon	1,015,000	40,097	2,496		1,057,593
15 March 2019	5% coupon	1,110,000	33,719	16,137		1,159,856
15 April 2020	3% coupon	365,000	(21,839)	2,274		345,435
15 May 2021	6% coupon	1,170,000	72,162	8,775		1,250,937
15 April 2023	5.5% coupon	1,010,000	41,034	11,535		1,062,569
15 April 2027	4.5% coupon	285,000	8,683	2,663		296,346
Fair value hedge adjustment					101,583	101,583
		4,955,000	173,856	43,880	101,583	5,274,319

7 Borrower notes

Borrower notes are subordinated debt instruments (which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings by that local authority).

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

NOTES TO THE FINANCIAL STATEMENTS

7 Borrower notes (continued)

As at 31 December 2015 (unaudited) in \$000s	Face value	Accrued interest	Total
Ashburton District Council	240	25	265
Auckland Council	31,312	2,566	33,878
Buller District Council	320	1	321
Canterbury Regional Council	240	0	240
Christchurch City Council	16,800	1,225	18,025
Far North District Council	160	15	175
Gisborne District Council	272	16	288
Greater Wellington Regional Council	3,280	202	3,482
Grey District Council	320	31	351
Hamilton Council	3,600	378	3,978
Hastings Council	800	73	873
Hauraki District Council	544	35	579
Horizons Regional Council	160	14	174
Horowhenua District Council	752	66	818
Hurunui District Council	240	11	251
Hutt City Council	1,264	58	1,322
Kapiti Coast District Council	2,400	200	2,600
Manawatu Council	656	50	706
Marlborough District Council	448	29	477
Masterton Council	704	64	768
Matamata-Piako District Council	392	31	423
Nelson City Council	560	30	590
New Plymouth Council	976	79	1,055
Opotiki District Council	80	2	82
Otorohanga Council	144	17	161
Palmerston North City Council	1,232	85	1,317
Porirua City Council	376	17	393
Queenstown Lakes District Council	1,200	96	1,296
Rotorua District Council	880	98	978
Selwyn Council	560	76	636
South Taranaki Council	992	71	1,063
Tararua District Council	144	9	153
Tasman Council	1,440	127	1,567
Taupo Council	2,000	151	2,151
Tauranga Council	3,920	326	4,246
Thames-Coromandel District Council	560	44	604
Timaru District Council	816	74	890
Upper Hutt City Council	360	16	376
Waikato District Council	800	63	863
Waimakariri District Council	1,200	51	1,251
Waipa Council	208	18	226
Wellington City Council	3,328	163	3,491
Western Bay Of Plenty District Council	1,120	90	1,210
Whakatane District Council	448	38	486
Whanganui District Council	656	46	702
Whangarei Council	1,952	134	2,086
	90,856	7,012	97,868

NOTES TO THE FINANCIAL STATEMENTS

7 Borrower notes (continued)

As at 30 June 2015 in \$000s	Face value	Accrued interest	Total
Ashburton District Council	240	19	259
Auckland Council	27,600	1,999	29,599
Buller District Council	-	-	-
Canterbury Regional Council	-	-	-
Christchurch City Council	14,920	920	15,840
Far North District Council	160	12	172
Gisborne District Council	272	11	283
Greater Wellington Regional Council	2,480	153	2,633
Grey District Council	320	24	344
Hamilton Council	3,600	311	3,911
Hastings Council	800	58	858
Hauraki District Council	544	26	570
Horizons Regional Council	160	11	171
Horowhenua District Council	752	50	802
Hurunui District Council	192	7	199
Hutt City Council	784	40	824
Kapiti Coast District Council	2,080	161	2,241
Manawatu Council	656	37	693
Marlborough District Council	448	19	467
Masterton Council	640	51	691
Matamata-Piako District Council	392	25	417
Nelson City Council	400	22	422
New Plymouth Council	896	61	957
Opotiki District Council	56	1	57
Otorohanga Council	144	14	158
Palmerston North City Council	1,232	63	1,295
Porirua City Council	320	11	331
Queenstown Lakes District Council	960	74	1,034
Rotorua District Council	880	77	957
Selwyn Council	560	66	626
South Taranaki Council	992	53	1,045
Tararua District Council	144	6	150
Tasman Council	1,440	101	1,541
Taupo Council	1,600	117	1,717
Tauranga Council	3,440	259	3,699
Thames-Coromandel District Council	560	34	594
Timaru District Council	816	57	873
Upper Hutt City Council	288	11	299
Waikato District Council	800	49	849
Waimakariri District Council	880	30	910
Waipa Council	208	15	223
Wellington City Council	2,208	115	2,323
Western Bay Of Plenty District Council	1,120	126	1,246
Whakatane District Council	448	30	478
Whanganui District Council	656	34	690
Whangarei Council	1,568	102	1,670
	79,656	5,464	85,120

NOTES TO THE FINANCIAL STATEMENTS

8 Other Assets

As at 31 December 2015, property, plant and equipment comprised:

<i>in \$000s</i>	31 December 2015 Unaudited	30 June 2015
Property, plant and equipment	50	46
Intangible assets	961	1,035
Total Other Assets	1,011	1,081

9 Reconciliation of net profit to net cash flow from operating activities

<i>For the six months ended 31 December 2015</i> <i>in \$000s</i>	2015 Unaudited	2014 Unaudited
Net profit/(loss) for the period	4,769	4,468
Cash applied to loans to local government	(746,139)	(823,027)
Non-cash adjustments		
Amortisation and depreciation	1,261	314
Working capital movements		
Net change in trade debtors and receivables	51	39
Net change in prepayments	(481)	(220)
Net change in accruals	202	(172)
Net cash from operating activities	740,337	(818,598)

10 Share capital

Share capital

As at 31 December 2015 LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share.

As at 31 December 2015, the shareholding of the New Zealand Government had been fully paid up. For all other shareholders, 50% of the shareholding had been called.

NOTES TO THE FINANCIAL STATEMENTS

10 Share capital (continued)

Shareholder information	31 December 2015		30 June 2015	
	Number of shares	Percentage	Number of shares	Percentage
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,960	8.3%	3,731,960	8.3%
Greater Wellington Regional Council	3,731,960	8.3%	3,731,960	8.3%
Tasman District Council	3,731,960	8.3%	3,731,960	8.3%
Tauranga City Council	3,731,960	8.3%	3,731,960	8.3%
Wellington City Council	3,731,960	8.3%	3,731,960	8.3%
Western Bay of Plenty District Council	3,731,960	8.3%	3,731,960	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Wanganui District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

NOTES TO THE FINANCIAL STATEMENTS

11 Related parties

Identity of related parties

The Company is related to the local authorities set out in the Shareholder Information by shareholding.

The Company operates under a Statement of Intent with the respective local authorities that requires the Company to provide debt to them at the lowest possible interest rates and to enhance their certainty of access to debt markets.

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

Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognized on this lending is shown in the Statement of Comprehensive Income.

The purchase of LGFA borrower notes by participating councils is disclosed in note 7, and the interest expense on these is shown in the Statement of comprehensive income.

12 Subsequent events

There have been no significant events after balance date that have affected the accuracy of these financial statements.

Subsequent to balance date, on 26 January 2016 Fitch Ratings revised the Rating Outlook of LGFA from Positive to Stable. The Long-Term Local Currency Issuer Default Rating (IDR) is affirmed at 'AA+' and Long-Term Foreign Currency IDR at 'AA'. The Rating Outlook revision followed Fitch Ratings revision of the outlook on the New Zealand Government to Stable.

Subsequent to balance date, LGFA has issued \$120 million in bonds through a tender on 17 February 2016.

Right: Creation of a two lane route at Narrow Bridge, Ngatimoti. Tasman District Council.

Back Cover: Construction of the Waimate West production bore in the Waimate West Water Supply. South Taranaki District Council.

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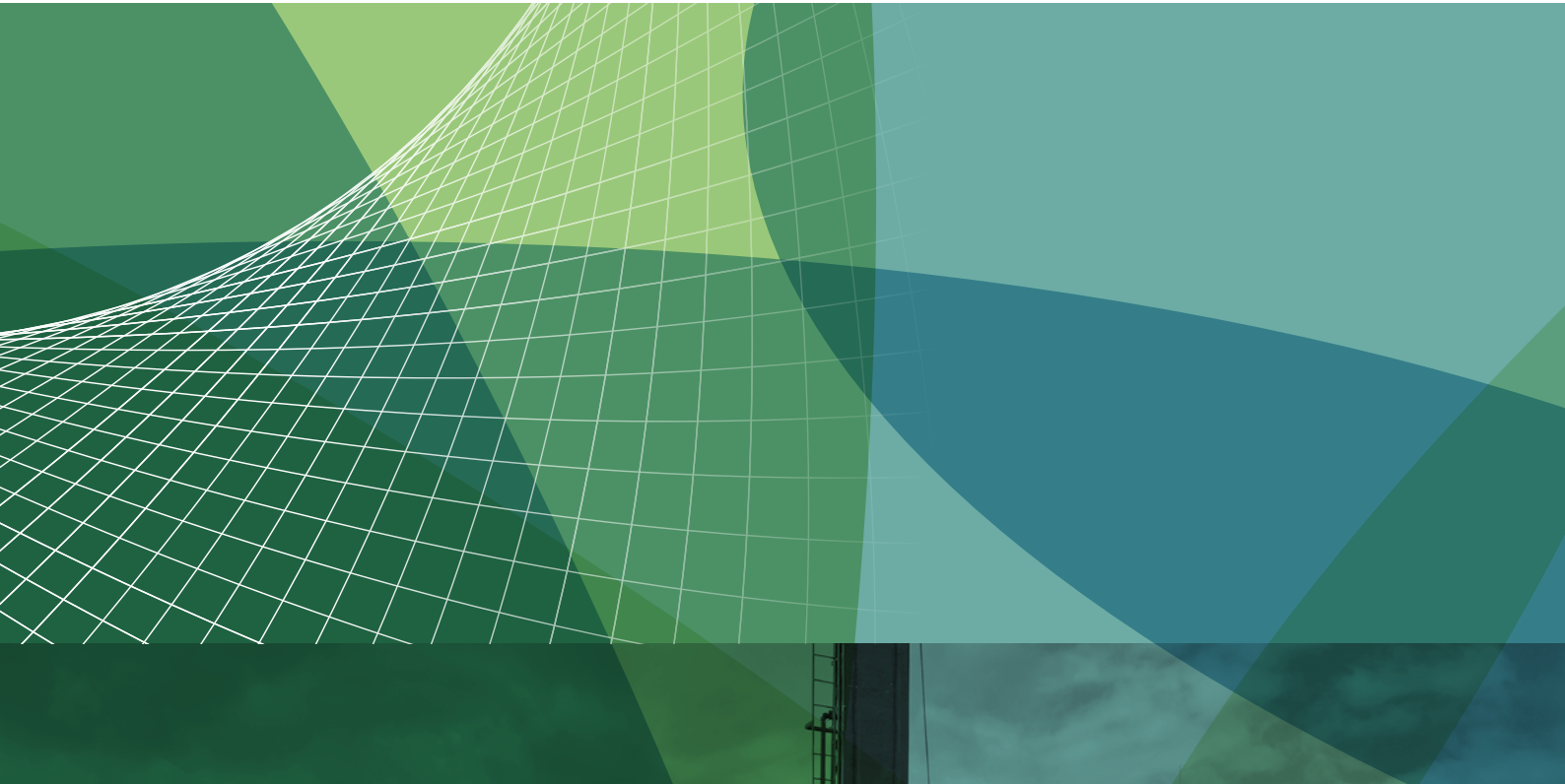
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LGFA



NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY



Open Meeting

To	Strategy and Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	4 March 2016
Prepared By	J Vernon Strategic Planning & Resource Management Team Leader
Chief Executive Approved	Y
DWS Document Set #	1473025
Report Title	Plan Change 8: Technical Amendments

1. Executive Summary

The purpose of this report is twofold: firstly, to provide the Committee with an overview of the submissions received on Plan Change 8 (PC8) and secondly, to seek the Committee's approval to appoint an independent commissioner and two elected members as the hearings panel. A hearing for PC8 is tentatively scheduled for late April/early May 2016.

2. Recommendation

THAT the report of the General Manager Strategy & Support – *Plan Change 8: Technical Amendments* - be received;

AND THAT the Committee recommend to Council that an independent commissioner and two Councillors be appointed as the hearings panel.

AND FURTHER that the hearings panel is delegated the authority to make the decision on Plan Change 8.

3. Background

The Committee is well aware of the background to PC8 as this plan change seeks to address the minor errors and changes in information that have been identified to Council since the District Plan became operative on 5 April 2014.

4. Discussion and Analysis of Options

4.1 Options

As the Committee members would be aware, the options available were either to delay the notification of PC8 and include all the matters of PC8 into the District Plan Review or to notify PC8 as a plan change to the operative District Plan.

Due to a number of the items in PC8 (particularly the deletion of a number of redundant indicative roads) key issues Council acknowledged that the plan change

should not be delayed and notified as part of the District Plan Review. Therefore the only option was to progress and notify PC8.

4.2 Submissions received

There were a total of four submissions received on PC8. However of these submissions, only two of the submissions actually provided any comments. The other two submissions were blank and therefore do not count as submissions.

Of the two submissions that provided comments, one of these was from Council's Policy Planning team drafted in conjunction with Council's consents team. This submission (submission 2) outlined some omissions and drafting errors in the plan change document. A copy of the summary of submissions is provided as Attachment 1 to this report.

Following the summary of the submissions, Council staff advertised for further submissions for a period of ten working days in accordance with the First Schedule of the Resource Management Act. No further submissions were received.

A hearings report has been drafted that sets out the matters raised in the submissions and provides comment on whether the relief sought by the submitter should be accepted or rejected. A copy of this report is provided as Attachment 2.

5. Considerations

5.1 Financial

There have been financial costs involved with this plan change. These include staff time, legal services, public notification costs, the hearing and appeals (if any). These costs have been included in the current LTP and Annual Plan.

5.2 Legal

The plan change document was legally peer reviewed by Tompkins Wake prior to public notification with their suggested changes being included within the plan change document. There will also be some ongoing legal advice/review required prior to and potentially during the hearing.

5.3 Strategy, Plans, Policy & Partnership Alignment

PC8 has been written to address the minor errors and other issues that have arisen with the Operative District Plan and if adopted by the hearings panel will improve the clarity of the Operative District Plan.

5.4 Assessment of Significance

PC8 addresses a number of issues currently facing Council, particularly Council's consenting team. If PC8 is adopted by the hearings panel then this will address a number of these issues that were too pressing to delay to be included in the District Plan Review.

6. Consultation

The following stakeholders have been/or will be consulted:

Planned	In Progress	Complete	
		√	Internal
		√	Community boards/Community committees
			Waikato-Tainui/Local iwi
		√	Households
		√	Business
			Other Please Specify

7. Conclusion

This report updates the Committee that the submission and further submission period has closed provides the Committee with a copy of the summary of submissions (attachment 1).

This report also seeks the support of the Committee to appoint an independent commissioner to make up the hearings panel together with two Councillors. A hearing is tentatively scheduled for late April, early May 2016 and is anticipated to be completed within one day.

8. Attachments

Attachment 1: Hearings Report

Attachment 2: Summary of Submissions

Waikato District Plan

Plan Change 8: Technical Amendments

Planning Report on Submissions and Further Submissions

April 2016



Waikato District Council
15 Galileo Street
Private Bag 544
Ngaruawahia 3742

Waikato District Plan

Private Plan Change 8 Technical Amendments

NOTICE OF HEARING

Notice is hereby given that a Hearing will be held at the Waikato District Council offices, 15 Galileo Street, Ngaruawahia, commencing at **10.00am** on **WEDNESDAY 27 APRIL 2016**

The purpose of the Hearing is to hear submissions and further submissions on **Plan Change 8: Technical Amendments.**

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Index of Submissions included in this Report

Submission Number	Submitter Name	Reference to amendments in report
1	Craig Smith	Definition of dwelling
2	Waikato District Council	Definition of kitchen; Definition of indicative road; Various Planning Maps; Building setbacks; Definition of industrial activity; Rule 25. 52A; Definition of building; Definition of Peak Hour; Road Hierarchy

Introduction

1.1 Format of Report

- 1.1.1 This report is prepared in accordance with section 42A of the Resource Management Act 1991 (RMA).
- 1.1.2 There are seven sections of this report. Section 1 of this report provides the context for Plan Change 8 (PC8). Section 2 provides details of the content of PC8. Section 3 provides an overview of the decision making for this hearing. Section 4 provides an analysis of the statutory requirements and planning framework while section 5 outlines the relevant strategies for PC8. Section 6 provides an analysis of the submissions received of which there are 10 submission topics. Lastly, section 7 provides a recommendation to the hearings panel.

1.2 Purpose of the Plan Change 8

- 1.2.1 PC8 proposes to make approximately 24 separate minor changes to the Waikato District Plan: Waikato Section. These technical amendments predominantly consist of changes to rules and definitions necessary to enhance their clarity for interpretation and improve the efficiency of some rules for the end user by being more permissive regarding their activity status. Additionally, PC8 also proposes to delete a number of indicative roads from the Planning Maps of the District Plan to reflect either an alternative formed road layout or landowner requests for the deletion of a number of indicative roads.

2.0 Plan Change 8

2.1 Overview of the changes proposed

- 2.1.1 PC8 comprises approximately 24 separate minor changes to the District Plan. The changes include a number of proposed amendments to the rules, definitions and minor amendments to the Planning Maps (indicative roads).

PC8 does not involve any changes to the existing objectives and policies. Instead it proposes to make general minor amendments to the District Plan in order to ensure its efficient functioning.

2.2 Proposed amendments to definitions

It is proposed to amend four existing definitions and introduce three new definitions.

2.2.1 Industrial Activity

The present definition of Industrial activity is provided below:

“Means the processing, manufacturing, fabricating, packing or storage of goods, and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming”.

The words “storage of goods” is proving to be too broad in that it can be interpreted as capturing all activities that store any type of good, either on a temporary or permanent basis. The implication of this is that there is potential for any activity that stores any type of goods to be defined as an industrial activity and, depending on the zoning may require resource consent. This is not the intention of the definition and is treating parts of the community unfairly.

The intent of the definition was to capture activities that store goods in a warehouse or similar type of storage facility and not to capture all activities that store goods. An example is self storage type activities.

The amendment proposes to clarify this ambiguity so that the definition does not capture the storage of all goods. It is proposed to undertake the following amendments:

“Means the processing, manufacturing, fabricating, packing or storage of goods in a warehouse or purpose built unit, and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming and temporary events.”

2.2.2 Dwelling

The current dwelling rule in the District Plan provides for 1 dwelling per certificate of title in the Living Zone as a permitted activity. Two dwellings on one certificate of title require resource consent.

The present definition of dwelling simply refers to “a building for the occupation of a single household unit”. The District Plan includes a definition for “household unit” that essentially requires interaction of people on a daily domestic basis. More than one kitchen with

associated plumbing in a dwelling enables people to operate independently from another household unit.

The interpretation of this definition is proving to be ambiguous because there is no reference to a single kitchen facility being provided. This lack of specificity has given rise to the opportunity for buildings to contain more than one kitchen and is not deemed to be consistent with the current definition of one dwelling.

The concern for Council is that at the time of building consent applications being checked for planning compliance, there are generally two scenarios in relation to dwellings and dependent person's dwellings that can occur:

- Applications for dependent persons dwellings that do not comply with the definition (particularly size of the unit and dependent person) resulting in the application being treated as a second dwelling requiring consent as a discretionary activity; or
- Applications for very large houses with separate wings labelled as "bars", "sinks" and "mud rooms" with associated plumbing facilities alongside closely associated bedrooms that can clearly be operated separately/independently from the primary dwelling. This means they can be used as a kitchen so do not need to interact on a daily basis with the other main part of the dwelling and therefore can operate as a separate household unit. The effect of which is essentially 2 household units in one dwelling.

Once building consent is issued, it is very difficult for Council's Monitoring Department to enforce compliance because of the unclear definitions in the District Plan. This can result in single dwellings being converted into multiple dwellings; or turning single and dependent person's dwellings into two full dwellings.

At present there is confusion in the District Plan between the uses of dwellings especially when there would clearly be two households under one roof. Clarifying the definition of dwelling so that it includes the presence of only one kitchen will help avoid interpretation issues.

Therefore it is proposed to make the following amendments to the definition of "dwelling":

"A building for the occupation of a single household unit containing one kitchen. It includes a dependent person's dwelling."

The aim of the amendment is to make it clear that a building is a "dwelling" and that the use of the building is one "household". Including reference to one kitchen is to limit one set of kitchen facilities per dwelling as it is the kitchen facilities that enable independent functioning of people to the main household unit.

2.2.3 New definition of 'kitchen'

At present there is no definition of a kitchen in the District Plan. In this instance, where the District Plan is silent on the matter then the definition in the Concise Oxford Dictionary (9th edition) applies. This definition is re-printed below:

"the room or area where food is prepared and cooked. b kitchen fitments or units, esp. as sold together. of or belonging to the kitchen (kitchen knife; kitchen table)"

The above definition is very broad with the implication being that it would capture an outdoor kitchen where food is prepared and cooked as a separate kitchen area effectively defining the household unit as having two kitchens. Furthermore, the above definition does not link the kitchen area to being connected to services such as wastewater.

Through the proposed insertion of “containing one kitchen” in the definition of “dwelling” this necessitates the requirement to establish a definition of kitchen within the District Plan. The definition of kitchen is proposed as follows:

“Means any space, facility or room for the storage, preparation and/or cooking of food, washing of utensils and disposal of wastewater. It includes any two or more of the following in the same space, facility or room; a sink, an oven, stove or separate hob. A small scullery or utility room accessed only from the kitchen is included as part of one kitchen. This definition excludes a microwave or an outside kitchen.”

It is considered that inclusion of the proposed new definition would provide clarity to Council’s Regulatory and Monitoring Department as to what constitutes a kitchen and what can be included within a kitchen without triggering the requirement for a resource consent.

2.2.4 Indicative road

The present definition of indicative road is:

“Means an indicative road as shown on the Planning Maps”

This current definition does not provide great clarity on the form or function of an indicative road shown in the Planning Maps of the District Plan. Therefore it is considered that additional wording is required to indicate what qualifies as an indicative road. It is proposed to make the following amendments:

“~~Means an indicative road shown~~ any area identified on the Planning Maps as an indicative road. It shall not include any area identified on the Planning Maps as an indicative road where a subdivision on that property has been approved by Council and consent has not lapsed.”

The purpose of the second sentence of the definition is to provide flexibility for instances when a previously approved subdivision or land use consent (provided it has not lapsed) provides for a road network that differs from either the location or alignment of an indicative road shown on the Planning maps of the District Plan.

2.2.5 Building

An issue has arisen with regard to rainwater tanks. Currently, the definition of ‘Building’ includes any structure that is 2 metres or greater in height. Many 5000 litre water tanks sometimes required within small living-zoned properties are greater than 2 metres in height and therefore are technically defined as a building.

As a building, rainwater tanks would then have to comply with the standards of the District Plan principally setbacks from boundaries. With a minimum net site area of 450m² in the Living Zone, compliance with the setback standard of the District Plan (minimum of 1.5 metres for side and rear boundaries and 3m front yard or 6m front yard in Raglan) for rainwater tanks can be difficult to achieve and could result in landowners having to apply for a resource consent for a setback variation which is costly and inefficient. This was not the intent of the definition and does not give rise to adverse effects.

To address this issue, it is proposed to insert additional wording (d) into the “building” definition as follows:

- “Building”** *Has its meaning in the Building Act 2004, excluding:*
- (a) *a pergola, not roofed or enclosed, less than 3 metres in height, or*
 - (aa) *a swimming pool, ornamental pool, deck, or other structure not roofed or enclosed, less than 1.5 metre in height, or*
 - (b) *a fence, or a wall other than a retaining wall, less than 2 metres in height, or*
 - (c) *a retaining wall or retaining structure less than 1.5 metres in height, provided that where a fence or non-retaining wall is placed at the top of the retaining wall, the combined height is less than 2 metres.*
 - d) Tanks up to 35,000 litres in capacity that protrude a maximum of 1 metre above natural ground level.**

The proposed clause (d) would ensure that any rainwater tanks up to 35,000 litres in capacity and protruding no more than 1 metre above ground level would not be defined as a “building”. With regard to the living-zoned properties this would mean that 5000 litre tanks would not be defined as a “building” and would not have to meet the performance standards of the District Plan provided that the tanks do not protrude more than 1m above ground level.

2.2.6 Gross land area and peak hour:

Both the above proposed definitions relate specifically to rule 24B.16.1 within Schedule 24B of the District Plan relating to Horotiu Industrial Park.

Rule 24B.16.1 a) provides that the trip generation shall not exceed 15.4 trips/ha gross land area/peak hour. The intent of this clause is clear and measurable; however during the drafting of Schedule 24B it did not include any definition or guidance for “gross land area/peak hour”.

In addition to this it was always envisaged that trip generation would be taken over the total area within each stage (there being three stages within the Horotiu Industrial Park) as opposed to the net developable area of each individual lot after subdivision. The reason for this approach was to establish a baseline for traffic movements at an appropriate effects based level.

To resolve any ambiguity around the interpretation of the rule, there needs to be a definition for “gross land area” and “peak hour”.

PC8 proposes to insert the following two new definitions:

- “Gross land area”** Means the total area of all the land within a particular stage of the Horotiu Industrial Park as at [enter date of consent order]. Specifically:
- Stage 1 – 26ha gross land area;
 - Stage 2 – 30ha gross land area;
 - Stage 3 – 84ha gross land area.
- “Peak hour”** When the hourly traffic flow on the adjacent road (or intersection) is at its highest within a 24 hour period.

2.3 Proposed amendments to Planning Maps

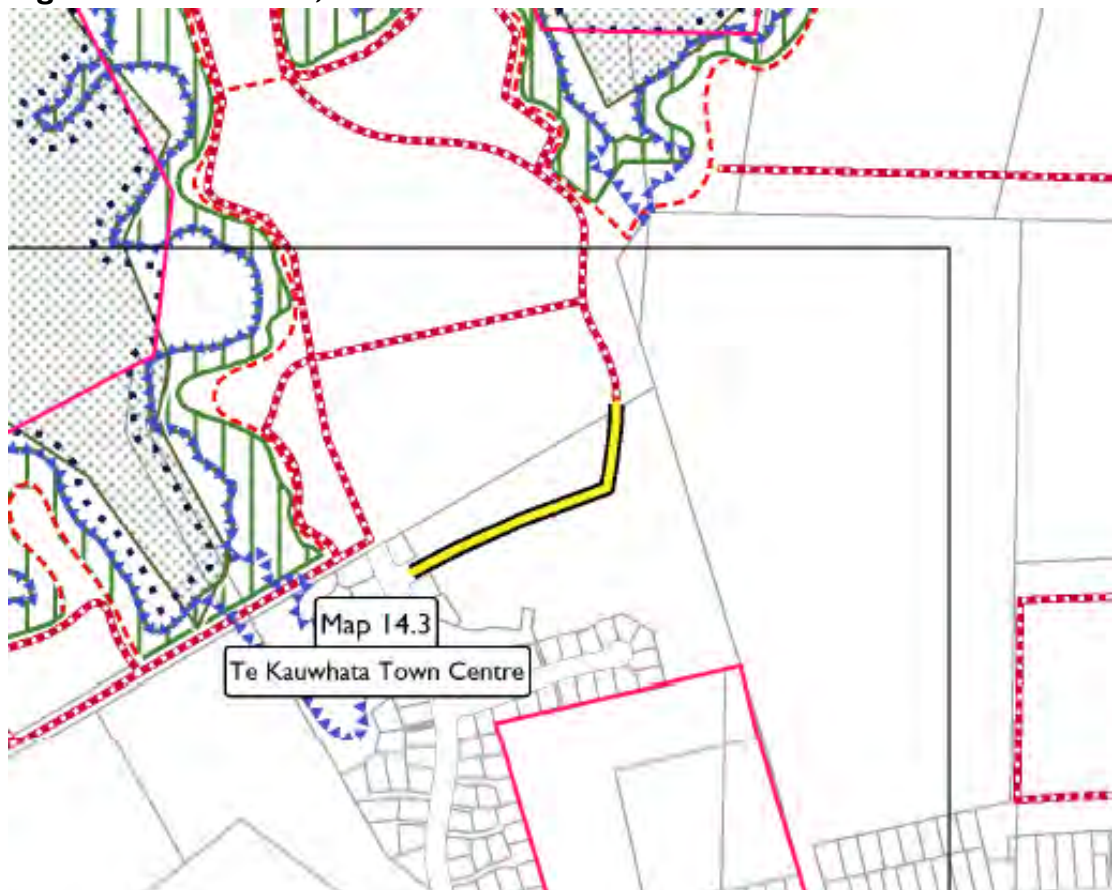
2.3.1 Map 14.2 – Proposed deletion of the indicative road on Blunt Road, Te Kauwhata

Map 14.2 of the Planning Maps identifies an indicative road on Lot 200 DP 391858.

The proposed deletion of the indicative road on Lot 200 DP 391858, Blunt Road, Te Kauwhata has arisen due to an 'approved' road layout via subdivision consent (SUB 0164/14) differing from the location and alignment of the indicative road in the District Plan.

The indicative road on Lot 200 DP 391858 was established during the development of the Te Kauwhata Structure Plan. At that time, the purpose of the indicative road was to provide for an extension off Blunt Road whilst providing the opportunity for a road linkage with the adjoining property to the north (Lot 201 DP 391858). This is demonstrated on the map (Figure 1) below with the yellow highlighted indicative road being the indicative road in question.

Figure 1: Blunt Road, Te Kauwhata



Subsequent to the Te Kauwhata Structure Plan becoming operative, Council approved subdivision consent for the subject property. Giving effect to this subdivision consent will render the indicative road redundant and a hindrance for the formation of the approved subdivision. This is due to the fact that upon completion of the approved subdivision, a number of lots created would be intersected by the indicative road. In accordance with Rule 21.49.1 any building as a permitted activity would have to be set back a minimum of 13m from the centre line of the indicative road. Given the relatively small size of the approved lots this places a significant restriction on property owners and could result in property owners requiring consent as a Discretionary Activity.

Compounding the above issue, Rule 21.5 (h) provides that it is a prohibited activity to construct a building valued at \$15,000 or more on the route of an indicative road. Therefore, retention of the indicative road would result in the possibility that the construction of a dwelling on a number of lots would be severely restricted due to the underlying indicative road and the prohibition of the above rule.

Therefore PC8 proposes to delete the indicative road, instead relying on the road layout in the approved subdivision consent.

2.3.2 Map 23.4 – Proposed deletion of the indicative road on Birchwood Lane extension, Tamahere

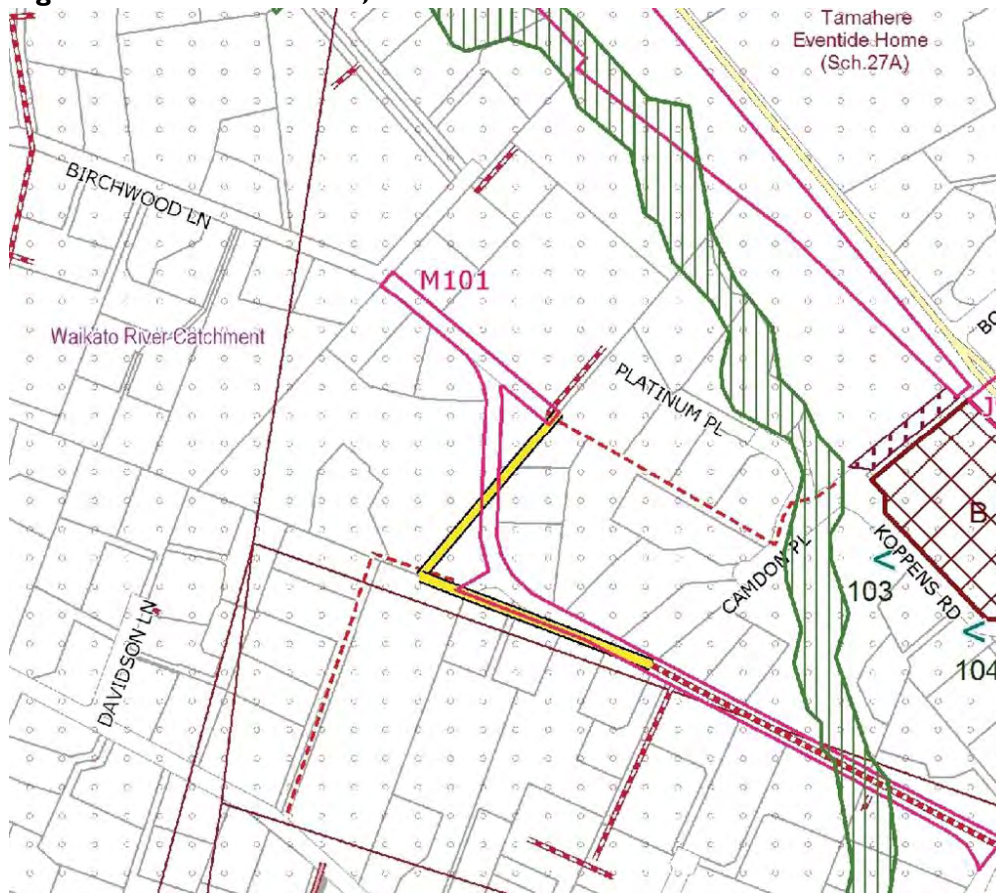
Planning Map 27.2 of the District Plan demonstrates a number of indicative roads within Tamahere. PC8 proposes to delete one indicative road that is referred to as the Birchwood Lane extension and is demonstrated in yellow highlight on the following page in Figure 2. Furthermore, PC8 proposes to delete second indicative road off Birchwood Lane identified by the blue highlight in Figure 2 below.

Deletion of Birchwood Lane indicative road:

Birchwood Lane is a local road off Newell Road in Tamahere and is located within the Country Living Zone. Council wanted to extend the road to connect with Devine Road. To ensure the importance of this link was secured, an indicative road (intent important) was established on Planning Map 27.2 of the District Plan. Additionally, a Notice of Requirement was lodged with Council on 9 August 2005 with designation M101 being confirmed and included on Planning Map 27.2 in the District Plan (Operative in Part) 2011.

Following discussions with adjacent landowners wishing to subdivide their properties, and progressing Council's intention for a connection to Devine Road, the area was surveyed and a detailed design undertaken. It became clear during this design that the designated alignment could not provide a safe route due to the low radius, high deflection angle curves required.

On the basis of the proposed new alignment design, in November 2011 Council through the Service Delivery road team, (as the requiring authority) lodged a Notice of Requirement for an alteration of designation M101 to address a re-alignment of the designation and a removal of parts of the existing designation made redundant by the alteration.

Figure 2: Birchwood Lane, Tamahere

Due to the change in the road alignment and the designation being established the original indicative road above is no longer required. The concern for landowners that have the indicative road running through their property is that pursuant to Rule 27.48.1, the construction of any building must be located a minimum of 17.5 metres from the centre line of an indicative road.

The proposed deletion of this indicative road not only reflects the change in the designated extension of Birchwood Lane but removes the current restrictions that the properties have particularly 107 and 106 Birchwood Lane who would have to site any new buildings a minimum of 17.5m from the centreline of the indicative road. This is particularly an issue for 107 Birchwood Lane as the indicative road runs through approximately one third of the lot. With an area of only 6579 square metres significantly restricts the location for the sitting of a new dwelling as a permitted activity.

Deletion of indicative road off Birchwood Lane:



At present, there is an indicative road that runs off the Birchwood Lane extension north eastwards on numbers 2 and 4 Figgmartin Lane, Tamahere. This indicative road was established in 2004 and provided a mechanism to highlight the requirement for an indicative road in the future with the location not being important.

Since the establishment of the indicative road the underlining title has since been subdivided into seven freehold Country Living lots with a central private right of way (Figgmartin Lane) servicing the lots. At the time of undertaking the subdivision the landowner had the ability to construct an indicative road on the approximate location as identified on the Planning Map. However due to the location being close to the south-east boundary of the property, it was a far more efficient utilisation of the property to establish a private right of way down the approximate middle of the property to service the lots.

The new effect of the indicative road is that the construction of any new building on lots 2 and 4 Figgmartin Lane as a permitted activity would have to be a minimum of 17.5 metres from the centreline of the indicative road as well as the 12 metre minimum from every other boundary other than a road boundary. This limits the location of permitted dwellings on the two properties and may result in the landowners having to apply for resource consent.

2.3.3 Proposed deletion of two indicative roads on Greenslade Road, Raglan

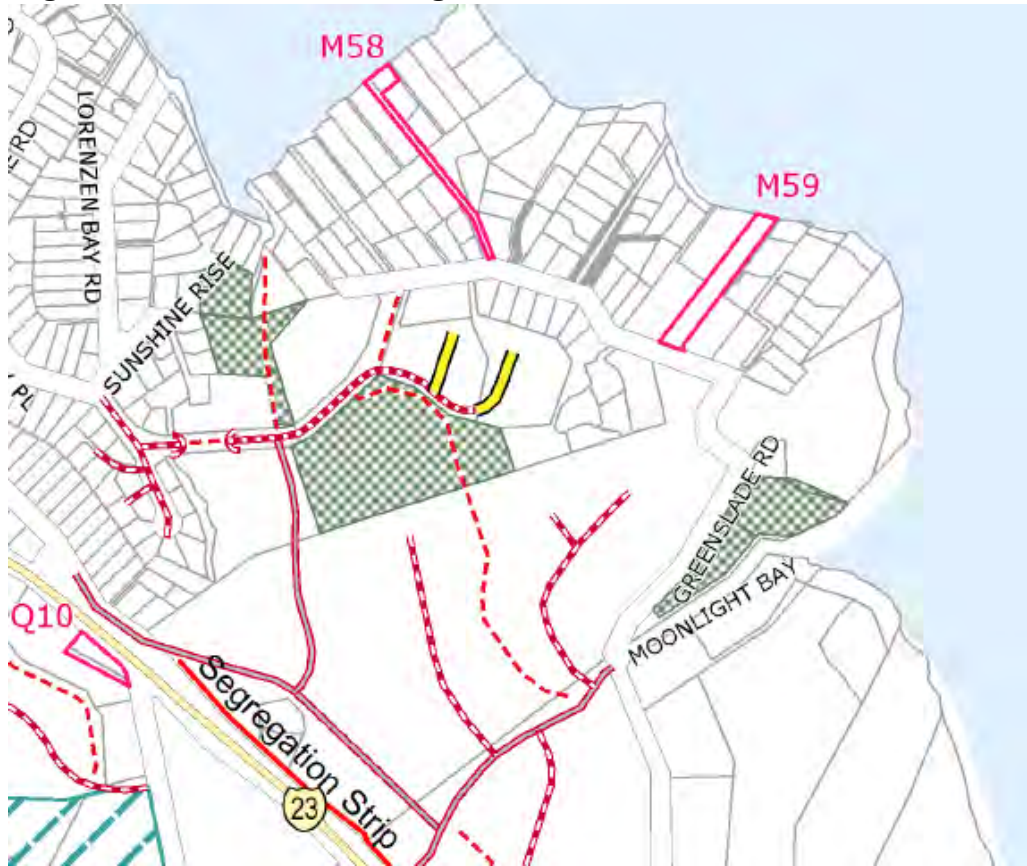
PC8 proposes to delete the two small yellow highlighted indicative roads demonstrated on the map below (Figure 3).

Planning Map 23.4 of the District Plan demonstrates that properties 109 and 113 Greenslade Road have two small cul du sac indicative roads on the properties. These two cul du sac indicative roads are connected to another indicative road that is located along the southern boundary of 113 Greenslade Road and runs along the boundary of an adjoining Council reserve area to the south west.

These indicative roads were established during the development of the Lorenzen Bay Structure Plan to reflect the future subdivision of the above properties into 27 proposed

Living Zoned allotments. This consent was not approved by Council and subsequently the properties have changed hands. The current property owners have undertaken considerable native planting and have no desire for a Living Zoned subdivision.

Figure 3: Greenslade Road, Raglan



It is important to note that PC8 does not propose to delete the effective indicative link road that is located along the southern boundary of 113 Greenslade Road. Council intends to retain this indicative road as it serves the purpose of highlighting the importance of a future link road possibly through to Lorensen Bay Road as well as possibly through to the future subdivision of the 12.5 hectare property (Pt Lot 30 DPS 31092) to the south east of the property with linkages onto Greenslade Road or a new road.

2.3.4 Proposed deletion of indicative road – Waikowhai Place and Puka Place, Raglan

PC8 proposes to delete indicative roads that were established before the subdivision (SUB0068/05) creating Waikowhai Place and Puka Place, Raglan. The subject indicative roads are shown as yellow highlight on Figure 4 on the next page.

Figure 4: Waikowhai Place and Puka Place, Raglan

The roads/access that is subject of the indicative road has been constructed and Council has previously issued S224C certificates for the lots. The problem has arisen because the location of the constructed Waikowhai Place and Puka Place roads are different than the location of the indicative roads.

The effect of this is that 7 Waikowhai Place and 10, 4 and 2D Puka Place currently have an indicative road that bisects the property. Rule 21.5 of the District Plan makes the construction of a building valued over \$15,000 on the route of an indicative road a prohibited activity for which no consent can be lodged. Furthermore, 5A Waikowhai Place and 10 Puka Place have new buildings on them as a result of BLD345/10 and BLD380/10 building consents.

Currently the owner of 4 Puka Place has lodged a consent application for the construction of a dwelling on the property, however this property is bisected by the indicative road which taking into account the minimum setback of 16 metres from the centreline of the indicative road effectively forces the landowners to have to apply for resource consent to build on the property.

2.4 Proposed amendments to rules

2.4.1 Sale of Liquor rule – all zones

PC8 proposes to amend the sale of liquor rules in all zones to ensure that the sale of liquor rule is consistent with the Sale and Supply of Alcohol Act 2012 and ensure there is connectivity within the rule itself.

The proposed amendment is:

Any activity is a permitted activity if the sale of liquor:

- (a) is authorised by a special licence, or
- (b) in the case of any other licence, does not occur:
 - (i) between 10 and 7am, ~~or~~ **and**
 - (ii) on a site within 50m of land in the Living Zone, or
 - (iii) on a site within 50m of a dwelling in the Pa, Rural, Coastal, Country Living or Recreation Zones.

The amendment proposes to replace “or” with “and” to provide for connectivity between (b) (i) and (b) (ii). Currently the rules provide that the sale of liquor is a permitted activity if the activity does not occur between the hours stated in (b) (i) or the activity does not occur on a site within 50m of land in the Living Zone. The implications of this is that the sale of liquor would be permitted if the activity complies within only one of the above so either (b) (i) or (b) (ii).

The concern for Council is that the sale of liquor should only be permitted if the activity complies with both the hours in (b)(i) and the site characteristics in (b)(ii) or (iii) and not if the activity only complies with one of the two standards. By replacing “or” with “and” this will ensure condition connectivity.

Requiring compliance with both (b) (i), (b) (ii) or (iii) is considered to mitigate the adverse environmental effects associated with such activities and generally the patrons using them on the residential character and amenity of the Living Zone.

2.4.2 Plant or animal effluent – All zones

This rule is located in all zones of the District Plan and provides for the disposal of liquid effluent derived from plants or animals, or whey as a permitted activity. It is proposed to simply change the location of the word “whey” within the rule to not only improve the readability of the rule but provide greater clarity. The proposed amendment is:

“Any activity is a permitted activity if:

- (a) *treatment and application of **whey or** liquid effluent derived from plants or animals, ~~or whey~~, (including disposal onto land by spray irrigation)*

The current location of the word “whey” within the rule appears that it was essentially an afterthought during the rules drafting. Undertaking the proposed amendments is considered to improve the clarity and applicability of the rule and hence improve the ease of understanding for District Plan users.

2.4.3 Temporary Events – All zones

One of the requirements of the current temporary event rule provides that a temporary event is a permitted activity if it does not involve the assembly of more than 500 people. However, the wording of the rule allows for different interpretations. On the one hand, it could be interpreted that a temporary event is a permitted activity if it does not involve more than 500 people per event, or it does not involve the assembly of more than 500 people over the entire three events, maximum as per the rule.

The purpose of the particular wording was for a maximum of 500 people per event and therefore up to 500 people over three events per year adding to a total of 1500 people for the year. To eliminate the potential for a different interpretation it is proposed to insert “per event” at the end of the relevant clause: as demonstrated below:

“A temporary event is a permitted activity if:

- (a) the event takes place within a public park, school or community centre, and*
- (b) the event occurs no more than 3 times per year, and*
*it does not involve the assembly of more than 500 people **per event**, and”*

2.4.4 Rule 25.52 – Non-residential building in the Rural Zone

At present, Rule 25.52 provides for the establishment of a non-residential building up to 400m² in area as a permitted activity in the Rural Zone. The purpose of this rule is to provide for buildings to be used for rural purposes, such as implement sheds without the need for resource consent.

However, there are two matters that require addressing. First, the current wording of the rule does not make it clear whether only one 400m² building is permitted per lot or if the limit applies to each building with no limit on the number of buildings (the latter was the intention because Rule 25.51 Site Coverage effectively governs the total number of buildings on a lot). To address this matter it is proposed to insert “each” into 25.52.1 a) to ensure the purpose of the rule is clear.

The second matter is related to the 400m² limit per building. Council has had examples that have demonstrated that the 400m² limit may be too restrictive and it would be more appropriate to increase this limit to 500m².

The proposed amendments to the rule are:

“Construction or alteration of a non-residential building is a permitted activity if:

- a) the gross floor area of ~~any~~ **each** non-residential building does not exceed ~~400m²~~ **500m²**; and*
- b) the gross floor area of any non-residential building on a site of less than 2ha does not exceed 250m²”*

Note:

This rule does not apply to buildings for productive rural activities. For this, refer to rule 25.52A.

It is important to outline that it is proposed to insert a new note at the bottom of the rule. The purpose of this is to provide clarity that this rule does not apply to buildings that are to be used for productive rural purposes as defined within the District Plan. This is discussed below.

2.4.5 New Rule 25.52A – Buildings for productive rural activities in Rural Zone

Associated with the last paragraph above, Council acknowledges that within the rule framework of the Rural Zone there is no allowance for the establishment of large farming-related buildings as a permitted activity. Currently, pursuant to Rule 25.52 the establishment of a 400m² (proposed to be amended to 500m²) building is a permitted activity. However, the establishment of any building above the current 400m² (proposed 500m²) limit would require consent as a Discretionary Activity.

In cases where the landowner wishes to establish a building for productive purposes such as rearing calves, herd homes or goat farming, a 400m² restriction is too low and accordingly a discretionary activity consent is required. This is an inefficient approach and there have been many examples of such consents being applied for to establish larger buildings to be used for productive purposes in the Rural Zone.

To address this it is proposed to introduce a new rule 25.52A that would cater solely for those buildings larger than 400m² to be used for productive rural activities. It is proposed to set the permitted level at 1000m² with no restriction on the number of buildings as this is controlled by the site coverage rule.

It is important to highlight that through Plan Change 2 a new definition of productive rural activities was established as:

“Means those activities that use rural resources for economic gain and which cannot be carried out easily or appropriately in an urban setting. They include energy generation, access to and extraction of mineral resources including extractive industry, soil-based production and the processing of primary products”

The proposed amended rule is re-printed below:

“Construction or alteration of a building used for productive rural activities is a permitted activity if:

- a) the gross floor area of each building does not exceed 1000m²”*

The proposed new Rule 25.52A recognises that buildings can be used for productive rural activities as defined above. In the case that such a building/s is not utilised for purposes consistent with the above definition, then this new rule will not apply and compliance with the 400m² within Rule 25.52 would be applicable.

2.4.6 Rule 27.11.1 – Home occupation in the Country Living Zone

The current home occupation rule in the Country Living Zone provides for home occupations as a permitted activity subject to compliance with standards (a) to (d).

Plan Change 3 (Tamahere Structure Plan) introduced new Rule 27.11A for home occupation within the Tamahere Country Living Zone. This rule was written on the basis of Rule 27.11.1 but included new standards establishing limits on:

- The gross floor area that the home occupation comprises;
- Restricting the home occupation within a dwelling or attached garage; and
- Limiting the home occupation to no more than 4 heavy vehicle movements daily.

It is considered that instead of having two different home occupation rules in the Country Living Zone where both set out to achieve the same outcome, it would be more efficient to introduce Rule 27.11A across the entire the Country Living Zone in the District.

At present there are no limitations on the size of the area that the home occupation occupies or that the activity is contained within the dwelling or an attached garage. A 40m² maximum floor area and ensuring the activity is undertaken within a dwelling or attached garage (i.e. preventing undertaking the activity in a detached building) are standards to control the size and location of the home occupation and therefore minimising the adverse effects of a home occupation on the surrounding environment whilst aiding in the protection of the predominant residential amenity of the locality.

Currently there is also no limitation on the number of heavy vehicle movements that a home occupation generates. An unlimited number of heavy vehicle movements per day could, depending on the locality, result in adverse effects on the occupants of the surrounding environment.

The proposed rule is re-printed below:

“A home occupation that complies with all effects and building rules is a permitted activity if:

- a) it involves no more than 40m² of the total gross floor area; and*
- b) is wholly contained within the dwelling or attached garage; and*
- c) no more than 2 people who are not permanent residents of the site are employed at any one time; and*
- d) the activity does not interfere with neighbour’s televisions, radios, telephones or electronic equipment; and*
- e) the activity creates no more than 4 heavy vehicle movements per day; and*
- f) there is no unloading and loading of vehicles or the receiving of customers or deliveries before 7.30am or after 7.00pm on any day; and*
- g) there is no operation of machinery before 7:30am or after 7:00pm on any day; and*
- h) materials, machinery, trailers or heavy vehicles associated with the home occupation are not visible from a public road or neighbouring property.*

27.10.2

A home occupation that does not comply with b) for a permitted activity is a controlled activity if it is contained within an accessory building

Control reserved over:

- location of building to boundaries of site*
- entrances in relation to boundaries*
- noise and acoustic insulation*
- visual amenity*

27.10.3

A home occupation that does not comply with the condition for a controlled activity is a discretionary activity”.

2.4.7 Rule 25.54 – Building setbacks – Allotments 1.6ha or more in the Rural Zone

The purpose of this rule is to establish a minimum 25 metre setback from every boundary other than a road boundary. Buildings that comply with this requirement are a permitted activity. Pursuant to Rule 25.54.2 non-compliance with this rule changes the application to a Discretionary Activity if it is a non-habitable building within 25m of every boundary other than a road boundary. Therefore, should a building be located within 25m of only one boundary then the application defaults to non-complying.

This was not the intention of the rule and it is proposed to amend the wording to ensure that non-compliance with only one boundary other than a road boundary would require consent as a Discretionary Activity instead of a Non-Complying Activity. The proposed amendment is:

25.54.1:

“Any activity that does not comply with a condition for a permitted activity is a discretionary activity if it is:

- (a) a non habitable building within 25m from every one or more boundary~~ies~~ other than a road boundary”*

2.4.8 Rule 25.55 – Building setbacks – 5000m² to 1.6ha in the Rural Zone

As discussed above, Rule 25.55.2 has the same issue and it is proposed to be amended as:

“Any activity that does not comply with a condition for a permitted activity is a discretionary activity if it is:

- (a) a non habitable building within 25m from every one or more boundary~~ies~~ other than a road boundary if the adjoining allotment is 6ha or more.”*

2.4.9 Rules 21.24, 22.22, 23.26, 24.25 and 25.25 – Earthworks in various zones

The earthworks rule in all applicable zones is proposed to be amended to improve the purpose and clarity of the rule. The proposed amendments are:

1. Pursuant to the earthwork rule in the zones (particularly Rule 21.24 in the Living Zone) earthworks are a permitted activity if there is compliance with all standards (a) through to (j). Clause (d) is important to highlight as it requires that no material is removed from the site.

A Living Zone has a minimum net site area of 450m² or 600m² in the New Residential Zone. These site sizes are relatively small so it is common for material to be removed from the site as it is not appropriate to stock pile material on site. Currently this rule would trigger the requirement for resource consent for every new dwelling constructed or relocated within the Living Zone which is highly inefficient and contrary to the purpose of the Living Zone.

To address this issue, it is proposed to delete clause (d) so that material can be removed from the site and the permitted activity status can still be retained.

2. Rule 21.24.1 (j) establishes a square metre permitted limit. The purpose of this clause is to establish a permitted limit on the area of the earthworks being undertaken. However the current wording of the clause does not make it clear that

it relates to an area. To address this it is proposed to make a small amendment to include the new words “in area” at the end of this clause.

3. Following clause (j), the earthwork rules have a “*despite*” section that provides exclusions from the clauses in (h) to (j). The purpose of this section is to provide for earthworks as a permitted activity if they comply with clauses (a) to (ga) and the works are part of an approved subdivision or approved via a building consent and the works are no more than 150% of the area of the building works or occurs on land no steeper than 1:8 gradient.

The current format of the above section is not clear and has resulted in confusion as to the clear purpose and application of the clause. The purpose of section (k) (ii) is twofold with earthworks being permitted if:

- the earthworks are necessary for building works authorised by a building consent and the area is no more than 150% of the area of the building works; or
- The earthworks occurs on land with an average gradient no steeper than 1:8.

The format of the rule is not clear and the “or” between the above two bullet points can get lost within the clause. To address this and improve the clarity of the rule it is proposed to make the following format amendment:

“is necessary for building works authorised by a building consent and:

- ~~and~~ *the area of earthworks is no more than 150% of the area of those building works; or*
- ~~or~~ *occurs on land with an average gradient no steeper than 1:8, or”*

2.4.10 Two new rules for road stopping and esplanade reserve:

PC8 proposes to introduce two new rules to address an anomaly with regards to the stopping of paper roads and the requirement in certain instances for Council to take an esplanade reserve pursuant to the Local Government Act. (LGA).

Pursuant to section 345(3) of the LGA upon the stopping of any road along:

- (i) the mark of mean high water springs of the sea; or
- (ii) the bank of a river with an average width of 3 metres or more; or
- (iii) the margin of any lake with an area of 8 hectares or more.

Council must take a 20m minimum width of esplanade reserve. In accordance with s345(3) of the LGA there is no ability for Council to either waive this requirement or to take less than 20m in instances where 20m width is not appropriate.

Section 77(3) of the RMA provides that a territorial authority may include a rule in their District Plan that either allows the taking of less than 20 metres in width or that section 345(3) of the LGA does not apply so effectively waiving the requirement of taking an esplanade reserve. The wording of s77(3) is very clear that the only mechanism available for territorial authorities is inclusion of a rule in the District Plan and does not provide the ability for a territorial authority to establish a policy regarding this matter.

The two rules are proposed in accordance with section 77(3) of the RMA to provide the opportunity for Council to either waive the requirement of taking an esplanade reserve,

taking esplanade reserves less than 20m in width or more than 20m in width. The two proposed rules are re-printed on the following page:

ITEM	RESTRICTED DISCRETIONARY ACTIVITY	RESOURCE CONSENT
<p><u>25.11C</u> <u>Creation of esplanade reserve on road stopping -</u></p> <ul style="list-style-type: none"> • <u>esplanade reserve less than 20m in width; or</u> • <u>esplanade reserve greater than 20m in width</u> 	<p><u>25.11C.1</u> <u>On the stopping of any road along:</u></p> <p>(i) <u>the mark of mean high water springs of the sea;</u> <u>or</u> (ii) <u>the bank of a river with an average width of 3 metres or more; or</u> (iii) <u>the margin of any lake with an area of 8 hectares or more;</u></p> <p><u>the creation of an esplanade reserve on road stopping, as required under the Local Government Act 1974, is a restricted discretionary activity if the width of the esplanade reserve is:</u></p> <p>(a) <u>less than 20m; or</u> (b) <u>greater than 20m.</u></p> <p><u>Discretion restricted to:</u></p> <ul style="list-style-type: none"> • <u>the extent to which the value of the subject land in terms of the purpose of esplanade reserves and strips is not significantly diminished;</u> • <u>the extent to which objectives and policies of Chapter 2 and 15 of the District Plan are met;</u> • <u>whether the conservation and enhancement of the coastal environment and lake margins is still achieved, in particular:</u> <ul style="list-style-type: none"> • <u>the maintenance or enhancement of the natural functioning of the adjacent sea, river or lake;</u> • <u>the maintenance or enhancement of water quality;</u> • <u>the maintenance or enhancement of terrestrial or aquatic habitats;</u> • <u>the mitigation of any actual or potential natural hazards;</u> • <u>the maintenance and enhancement of the natural character and landscape values;</u> • <u>whether safe public access is possible;</u> • <u>whether recreational use of the reserve or adjacent water is enabled or diminished;</u> • <u>the extent to which the natural character and visual quality of the coastline, or margin of the sea, river or lake will be preserved within the proposed reserve;</u> • <u>whether there are any values of significance to Tangata Whenua;</u> • <u>whether there are any significant archaeological or historical sites;</u> • <u>whether there are existing buildings on the subject land;</u> • <u>topography of the land.</u> 	<p><u>25.11C.2</u> <u>Any activity that does not comply with a condition for a restricted discretionary activity is a discretionary activity.</u></p>

ITEM	RESTRICTED DISCRETIONARY ACTIVITY	RESOURCE CONSENT
<p><u>25.11D</u> <u>Creation of esplanade reserve on road stopping -</u></p> <ul style="list-style-type: none"> <u>waiver of esplanade reserve.</u> 	<p><u>25.11D.1</u> <u>On the stopping of any road along:</u></p> <p><u>(i) the mark of mean high water springs of the sea;</u> <u>or</u> <u>(ii) the bank of a river with an average width of 3 metres or more; or</u> <u>(iii) the margin of any lake with an area of 8 hectares or more;</u> <u>waiving the requirement to create an esplanade reserve on road stopping, as required under the Local Government Act 1974, is a restricted discretionary activity.</u></p> <p><u>Discretion restricted to:</u></p> <ul style="list-style-type: none"> <u>the extent to which the value of the subject land in terms of the purpose of esplanade reserves and strips is not significantly diminished;</u> <u>the extent to which objectives and policies of Chapter 2 and 15 of the District Plan are met;</u> <u>the nature and degree of existing public access to the water body adjacent to the road being stopped;</u> <u>the need for additional public access or potential linkages to any existing esplanade reserve or strip in the vicinity of the water body adjacent to the road being stopped;</u> <u>whether circumstances exist such that it would not be appropriate to require an esplanade reserve;</u> <u>whether an alternative land use would be of a greater community interest;</u> <u>whether other factors are present determining that the provision of an esplanade reserve would have little or no value in achieving the purposes of an esplanade reserve as set out in the Resource Management Act;</u> <u>whether the purposes of esplanade reserves can be achieved by other means;</u> <u>topography of the land.</u> 	<p><u>25.11D.2</u> <u>Any activity that does not comply with a condition for a restricted discretionary activity is a discretionary activity.</u></p>

2.4.11 Rule 27.70 – Esplanade reserves and esplanade strips:

The current format of Rule 27.70 is not only inconsistent with the format of the rule in the other zones of the District Plan but is potentially confusing for District Plan users. The existing rule is re-printed below:

<p>27.70</p> <p>Esplanade reserves and esplanade strips</p>	<p>27.70.1</p> <p>Subdivision is a controlled activity if an esplanade reserve or strip 20m wide (or other width stated in Appendix G: Esplanade Priority Areas) is created from every allotment:</p> <p>(c) less than 4ha and within 20m of</p> <p>(i) mean high water springs, or</p> <p>(ii) the bank of any river whose bed has an average width of 3m or more, or</p> <p>(iii) a lake whose bed has an area of 8ha or more, or</p> <p>(iv) 4ha or more within 20m of mean high water springs, or a water body identified in Appendix G (Esplanade Priority Areas).</p> <p>Control reserved over:</p> <ul style="list-style-type: none"> ▪ the type of esplanade provided – reserve or strip ▪ width of the esplanade reserve or strip ▪ access to the esplanade reserve or strip ▪ matters provided for in an instrument creating an esplanade strip or access strip ▪ works required prior to vesting any reserve in the Council. 	<p>27.70.2</p> <p>Subdivision that does not comply with a condition for a controlled activity is a restricted discretionary activity.</p> <p>Discretion restricted to:</p> <ul style="list-style-type: none"> ▪ matters that control is reserved over ▪ costs and benefits of acquiring the land.
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The format of the above rule means that (iv) is one of the standards of 27.70.1 (a). However, the confusion arises as 27.70.1 (a) applies only to areas less than 4ha in area and (iv) applies to areas greater than 4ha in area and therefore is not an appropriate standard for inclusion in 27.70.1 (a).

It is therefore proposed to amend the format of this rule to delete (iv) and replace with (b) so it is an independent standard within the rule. The proposed amendments are re-printed below.

“Subdivision is a controlled activity if an esplanade reserve or strip 20m wide (or other width stated in Appendix G (Esplanade priority Areas) is created from every allotment:

(a) less than 4ha and within 20m of

(i) mean high water springs, or

(ii) the bank of any river whose bed has an average width of 3m of more, or

(iii) a lake whose bed has an area of 8ha or more, or

(b) ~~(iv)~~ 4ha or more within 20m of mean high water springs, or a water body identified in Appendix G (esplanade Priority Areas)”

3.0 Decision Making

WDC is required pursuant to clause 10 of the First Schedule of the RMA to make a decision on the proposed provisions and the decisions sought in submissions on PC8. The decision must include the reasons for accepting or rejecting the submissions having regard to the purpose and principles of the RMA. Overall, WDC must be satisfied that PC8 promotes the sustainable management of the natural and physical resources of the District.

In this case, WDC has appointed an independent commissioner and will appoint two elected members to comprise the three person hearing panel as the decision-making authority to either decline or approve PC8.

4.0 Statutory Requirements and Planning Framework

4.1 Resource Management Act 1991

4.1.1 Part 2 - Purpose and Principle

Part 2 of the RMA sets out the purpose and principle of the Act. All those performing functions under the RMA are required to act in accordance with the purpose and principles of the Act. When considering changes to a district plan a territorial authority is required by section 74 to have regard to Part 2 of the RMA.

Section 5 - Purpose

The purpose of the RMA is set out in section 5(1) as follows:

“The purpose of this Act is to promote the sustainable management of natural and physical resources.”

Section 5(2) of the RMA defines “sustainable management” as:

“In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety while –

- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
- (b) Safeguarding the life-supporting capacity of air, water, soil and ecosystems; and*
- (c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment.”*

PC8 addresses anomalies within the Operative District Plan that have arisen since the District Plan became operative. Many of these anomalies are minor in nature but the proposed amendments through PC8 will improve the clarity or purpose of the particular rule or definition. One of the key matters that has had some issues for the consenting team is the indicative roads and the outcome when a subdivision is granted consent with an

alternative road layout than what is demonstrated by the indicative roads in the District Plan Planning Maps. PC8 proposes to address this issue.

Overall, the amendments proposed in PC8 seek to improve the clarity and administration of the Operative District Plan that has the overall objective of achieving the purpose of Section 5 of the RMA.

Section 6 - Matters of National Importance

Section 6 of the RMA sets out the matters of national importance as:

“In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall recognize and provide for the following matters of national importance:

- (a) the preservation of natural character of the coastal environment (including the coastal marine area), wetlands, and lakes and rivers and their margins, and the protection of them from inappropriate subdivision, use and development;*
- (b) the protection of outstanding natural features and landscapes from inappropriate subdivision, use and development;*
- (c) the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna;*
- (d) the maintenance and enhancement of public access to and along the coastal marine areas, lakes and rivers;*
- (e) the relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga;*
- (f) the protection of historic heritage from inappropriate subdivision, use, and development;*
- (g) The protection of protected customary rights.*

As PC8 is limited to technical amendments to address current anomalies in the Operative District Plan, there are no specific provisions within PC8 that address the matters in Section 6 of the RMA.

Section 7 - Other Matters

Section 7 of the RMA sets out the “other matters” that persons exercising functions and powers under the Act have to have “particular regard to”.

Section 7 provides:

“In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall have particular regard to –

- (a) Kaitiakitanga;*
- (aa) The ethic of stewardship;*
- (b) The efficient use and development of natural and physical resources;*
- (ba) The efficiency of the end use of energy;*
- (c) The maintenance and enhancement of amenity values;*

- (d) *Intrinsic values of ecosystems;*
- (e) *Repealed.*
- (f) *Maintenance and enhancement of the quality of the environment;*
- (g) *Any finite characteristics of natural and physical resources;*
- (h) *The protection of the habitat of trout and salmon;*
- (i) *The effects of climate change;*
- (j) *The benefits to be derived from the use and development of renewable energy”*

PC8 is limited to technical amendments to address current anomalies in the Operative District Plan, there are no specific provisions within PC8 that address the matters in Section 7 of the RMA.

Section 8

Section 8 of the RMA requires:

“all persons exercising functions and powers under it, in relation to managing the use, development, and protection of the natural and physical resources, shall take into account the principles of the Treaty of Waitangi”

PC8 does not address any objectives and policies, rules or zonings that would affect the principles of the Treaty of Waitangi.

4.1.2 Section 73 and the First Schedule

Of particular importance for this plan change is Section 73 of the RMA. Section 73(2) establishes a basis for privately initiated plan changes and states that:

“Any person may request a territorial authority to change a district plan, and the plan may be changed in the manner set out in Schedule 1”.

The process which a private plan change can be requested is set out in Part 2 of Schedule 1 with clause 22 setting out the specific requirements of the form of such a request:

- “(1) A request made under clause 21 shall be made to the appropriate local authority in writing and shall explain the purpose of, and reasons for, the proposed plan or change to a policy statement or plan and contain an evaluation under section 32 for any objectives, policies, rules or other methods proposed.*
- (2) Where environmental effects are anticipated, the request shall describe those effects, taking into account the provisions of Schedule 4, in such detail as corresponds with the scale and significance of the actual or potential environmental effects anticipated from the implementation of the change, policy statement, or plan.”*

4.1.3 Section 74 - Matters to be considered

Section 74 sets out the matters to be considered by a territorial authority when preparing or changing a district plan. Section 74 requires that, when considering changes to its District Plan, a territorial authority must have regard to, amongst other things:

- (a) its functions under section 31 of the RMA;
- (b) the provisions of Part 2 of the RMA; and

(c) its duties under section 32 of the RMA.

Section 74 also requires a territorial authority to have regard to any regional policy statement and any regional plan when considering a proposal for a plan change, with Section 74(2) stating:

“In addition to the requirements of section 75(3) and (4), when preparing or changing a district plan, a territorial authority shall have regard to –

- (a) Any –
 - (i) *Proposed regional policy statement; or*
 - (ii) *Proposed regional plan of its region in regard to any matter of regional significance or for which the regional council has primary responsibility under Part 4; and*
- (b) Any –
 - (i) *Management plans and strategies prepared under other Acts; and*
 - (ii) *Repealed.*
 - (iii) *Relevant entry in the New Zealand Heritage List; and*
 - (iii) *.....*

To the extent that their content has a bearing on resource management issues of the district; and

(c) *The extent to which the district plan needs to be consistent with the plans or proposed plans of adjacent territorial authorities.*

Section 74(2A) also requires the territorial authority, when preparing or changing its district plan to:

“take into account any relevant planning document recognized by an iwi authority and lodged with a territorial authority, to the extent that its content has a bearing on resource management issues of the district.”

4.1.4 Section 31

Pursuant to Section 74(1) of the RMA, territorial authorities are required to have regard to the functions that are set out in Section 31 of the RMA. Section 31 provides:

“(1) Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:

- (a) *The establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district;*
- (b) *The control of any actual or potential effects of the use, development, or protection of land, including for the purpose of –*
 - (i) *the avoidance or mitigation of natural hazards; and*
 - (ii) *the prevention or mitigation of any adverse effects of the storage, use, disposal, or transportation of hazardous substances; and*
 - (iii) *the prevention or mitigation of any adverse effects of the development, subdivision, or use of contaminated land;*
 - (iii) *the maintenance of indigenous biological diversity;*

- (c) *Repealed.*
 - (d) *The control of the emission of noise and the mitigation of the effects of noise;*
 - (e) *The control of any actual or potential effects of activities in relation to the surface of water in rivers and lakes;*
 - (f) *Any other functions specified in this Act.*
- (2) *The methods used to carry out functions under subsection (1) may include the control of subdivision”.*

4.1.5 Section 75 (Contents of District Plans)

Section 75 of the RMA sets out what needs to be included in a district plan. It provides:

“(1) A district plan must state –

- (a) the objectives of the district; and*
- (b) the policies to implement the objectives; and*
- (c) the rules (if any) to implement the policies.*

(2) A district plan must state –

- (a) the significant resource management issues for the district; and*
- (b) the methods, other than rules, for implementing the policies for the district; and*
- (c) the principal reasons for adopting the policies and methods; and*
- (d) the environmental results expected from the policies and methods;*
- (e) the procedures for monitoring the efficiency and effectiveness of the policies and methods;*
- (f) the processes for dealing with issues that cross territorial authority boundaries; and*
- (g) the information to be included with an application for a resource consent; and*
- (h) any other information required for the purpose of the territorial authority’s functions, powers and duties under this Act.*

(3) A district plan must give effect to –

- (a) any national policy statement; and*
- (b) any New Zealand Coastal Policy Statement; and*
- (c) any regional Policy Statement.*

(4) A district plan must not be inconsistent with –

- (a) a water conservation order; or*
- (b) a regional plan for any matter specified in section 30(1).*

(5) A district plan may incorporate material by reference under Part 3 of Schedule 1.

5.0 The relevant strategies

5.1 Future Proof Implementation Strategy (FP)

5.1.1 The Future Proof Growth and Development Strategy (FP) is a framework for managing growth and development within the sub-region prepared under the Local Government Act 2002. Waikato District Council, Hamilton City Council, Waikato Regional Council, Waipa

District Council and the New Zealand Transport Agency are co-partners in the development of FP where the population of the sub-region is predicted to nearly double over the next 50 years (from 223,000 people to 437,000 people) and collective planning between territorial authorities, residents and businesses is considered critical to the sub-region's long-term viability. FP aims to manage that growth in a collaborative manner for the benefit of the sub region.

5.1.2 The vision of FP is:

“In 2060 the sub-region:

- *Has a diverse and vibrant metropolitan centre strongly tied to distinctive, thriving towns and rural communities*
- *Is the place of choice for those looking for opportunities to live, work, invest and visit*
- *Is the place where natural environments, landscapes and heritage are protected and a healthy Waikato River is at the heart of the regions identity*
- *Has productive partnerships within its communities, including Tangata Whenua*
- *Has affordable and sustainable infrastructure*
- *Has sustainable resource use”.*

5.1.3 In this case, there are no specific aspects of Future Proof of relevance to this plan change, as the subject matter of the plan change represents minor details in the context of the Future Proof Strategy.

5.2 Waikato District Growth Strategy (WDGS)

5.2.1 The Waikato District Growth Strategy (WDGS) has been updated to specifically address the Waikato District response to FP with the growth strategy addressing the specific implications of growth to the district and provides growth tables that have been used throughout the Long Term Plan (LTP).

5.2.2 The WDGS recognizes that a continuation of the previous rural residential sprawl into productive rural areas of the district is unsustainable and looks to revitalize existing towns and villages of the district whilst protecting the rural resource of the district for productive use.

5.2.3 The WDGS seeks to:

- Direct approximately 80 percent of the growth around existing towns and villages strengthening the towns and villages to maximize infrastructure;
- Provide for an equitable range of residential housing options;
- Work closely with major stakeholders to leverage economic development and infrastructure investment opportunities;
- Recognise that people want options for where they choose to live;
- Recognise that the proposed changes and growth will occur progressively over the 50 year timeframe; and
- Ensure that key infrastructure including information communications technology, roads, rail, water, and wastewater treatment and disposal and land use are planned to cope with the expected growth over the 50 year period;

5.2.4 In this case, there are no specific aspects of the Waikato District Growth Strategy of relevance to the subject matter of this plan change.

5.3 Waikato District Long Term Plan (2015-2025)

- 5.3.1 WDC adopted the 2015-2025 LTP on June 30 2015. This plan change has no implications on the current or future LTP, as it relates only to discrete development control matters that are relevant only to the District Plan.

5.4 Appeals Version of Proposed Waikato Regional Policy Statement (PRPS)

- 5.4.1 Council is required to have regard to any relevant proposed Regional Policy Statement when preparing or changing a district plan, in accordance with Section 74(2)(a)(i) of the RMA.

A number of topics have been resolved by consent orders and the PRPS is due to be declared operative in April 2016.

5.5 Operative Regional Policy Statement

- 5.5.1 The Regional Policy Statement (RPS) was made operative in October 2000, and provides an overview of resource management issues in the Waikato Region. It provides policies, objectives and methods to achieve integrated management of the natural and physical resources within the region, and guides the development of subordinate plans (regional as well as district) and the consideration of resource consents.

6.0 Analysis of submissions

A total of two submissions and no further submissions were received on PC8. The submissions comment on the following proposed changes:

- Definition of kitchen;
- Definition of dwelling;
- Definition of Indicative road;
- Definition of Industrial Activity;
- Definition of Building;
- Definition of Peak Hour;
- Various Planning Maps;
- Building setback rule;
- Rule 25. 52A: Buildings for productive rural activities; and
- Road Hierarchy.

There are a total of 10 submission topics that are discussed below.

Topic 1: Definition of kitchen

With PC8 proposing an amendment to the definition of dwelling, restricting one dwelling to having only one kitchen this necessitates the requirement for a definition of a kitchen. A copy of this definition is re printed below:

“Means any space, facility or room for the storage, preparation and/or cooking of food, washing of utensils and disposal of wastewater. It includes any two or more of the following in the same space, facility or room: a sink, an oven, stove or separate hob. A small scullery or utility room accessed only from the kitchen is included as part of one kitchen. This definition excludes a microwave or an outside kitchen.”

Both submissions comment on the proposed definition with submitter one not supporting the proposed amendments.

The reasons for the proposed amendments and concern raised by submitter two (WDC) is that currently the Council’s consents team are receiving consents whether building consent applications that require consent approval or a consent for a variation to one or many performance standards that show large houses with essentially two kitchens. Furthermore, the internal layout of the proposed dwellings means that the dwellings can be operated independently effectively creating two dwellings under the one roof. A common theme in the consent applications is to show only a sink (one item) and a bench. Pursuant to the proposed amendment, specifically “two” this example would not trigger the definition as a second kitchen and therefore pursuant to the proposed amendments to the dwelling definition, would not be defined as two dwellings under the one roof. Submitter two seeks the proposed definition to be amended as follows:

“Means any space, facility or room for the storage, preparation and/or cooking of food, washing or utensils and disposal of wastewater. It includes ~~two~~ one of the following: a sink, an oven, stove or separate hob. An incidental scullery or utility room is included as part of one kitchen. This definition excludes a microwave or an outside kitchen”

Council’s consent team provided Council’s Policy Planning team a number of examples of floor plans previously processed by Council that illustrate the different design features with potentially up to two separate kitchens and the ability for the dwelling to be utilised as two separate dwellings under the one roof. These plans show the new dwellings designed with a main kitchen area and a separate household unit with a “kitchenette” or “bar”. It is clear that the two units can be operated independently of each other as two dwellings. Copies of these floor plans are provided in Attachment 2 to this report.

Under the notified version of PC8 the examples in Attachment 3 would not trigger two kitchens and would therefore not trigger two dwellings. The consequence of this is that many properties will be able to establish two dwellings under the same roof on a certificate of title as a permitted activity. Additionally, if this is permitted then there is no ability for WDC to charge development contributions for what in essence is a second dwelling on a certificate of title because no resource consent application would be required.

If the definition of kitchen is amended consistent with the submission by WDC then it would only take one of the listed matters to trigger being defined as a kitchen and according to Council’s consents team would address the current issue.

Topic 2: Definition of dwelling

The submission by submitter One (Craig Smith) was solely focused on the proposed amendments to the definition of dwelling. The submitter stated that dwellings should be permitted to include more than one set of kitchen facilities as this provides flexibility in living arrangements such as use by guests or extended family. The submitter is opposed to the proposed amendments to the definition as this will mean that a dwelling with more than one kitchen will be classified as two dwellings. The submitter states that a dwelling that has more than one kitchen does not contribute to a 'greater dwelling density' as it is simply one dwelling. If Council's concern is with the number of dwellings in the Rural Zone and that dwellings are utilised for farm workers then it should make the activity status a non-complying activity.

In relation to this matter the submitter also states that it is not clear in the Section 32 Report what objectives and policies are inconsistent with the current situation and how the proposed amendment will address the inconsistency and what the issue is with dependent persons dwelling. Additionally, the Section 32 Report does not explain the environmental costs of the status quo option as receiving applications for large houses is not an environmental cost. Furthermore, the Section 32 Report does not define the economic costs or the benefit for families.

The submitter further explains that the Section 32 Report does detail the social benefit of families being able to live within the one building, however there is no recognition that for many families a 70m² dependent persons dwelling is insufficient.

The submitter requests that the limit of one kitchen per dwelling in the dwelling definition is deleted and amend the definition of dwelling or household unit, or both to clarify that a household unit comprising extended family falls under the definition of a household unit.

As discussed in topic one above, the concern for Council is that many dwellings are being proposed that essentially feature two kitchens and clearly can be operated as two separate household units which is not consistent with the intent of one dwelling per certificate of title (depending on the zoning). By granting the relief sought by submitter one, Council would continue to face the current issue of large dwellings being proposed that quite clearly have two kitchens and due to their internal configuration can be operated as two dwellings. Establishing a limit of one kitchen per dwelling would require such applications to apply for resource consent where the application could be processed on a case by case basis.

Topic 3: Definition of indicative road

PC8 proposes to provide considerable clarity to the existing definition of indicative road, providing exclusions when the indicative road identified in the District Plan Planning Maps are not defined as an indicative road pursuant to the proposed amendments to the definition.

Submitter two (WDC) was the only submitter that commented on this proposed amendment. Submitter two does not support the proposed amendments and requests that the original definition of indicative road within the Operative District Plan is retained. Furthermore, submitter two requests the following consequential amendments:

- Delete Rule 21.5 (prohibited activity rule in the Living Zone) that provides for the construction of a building valued at \$15,000 or more on the route of an indicative road as a prohibitive activity;
- Insert a new rule in the Living Zone chapter of the Operative District Plan that provides for the construction of a building valued at \$15,000 or more on the route of an indicative road as a Discretionary Activity; and
- Insert a new objective and policy within the body of the Operative District Plan to support the proposed new Discretionary Activity rule.

Submitter two states, as their justification for the proposed amendments, those issues have arisen where a property with an indicative road in the District Plan Planning Maps has a live resource consent that approves an alternative road layout. PC8 proposes to amend the definition so that in this instance the indicative road on the property would not be defined as an indicative road and therefore could effectively be ignored. This would prevent the current instances of landowners applying for resource consent to be closer than the current minimum setbacks from the centreline of an indicative road. However, this also raises the issue that landowners wish to build on their properties but due to the location of the indicative road it is a prohibited activity. Introducing the new rule requested by the submitter would ensure that the construction of a building on the route of an indicative road can be applied for the Council's consents team have the ability to assess the application on a case by case basis.

At a staff level, as PC8 is not proposing to introduce any new objectives and policies and more importantly does not propose to amend 21.5 it raises the issue of whether the relief sought by the submitter is on the scope of the plan change.

In terms of discussing the scope matter the leading authority of whether a submission is "on" a plan change is the High Court decision of *Clearwater Resort Limited v Christchurch City Council*. It was this case that William Young J set out and applied a two-step test to determining whether a submission is "on" a proposed plan:

- (a) First, a submission can only fairly be regarded as "on" a variation if it is addressed to the extent to which the variation changes the pre existing status quo.
- (b) Secondly, if the effect of regarding a submission as "on" a variation would be to permit a planning instrument to be appreciably amended without real opportunity for participation by

those potentially affected, this is a powerful consideration against finding that the submission was “on” the variation.

At a staff level, staff have concerns that the relief sought by the submitter does not satisfy the second stage of the test reprinted above as the Section 32 Report of PC8 does not comment on the proposed deletion of the prohibited activity rule and establishment of a new rule in the Living Zone of the Operative District Plan. Therefore, it would be difficult for potential submitters when viewing the plan change document and reading the Section 32 Report to think that the prohibited activity rule would be deleted. This could have potentially affected additional landowners that did not submit on the plan change.

However, should the Commissioner and Councillors feel that the relief sought by the submitter is on the scope of the plan change then at a staff level the relief sought would be supported as it would address the current issues that the Council’s consents team face with regards to the indicative roads in the District.

Topic 4: Definition of Industrial Activity

PC8 proposes to amend the definition of industrial activity as follows:

“Means the processing, manufacturing, fabricating, packing or storage of goods in a warehouse or purpose built unit, and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming and temporary events.”

One submission by submitter two (WDC) was received on this definition. This submitter opposed the proposed amendments and in its relief sought the definition to read:

“Means the use of land and buildings for the processing, manufacturing, fabricating, packing in a warehouse or purpose built unit, or in any other building, or outdoors and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming and temporary events.”

The reason for the amendments sought by the submitter are pursuant to the definition proposed by PC8 that if the activity is not undertaken in a warehouse or purpose built unit (such as outside or in a shed, dwelling or any other building) then the activity would not be defined as an Industrial activity. The net result of this is that it would exclude a number of activities that should be captured as they could result in adverse effects on the adjoining environment or establish in zones not consistent with the surrounding activities.

Staff support the proposed amendments sought by the submitter as it would provide greater clarity to capture those activities that should be captured as an Industrial activity due to the potential adverse effects generated.

Topic 5: Definition of Building

PC8 proposes to amend the definition of Building as follows:

“Building”

Has its meaning in the Building Act 2004, excluding:

- (a) a pergola, not roofed or enclosed, less than 3 metres in height, or*
- (aa) a swimming pool, ornamental pool, deck, or other structure not roofed or enclosed, less than 1.5 metre in height, or*
- (b) a fence, or a wall other than a retaining wall, less than 2 metres in height, or*
- (c) a retaining wall or retaining structure less than 1.5 metres in height, provided that where a fence or non-retaining wall is placed at the top of the retaining wall, the combined height is less than 2 metres.*
- d) Tanks up to 35,000 litres in capacity that protrude a maximum of 1 metre above natural ground level.*

Submitter two (WDC) is the only submitter on this definition. Even though submitter two supports the proposed amendments to the definition, the relief sought by the submitter seeks to improve the clarity of the definition through the insertion of an “OR” at the end of (c).

As the definition is currently drafted it does not provide a clear distinction between (c) and (d) to make it clear to District Plan users that (c) and (d) are both independent from each other and clearly relate to different structures. This is because there is no “or” separating (c) and (d). The insertion of the “or” at the end of (c) means that the District Plan user does not have to comply with both (c) and (d) in order to be excluded from the definition of building but only has to comply with either (c) or (d).

The relief sought by the submitter is supported as it addresses an omission created during the drafting of the proposed amendment to the definition.

Topic 6: Definition of Peak Hour

PC8 proposes to establish a new definition of Peak Hour as follows:

“When the hourly traffic flow on the adjacent road (or intersection) is at its highest within a 24 hour period”

Submitter two (WDC) provided a neutral submission on the proposed new definition of Peak Hour but sought amendments to the proposed definition as follows:

“when the hourly traffic flow on the closest regional arterial roads and associated intersections is at its highest within a 24 hour period”.

It is important to outline that the proposed definition is required to support the rules in the Northgate Industrial Zone area of the Operative District Plan. The measurement of traffic flow is not intended to relate to adjacent ‘internal roads’ within the Northgate Industrial Area. Therefore the definition should relate specifically to the closest main roads to the Northgate Industrial Area (for example Great South Road and Horotiu Road).

For the reasons above, staff support the relief sought by the submitter.

Topic 7: Various Planning Maps

PC8 proposes amendments to the road hierarchy to effectively update the road hierarchy due to the change in the State Highway network following the completion of the Waikato Expressway. However, submitter two (WDC) outline in their submission that Planning Maps ii, iii, iv, 20, 20.6, 20.7, 25, 26, 26.1 and 26.2 still show the annotation of State Highway.

Submitter two requests that the above noted District Plan Planning Maps are updated to remove the annotation of State Highway on them which is no longer applicable.

This is considered within the scope of PC8 as the proposed amendments sought by the submitter are a consequential amendment associated with the proposed updating of the Road Hierarchy table in the Operative District Plan. The amendments to the Road Hierarchy table reflect the current situation with the completion of the Waikato Expressway and the resultant changes that have occurred. To only update the Road Hierarchy table and retain the annotations on the relevant District Plan Planning maps would be an inefficient outcome and if not addressed in PC8 would require to be addressed in a future plan change or the District Plan review process. For these reasons staff supports the deletion of the annotations on the stated Planning Maps.

Topic 8: Building setback rule

PC8 proposes to amend Rule 25. 55: Building setbacks in the Rural Zone to make it clear that as a Discretionary Activity there only has to be non-compliance with one of the boundary setbacks instead of the currently worded all of the boundary setbacks.

Submitter two (WDC) is the only submitter that submitted on this rule identifying an error in the drafting of the rule. The PC8 version of this rule states “25m” instead of “12m” as the minimum permitted distance from a boundary. To address this error, submitter 2 proposes to amend the rule by deleting 25m and relacing with 12m.

The relief sought by the submitter would address a drafting error and is therefore supported.

Topic 9: Rule 25.52A Buildings for productive rural activities

PC8 proposes the establishment of a new rule for the establishment of non-habitable buildings to be used for productive rural activities as a permitted activity.

Submitter two (WDC) identifies that during the drafting of the rule there was an omission in the drafting of 25.52A.3 as this column was left blank. The implication of this is that the rule does not advise which activity status an application would be if there is non-compliance with 25. 52A.2. The relief sought by submitter two is as follows:

“Any activity that does not comply with a condition for a permitted activity is a discretionary activity”

The relief sought by the submitter is consistent with the existing drafting and activity status of the Operative District Plan and for this reason the relief sought is supported.

Topic 10: Road Hierarchy

PC8 proposes the updating of the road hierarchy in the District Plan to reflect changes as a result of the completion of the Waikato Expressway.

Submitter two (WDC) states in their submission that the additional wording is required within the road hierarchy table as follows:

*“Arterial roads: Whatawhata Avenue Start: Ellery Street Finish: Ngaruawahia Road
Predominant Traffic Function: Inter regional traffic and rural link”*

This was omitted during the drafting of the amendments to road hierarchy and therefore the relief sought by the submitter is supported.

7.0 Recommendation

7.1 Definition of kitchen:

Reject submission 1.2 (Craig Smith); and

Accept submission 2.1 (WDC) and amend the definition of kitchen as follows:

“Means any space, facility or room for the storage, preparation and/or cooking of food, washing or utensils and disposal of wastewater. It includes ~~two~~ one of the following: a sink, an oven, stove or separate hob. An incidental scullery or utility room is included as part of one kitchen. This definition excludes a microwave or an outside kitchen”

7.2 Definition of dwelling

Reject submission 1.1

Amend definition of dwelling as follows:

“A building for the occupation of a single household unit containing one kitchen. It includes a dependent person’s dwelling.”

7.3 Definition of Indicative road

Retain the proposed amendment to the definition of indicative road within PC8.

However, should the Commissioner and Councillors feel that the relief sought by submitter two is within the scope of the plan change then at a staff level the relief sought would be supported.

7.4 Definition of Industrial activity

Accept submission point 2.5 and amend the definition of Industrial activity as follows:

“Means the use of land and buildings for the processing, manufacturing, fabricating, packing in a warehouse or purpose built unit, or in any other building, or outdoors and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming and temporary events.”

7.5 Definition of Building

Accept submission point 2.7 and amend the definition of building as follows:

“Building”

Has its meaning in the Building Act 2004, excluding:

- (a) a pergola, not roofed or enclosed, less than 3 metres in height, or
- (aa) a swimming pool, ornamental pool, deck, or other structure not roofed or enclosed, less than 1.5 metre in height, or
- (b) a fence, or a wall other than a retaining wall, less than 2 metres in height, or
- (c) a retaining wall or retaining structure less than 1.5 metres in height, provided that where a fence or non-retaining wall is placed at the top of the retaining wall, the combined height is less than 2 metres, or
- d) Tanks up to 35,000 litres in capacity that protrude a maximum of 1 metre above natural ground level.”

7.6 Definition of Peak hour

Accept submission point 2.8 and amend the definition of Peak hour as follows:

“when the hourly traffic flow on the closest regional arterial roads and associated intersections is at its highest within a 24 hour period”.

7.7 Various Planning Maps

Accept submission point 2.3 and amend Planning Maps ii, iii, iv, 20, 20.6, 20.7, 25, 26, 26.1 and 26.2 to remove the annotation of State Highway.

7.8 Building setback rule

Accept submission point 2.4 and amend Rule 25.55.2a) as follows:

“(a) a non habitable building within ~~25m~~ 12m from every one or more boundary~~ies~~ other than a road boundary if the adjoining allotment is 6ha or more.”

7.9 Rule 25.52A: Buildings for productive rural activities

Accept submission point 2.6 and insert in Rule 25.52A.3 the following:

“Any activity that does not comply with a condition for a permitted activity is a discretionary activity”

7.10 Road Hierarchy

Accept submission point 2.9 and insert in Road Hierarchy the following:

“Arterial roads: Whatawhata Avenue Start: Ellery Street Finish: Ngaruawahia Road
Predominant Traffic Function: Inter regional traffic and rural link”

8.0 List of Attachments to this report

Attachment 1 Summary of submissions

Attachment 2 Floor plan examples from Councils consents team

Report: Summary of Submissions by Submitter Number/Name

Submitter Number:	2	Submitter:	Troy Martin
On behalf of:	Waikato District Council	Organisation:	Waikato District Council
Address:	15 Galileo Street, Ngaruawahia, New Zealand,		
Email:	troy.martin@waidc.govt.nz	Phone:	078248633,
ECM Numbers:	;1098064;		

Point Number	2.1		
Category:	1-Plan Change 8 > 1.17-Defined Terms > 1.17.6-Kitchen		
Source	Online	Wishes to be heard	Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission The definition as notified requiring to show TWO or more item listed will not capture the issue that the Council's consents team is currently facing - where proposed buildings are creating two dwellings per property. In practice what is occurring is that building consent applications show only a sink (one item) and a bench and this therefore will not meet the notified definition of a kitchen. The consents team have provided a number of floor plan examples that show new homes designed with a main kitchen area and a separate household unit with a 'kitchenette' or 'bar'. It is clear that the two units can be operated independently of each other as two dwellings. Under the notified definition these examples would not trigger 2 kitchens and therefore would not trigger 2 dwellings resulting in essentially two dwellings establishing on the one certificate of title and no ability for Council to charge development contributions.

Decision sought: Amend the definition as follows: "Means any space, facility or room for the storage, preparation and/or cooking of food, washing of utensils and disposal of wastewater. It includes ONE of the following; a sink, an oven, stove or separate hob. An incidental scullery or utility room is included as part of one kitchen. This definition excludes a microwave or an outside kitchen"

Decision reason: The definition as notified requiring to show TWO or more item listed will not capture the issue that the Council's consents team is currently facing - where proposed buildings are creating two dwellings per property. In practice what is occurring is that building consent applications show only a sink (one item) and a bench and this therefore will not meet the notified definition of a kitchen. The consents team have provided a number of floor plan examples that show new homes designed with a main kitchen area and a separate household unit with a "kitchenette" or "bar". It is clear that the two units can be operated independently of each other as two dwellings. Under the notified definition these examples would not trigger 2 kitchens and therefore would not trigger 2 dwellings. The consequence of this is that many properties will be able to essentially establish

two dwellings under the same roof on a certificate of title as a permitted activity. Furthermore, if these were able to be permitted as one dwelling there is no ability for Council to charge development contributions for what in essence is a second dwelling on a site - because no resource consent application would be required.

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation

Amendment/Alteration to Plan

Accept/Reject/Accept in Part

Council Decision

Council Reason for Decision

Amendment/Alteration to Plan

Point Number

2.2

Category:

1-Plan Change 8 > 1.17-Defined Terms > 1.17.4-Indicative road

Source

Online

Wishes to be heard

Yes

Reporting Tags

Support/Oppose/Neutral:

Not Stated

Summary of Submission

The proposed amendments sought to prevent the instances where a property with an indicative road has a live resource consent that approves a alternative road layout. Under the proposed amendment this would not be defined as an indicative road so effectively the indicative road on the Planning Maps would be ignored. There have been instances in the past where landowners have wished to build on their properties but due to the location of the indicative road the activity is a prohibited activity. The proposed amendment to the prohibited activity rule would ensure that the construction of a building greater than \$15,000 in value would no longer be a prohibited activity but a Discretionary Activity. The reason for the Discretionary Activity status is that Council would want the ability to protect the route of indicative roads that provide a strategic link and ensure that dwellings could not be built on the route as a permitted activity.

Decision sought:

Retain the current definition of indicative road as provided below: "Means an indicative road shown on the Planning Maps" A consequential amendment required is the deletion of Rule 21.5 h) that provides the following as a prohibited activity: "Construction of a building valued at \$15,000 or more on the route of an indicative Road on the Planning Maps." Insert a new rule as follows:

"Construction of a building valued at \$15,000 or more on the route of an indicative Road on the Planning Maps is a Discretionary Activity." Insert a new objective and policy to support the discretionary activity status for the proposed new rule.

Decision reason:

The proposed amendments to the indicative road definition sought to prevent the instances where a property with an indicative road has a live resource consent that approves an alternative road layout. Under the proposed amendments such an instance would not be defined as an indicative road so effectively the indicative road on the Planning Maps would be ignored. There have been instances in the past where landowners have wished to build on their properties but due to the location of the indicative road the activity is a prohibited activity. The proposed amendments to the prohibited activity rule would ensure that the construction of a building greater than \$15,000 in value would no longer be a prohibited activity but a Discretionary Activity. The reason for the Discretionary Activity status is that Council would want the ability to protect the route of indicative roads that provide a strategic link and ensure that dwellings could not be built on the route as a permitted activity.

Accept/Reject/Accept in Part**Staff Recommendation****Staff Reason for Recommendation****Amendment/Alteration to Plan****Accept/Reject/Accept in Part****Council Decision****Council Reason for Decision****Amendment/Alteration to Plan****Point Number**

2.3

Category:

1-Plan Change 8 > 1.18-Maps > 1.18.1-Map 14.2

Source

Online

Wishes to be heard

Yes

Reporting Tags**Support/Oppose/Neutral:**

Not Stated

Summary of Submission

PC8 proposes amendments to the road hierarchy to reflect the change of the old State Highway Network due to the construction and operation of the Waikato Expressway. However, the Policy Maps have not been updated to remove the annotation as State Highway

Decision sought: Amend Planning Maps ii, iii, iv, 20, 20.6, 20.7, 25, 26, 26.1 and 26.2 to remove the annotation of State Highways

Decision reason: PC8 proposes amendments to the road hierarchy to reflect the change of the old State Highway Network due to the construction and operation of the Waikato Expressway. However, the Policy Maps have not been updated to remove the annotation as State Highway

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation

Amendment/Alteration to Plan

Accept/Reject/Accept in Part

Council Decision

Council Reason for Decision

Amendment/Alteration to Plan

Point Number 2.4

Category: 1-Plan Change 8 > 1.9-25 Land Use - Building > 1.9.4-Building set backs - allotments 5000m2 to less than 1.6ha

Source Online **Wishes to be heard** Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission PC8 proposes to amend 25.55.2 a) to reflect every other boundary. However there was an error in the drafting of this rule as 25m was used instead of 12m.

Decision sought: Amend Rule 25.55 a) as follows: "A non habitable building with 12m from one or more boundaries other than a road boundary if the adjoining allotment is 6ha or more."

Decision reason: PC8 proposes to amend 25.55.2 a) to reflect every other boundary. However there was an error in the drafting of this rule as 25m was used instead of 12m.

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation**Amendment/Alteration to Plan****Accept/Reject/Accept in Part****Council Decision****Council Reason for Decision****Amendment/Alteration to Plan****Point Number** 2.5**Category:** 1-Plan Change 8 > 1.17-Defined Terms > 1.17.5-Industrial activity**Source** Online **Wishes to be heard** Yes**Reporting Tags****Support/Oppose/Neutral:** Not Stated**Summary of Submission** The current wording of the proposed definition means that if the activity is not carried out in a warehouse or purpose built unit (i.e. is undertaken outside or in a shed, dwelling or any other building) then it would not constitute an industrial activity. This would exclude a number of activities that should be captured as they could result in adverse effects on the adjoining environment or establish in zones not consistent with the surrounding activities.**Decision sought:** Amend the definition as follows: "Means the use of land and buildings for the processing, manufacturing, fabricating, packing in a warehouse or purpose built unit, or in any other building, or outdoors and includes servicing and repair activities, rural industries, electricity generation (excluding wind energy facilities) and stockpiling of coal but excludes farming and temporary events."**Decision reason:** The current wording of the proposed definition means that if the activity is not carried out in a warehouse or purpose built unit (i.e. is undertaken outside or in a shed, dwelling or any other building) then it would not constitute an industrial activity. This would exclude a number of activities that should be captured as they could result in adverse effects on the adjoining environment or establish in zones not consistent with the surrounding activities.**Accept/Reject/Accept in Part****Staff Recommendation****Staff Reason for Recommendation**

**Amendment/Alteration
to Plan**

**Accept/Reject/Accept in
Part**

Council Decision

**Council Reason for
Decision**

**Amendment/Alteration
to Plan**

Point Number 2.6

Category: 1-Plan Change 8 > 1.9-25 Land Use - Building > 1.9.2-25.52A Buildings for productive rural activities

Source Online **Wishes to be heard** Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission There was an omission in the drafting of this rule as the third column (25.52A.3) was left blank and therefore does not advise which activity status an application would be if there is non compliance with 25.52A.2.

Decision sought: Insert into Rule 25.52A.3: "Any activity that does not comply with a condition for a permitted activity is a discretionary activity."

Decision reason: There was an omission in the drafting of this rule as the third column (25.52A.3) was left blank and therefore does not advise which activity status an application would be if there is non compliance with 25.52A.2.

**Accept/Reject/Accept in
Part**

Staff Recommendation

**Staff Reason for
Recommendation**

**Amendment/Alteration
to Plan**

**Accept/Reject/Accept in
Part**

Council Decision

**Council Reason for
Decision**

Amendment/Alteration

to Plan

Point Number 2.7

Category: 1-Plan Change 8 > 1.17-Defined Terms > 1.17.1-Building

Source Online **Wishes to be heard** Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission Amend the definition of building as follows:

'(c) a retaining wall or retaining structure less than 1.5 metres in height, provided that where a fence or non-retaining wall is placed at the top of the retaining wall, the combined height is less than 2 metres, OR (d) tanks up to 35,000 litres in capacity that protrude a maximum of 1 metre above natural ground level.'

Decision sought: Amend the definition of building as follows: "(c) a retaining wall or retaining structure less than 1.5 metres in height, provided that where a fence or non-retaining wall is placed at the top of the retaining wall, the combined height is less than 2 metres, OR (d) tanks up to 35,000 litres in capacity that protrude a maximum of 1 metre above natural ground level."

Decision reason:

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation

Amendment/Alteration to Plan

Accept/Reject/Accept in Part

Council Decision

Council Reason for Decision

Amendment/Alteration to Plan

Point Number	2.8		
Category:	1-Plan Change 8 > 1.17-Defined Terms > 1.17.7-Peak hour		
Source	Online	Wishes to be heard	Yes
Reporting Tags			
Support/Oppose/Neutral:	Not Stated		
Summary of Submission	The notified definition supports rules in the Northgate Industrial Zone area. The measurement of traffic flow is not intended to be relating to adjacent 'internal roads' within an industrial area. The definition should relate to the closest main roads to the Northgate Industrial zoned area (e.g. Great South Road and Horotiu Road which are classified as regional arterial roads).		
Decision sought:	Amend the definition as follows: "when the hourly traffic flow on the closest regional arterial roads and associated intersections is at its highest within a 24 hour period."		
Decision reason:	The notified definition is specifically to support rules in the Northgate Industrial Zone area. The measurement of traffic flow is not intended to be relating to adjacent 'internal roads' within an industrial area. The definition should relate to the closest main roads to the Northgate Industrial zoned area (e.g. Great South Road and Horotiu Road which are classified as regional arterial roads).		
Accept/Reject/Accept in Part			
Staff Recommendation			
Staff Reason for Recommendation			
Amendment/Alteration to Plan			
Accept/Reject/Accept in Part			
Council Decision			
Council Reason for Decision			
Amendment/Alteration to Plan			
<hr/>			
Point Number	2.9		
Category:	1-Plan Change 8 > 1.16-Road Hierarchy > 1.16.2-Arterial Roads		
Source	Online	Wishes to be heard	Yes

Reporting Tags**Support/Oppose/Neutral:** Not Stated**Summary of Submission** Additional wording suggested addresses an omission when drafting amendments to the Table.**Decision sought:** Insert additional wording within this table as follows: "Arterial roads: Whatawhata Avenue Start: Ellery Street Finish: Ngaruawahia Road Road - Predominant Traffic Function: Inter-regional traffic and rural link".**Decision reason:** This reflects an omission when drafting amendments to the table.**Accept/Reject/Accept in Part****Staff Recommendation****Staff Reason for Recommendation****Amendment/Alteration to Plan****Accept/Reject/Accept in Part****Council Decision****Council Reason for Decision****Amendment/Alteration to Plan**

Submitter Number:	1	Submitter:	Craig Smith
Address:	336 Rotowaro Road, RD 1, Huntly, New Zealand, 3771		
Email:	craig@terrafirma.kiwi.nz	Phone:	07 828 6656, 027 433 6585
ECM Numbers:	;1095686;		

Point Number 1.1

Category: 1-Plan Change 8 > 1.17-Defined Terms > 1.17.2-Dwelling

Source Online **Wishes to be heard** Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission

Dwellings should be permitted to include additional kitchen facilities for use by e.g. guests or extended family as this provides flexibility in living arrangements and additional kitchen facilities is consistent with the permitted activity status in the rural zone of home occupation and travellers' accommodation for up to 5 people.

The definition as proposed means that all existing residential buildings with two kitchens in the district will no longer fall under the definition of 'dwelling'.

With regard to the s32 report it is not clear on the specific objectives and policies that are offended by the current situation and how PPC8 will specifically address this inconsistency and what the issue is with dependent persons dwellings and how PC8 will address them. With regard to the options provided in the s32 report for option 1 (status quo) the environmental costs are not explained -and receiving applications for large houses is not an environmental cost. Furthermore, the economic cost is not defined and the status quo benefit of families. The status quo social benefit of families being able to house extended family in one building is noted, there is no recognition that extended families may take the form of a family for whom a 70m2 dependent persons dwelling is insufficient. For Option 2 (amend the definition) under the costs the s32, the social costs of not being able to provide for shared household use of extended family are not considered.

The issue of a dwelling having more than one kitchen does not contribute to a 'greater dwelling density' as it is still simply one dwelling. With respect to the rural zone, if Council is concerned about the number of applications for second dwellings, and considers them to be undesirable unless they are for farm workers, it should consider a plan change to make this activity non-complying.

Decision sought: Delete the limit of one kitchen in the proposed definition of 'dwelling' and amend either the definition of 'dwelling' or the definition of 'household unit', or both, to clarify that a household comprising extended family falls under the definition of 'household unit'.

Decision reason: Dwellings should be permitted to include additional kitchen facilities for use by e.g. guests or extended family as this provides flexibility in living arrangements. Allowing additional kitchen facilities is consistent with the permitted activity status in the rural zone of home occupation and travellers' accommodation for up to 5 people. Persisting with the definition as proposed by PPC8 means that all existing residential buildings with two kitchens in the district will no longer fall under the definition of 'dwelling'. This could have unintended consequences for the application of the District Plan for such buildings. The s32 report is not clear on the specific objectives and policies that are offended by the current situation and how PPC8 will specifically address this inconsistency. The s32 report is unclear

on what the particular issue is around people seeking applications for non-complying DPDs, and why it is a problem if Council processes these as discretionary activity second dwellings. Further, it is unclear how PPC8 amendments address any issue around this situation. The s32 report is also considered to be deficient with respect to the following points for Option 1 (do nothing): - The environmental costs are not explained - the situation of Council receiving applications for building consents for large houses is not an environmental cost. - The economic cost is not defined. - The status quo social benefit of families being able to house extended family in one building is noted, with the comment that the District Plan already makes provision for dependent persons' dwellings. However there is no recognition that extended families may take the form of a family for whom a 70m2 DPD is insufficient. While the District Plan gives lip service to providing a variety of housing options, these are in fact tightly prescribed. - The issue of a dwelling having more than one kitchen does not contribute to a 'greater dwelling density' as it is still simply one dwelling. Population density may or may not be affected however. - With respect to the rural zone, if Council is concerned about the number of applications for second dwellings, and considers them to be undesirable unless they are for farm workers, it should consider a plan change to make this activity non-complying. This would send a clear signal to the community that Council did not want growth in the rural zone unrelated to productive rural use. With respect to the s32 report analysis of Option 2 (amend the definition), we make the following points: - Under the costs, the social costs of not being able to provide for shared household use of extended family are not considered.

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation

Amendment/Alteration to Plan

Accept/Reject/Accept in Part

Council Decision

Council Reason for Decision

Amendment/Alteration to Plan

Point Number

1.2

Category:

1-Plan Change 8 > 1.17-Defined Terms > 1.17.6-Kitchen

Source

Online

Wishes to be heard

Yes

Reporting Tags

Support/Oppose/Neutral: Not Stated

Summary of Submission For the same reasons as outlined in submission point 1.

Decision sought: Delete definition

Decision reason: For same reasons given for definition of 'dwelling'.

Accept/Reject/Accept in Part

Staff Recommendation

Staff Reason for Recommendation

Amendment/Alteration to Plan

Accept/Reject/Accept in Part

Council Decision

Council Reason for Decision

Amendment/Alteration to Plan

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	11 March 2015
Prepared by	B Connolly Senior Policy Planner
Chief Executive Approved	Y
DWS Document Set #	1473870
Report Title	Plan Change 17 – Ngaruawahia and Surrounding Villages: Stage One - Proposed Rezoning

1 Executive Summary

The purpose of this report is to provide Council with a completed Plan Change 17 document and Section 32 evaluation report and seek Council's approval for public notification of Plan Change 17 on 15 April 2016.

2 Recommendation

THAT the report of the General Manager Strategy & Support – *Plan Change 17 – Ngaruawahia and Surrounding Villages: Stage One - Proposed Rezoning* – be received;

AND THAT Plan Change 17 is recommended to Council for approval to be publicly notified on 15 April 2016.

3 Background

This report is to bring before the committee the draft of Plan Change 17 – Ngaruawahia and Surrounding Villages: Stage One- Proposed Rezoning. This plan change is as a result of work that is being undertaken on the Ngaruawahia and Surrounding Villages Structure Plan which councillors will be familiar with. The development of the structure plan is still in progress with the relevant community boards. A further workshop is being planned within the next month to enable the structure plan to be finalised prior to any draft to be incorporated into the District Plan Review becoming available.

Due to a number of issues i.e. the timing of completion of the structure plan coinciding with the District Plan Review, the community aspirations to make the most of the upswing in the economy, the direction in the Waikato Regional Policy Statement (beyond challenge and deemed to be operative) and the indication that a private plan was likely to be lodged, Council made the decision to proceed with this plan change. This plan change is stage one of the Ngaruawahia and Surrounding Villages Structure Plan. The work undertaken during the structure plan process is supporting the need to provide further areas for growth, thus this plan change is proposing to rezone land which is anticipated to cover the short term needs i.e. approximately 10 years.

4 Discussion and Analysis of Options

4.1 Discussion

The structure plan has been progressing since 2014, the outcome of which will be a document driven by the individual communities that will provide the strategic direction for Ngaruawahia and surrounding village's area. The document is being prepared after considerable consultation with the community and the relevant parties. As part of the consultation a number of parties indicated interest in having their properties considered for rezoning to provide for growth. Council staff have worked extensively with all these parties and consulted with the community over the proposals and the majority of comments received were favourable.

During the time the structure plan has been developing, a District Plan Review has also commenced. The review has a longer time frame than the plan change and discussion did take place about holding any changes until this review. However this may lead to potential changes in zones to respond to growth not being able to proceed until approximately 2019. This scenario was not supported by the community or Council.

4.2 Options

Council has an option not to proceed with the plan change. Should this option be pursued further growth development within the plan change area will not be able to continue due to the lack of suitably zoned land.

Conversely the progression of this plan change will release land for further growth in the period before the district plan review and will provide for some development to continue.

This will result in allowing the population of the district to grow in alignment with the standard provisions and a wider range of options being available to the public.

5 Considerations

5.1 Financial

The plan change does have financial implications for infrastructure servicing where required. The proposed zone changes can be accommodated by either individual developers or in the review of the 2015-2025 LTP.

5.2 Legal

The plan change will be subject to the First Schedule of the Resource Management Act 1991.

5.3 Strategy, Plans, Policy & Partnership Alignment

The plan change is in alignment with the Proposed Waikato Regional Policy Statement, the District Wide Development Strategy, Future Proof Strategy and Implementation Plan and the initial conclusions of the Ngaruawahia and Village Surrounds Structure Plan.

5.4 Assessment of Significance & Engagement

Since this is a Plan Change that will be undertaken as part of Schedule I of the RMA Council's Significance & Engagement Policy will be triggered. The highest level of engagement will therefore be formal consultation through Schedule I of the RMA.

6 Consultation

The following stakeholders have been/or will be consulted:

Planned	In Progress	Complete	
	✓		Internal
	✓		Community Boards/Community Committees
	✓		Waikato-Tainui/Local iwi
	✓		Households
	✓		Business
	✓		Other Please Specify – affected owners and stakeholders, relevant statutory bodies.

7 Conclusion

At the time of completing this report for the agenda the full plan Change document and s32 report was still being reviewed. The final document will be presented at the Strategy and Finance meeting on 22 March 2016. It should be noted that the contents of the attached draft plan change will not be affected by these reviews.

It is concluded that Plan Change 17 – Ngaruawahia and Surrounding Villages: Stage One-Proposed Rezoning should be recommended for Council approval and accepted for notification on 15 April 2016.

8 Attachments

Attachment: 1 Draft Plan Change 17 – Ngaruawahia and Surrounding Villages: Stage One-Proposed Rezoning

**Plan Change 17
Ngaruawahia and Surrounding Villages
Stage One
Proposed Rezoning**

Summary Statutory Report including s32 Analysis

Waikato Section, Waikato District Plan

Waikato District Plan
Notified 15 April 2016



Waikato District Council
15 Galileo Street
Private Bag 544
Ngaruawahia 3742

I. Introduction

Proposed Plan Change 17 ('PC17') to the Waikato section of the Waikato District Plan, seeks to undertake zoning changes to a number of properties within the Ngaruawahia township and in the villages of Taupiri, Horotiu, Te Kowhai and Glen Massey ('Structure Plan Area'). PC 17 proposes to rezone three categories as follows:

- a) Rezone land at Ngaruawahia, Taupiri, Horotiu, and Te Kowhai from rural to either new residential or country living;
- b) Rezone land at Ngaruawahia and Horotiu from industrial to business;
- c) Rezone land at Ngaruawahia from living to business;
- d) Rezone land at Horotiu from either industrial or rural to country living;
- e) Rezone land at Horotiu from rural to new residential;
- f) Rezone land at Taupiri from living to country living;
- g) Rezone land at Glen Massey from country living to rural.

The specifics of the proposed rezoning are detailed in section 5 of this report; however PC17 proposed zone changes to the following properties (listed as per street address where possible or referenced by property location):

Ngaruawahia

- a) Great South Road: 5885A, 5881, property between 5881 and 5859, 5859 and 5851 - to be rezoned from Rural to New Residential;
- b) Havelock Road: 109 - to be rezoned from Industrial to Business;
- c) Saulbrey Road; 86 (part) - to be rezoned from Rural to New Residential;
- d) Rangimarie Road: 25 (part) - to be rezoned from Rural to New Residential;
- e) River Road: 2831 (part), 2841 and 2851 (part) - to be rezoned from Rural to Country Living;
- f) Galileo Street: 2, 4 and 6 - to be rezoned from Living to Business;

Taupiri

- a) Murphy Lane: 15 (part) - to be rezoned from Rural to New Residential

- b) Gordonton Road: property accessed from 46 Gordonton Road and 48 Te Putu Street (part) - to be rezoned from Living to Country Living;
- c) Great South Road: 140, 154, 158, 160, 162, 164 and 170 to be rezoned from Rural to New Residential;

Horotiu

- a) Great South Road: 6181, 6183, 6187, 6189, 6191, 6193, 6195, 6201, 6203, 6205, 6207 and 6209 to be rezoned from Rural to New Residential;
- b) Great South Road: property between Horotiu Bridge Road and 6243 and 6277 to be rezoned from Industrial to Business;
- c) Great South Road: 6243, 6257 and property between 6265 and 6277 to be rezoned from Industrial to Country Living;
- d) Great South Road; 6261, 6263 and 6265 to be rezoned from Industrial to New Residential ;
- e) Horotiu Bridge Road: 82, 84, 86, 88, 92, 94, 96, 98, 108 and 110 to be rezoned from Rural to New Residential ;
- f) Horotiu Bridge Road: 49 to be rezoned from Rural to Country Living;
- g) Horotiu Bridge Road: 93, 93A and 95 to be rezoned from Industrial to Country Living;
- h) Kernott Road: 4, 6, 9, 15, 15A, 18, 24, 28 and 30 to be rezoned from Rural to Country Living;

Te Kowhai

- a) Te Kowhai Road: 680A, 680B, 692, 698 and 714 - to be rezoned from Rural to Country Living;
- b) Horotiu Road: 525, 539 and 557 - to be rezoned from Rural to Country Living;
- c) Ngaruawahia Road: 872A (part), 872B, 872C, property between 872C and 828 (part) and 828 (part) - to be rezoned from Rural to Country Living;

Glen Massey

- a) Waingaro Road: 889 (part) - revised boundaries of Country Living with remaining land reverting to Rural;

Council has been reviewing the wider Ngaruawahia area as an area for growth in response to community aspirations and in line with the District Development Strategy and the Regional Policy Statement to provide for growth for the next 40 years as well as more recent directives from central government on provision of affordable housing and future growth areas. This has resulted in The Ngaruawahia and Surrounding Villages Structure Plan, a strategic document that will not only provide details for growth and identify areas for this to occur but will also encapsulate the aspirations of these communities for the future.

In preparing for this structure plan Waikato District Council engaged consultants to provide expert assessments on:

- Integrated Transport (AECOM)
- Geotechnical Suitability (AECOM)
- Contaminated Land (Tonkin & Taylor)
- Economics (Property Economics)
- Urban Design (Beca)
- Catchment Management Plan (Tonkin & Taylor)
- Built Heritage (Heritage Consultancy Services)
- Archaeology (Simmons & Associates)
- Landscape, Visual and Amenity Effects (Mansergh Graham)
- Water and Wastewater (Beca)

A summary of these reports is included in Appendix I of the attached report (NOTE: To be provided for the committee meeting).

The structure plan is still under development. During consultation on the structure plan a number of key stakeholders indicated a desire to see the rezoning of new greenfield areas progress in advance of the district plan review process. The Ngaruawahia and Environs Structure Plan - Preliminary Urban Design Assessment September 2014, identifies areas that are logical growth areas taking into account existing urban form, connectivity and amenities. The growth areas identified were expected to be over and above anticipated growth projections, so a staged approach to rezoning was expected. The growth areas identified align with those identified in this document and reflect the staged approach to growth.

To give effect to this Council is progressing PCI7 as a first stage of the still to be completed structure plan. It should be noted that PCI7 does not propose to amend any objectives, policies or rules and is limited to amendments to planning maps only.

1.1 Statutory Framework

The preparation of PC17 has been undertaken in accordance with the First Schedule of the Resource Management Act 1991 (RMA). Clause 21 in Part II of the First Schedule clarifies that the procedure set out in Part I applies to PC17 as it is a plan change proposed to be undertaken by Council.

In this regard, Clause 21 states:

“21. Requests –

(4) Where a local authority proposes to prepare or change its policy statement or plan, the provisions of this Part shall not apply and the procedure set out in Part I shall apply.”

Part I of the First Schedule consists of Clauses 1 to 20A. It is these provisions that must be adhered to in seeking and determining this plan change proposal.

Clauses 3 and 3B set out the relevant procedures for consultation. Clause 3(1) requires that Council must consult the Minister for the Environment, other Ministers of the Crown who may be affected by the plan change, local authorities who may be so affected, and the Tangata whenua of the area who may be so affected, through iwi authorities, and the board of any foreshore and seabed reserve in the area. Clause 3(2) sets out that “a local authority may consult anyone else” in preparing a plan change, subject to Clause 3(4) which requires that such consultation must be undertaken in accordance with Section 82 of the Local Government Act 2002 (‘LGA’). Accordingly, Council must consult with the parties identified in clause 3(1) but retains discretion to consult with anyone else. If Council elects to undertake discretionary consultation, it must do so in accordance with the principles in section 82 of the LGA. Clause 3B relates to consultation with iwi authorities.

Details of the consultation undertaken for PC17 are provided in Section 4 of this report. The consultation meets the requirements of the First Schedule.

Clauses 5 to 11 of the First Schedule set out procedures for notification, receipt of submissions, hearings and notification of decisions in relation to plan changes. In processing the plan change, it will be necessary for compliance to be achieved with the requirements of these provisions.

Clause 75 (3) states that a district plan must give effect to

- a) any national policy statement; and

- b) any New Zealand coastal policy statement; and
- c) any regional policy statement

In regards to clause 75 (3) the Vision and Strategy for the Waikato River prevails over any provisions in a national policy statement or a coastal policy statement and is incorporated into any regional policy statement. The Vision and Strategy is the primary direction-setting document for the Waikato and Waipa Rivers and its catchments to which Council is required to give effect. PC17 has taken this into account when considering zone changes and the effects these changes may have on the Waikato River.

Clause 75(4) directs that Council must not be inconsistent with a regional plan. PC17 changes are in line with what is expected in the regional plan especially with regards to the demands on water resources.

An evaluation of PC17 has also been undertaken in accordance with Section 32 of the RMA. The evaluation is contained in Section 5.0 of this report.

Section 74 (1) directs that Council must undertake changes to its district plan in accordance with s31, provisions under Part 2 and s32. PC17 is considered to be in accordance with s31(a) and (b) as changing the zones as proposed is achieving integrated management of the effects of the use and development of the natural resources of the district and the control of any actual or potential effects of use or development. These changes are in accordance with Section 74 (2) which is controls of subdivision.

In addition to Section 75, under s74(2) when considering a plan change territorial authorities shall have regard to any proposed regional policy statement or proposed regional plan. The Proposed Waikato Regional Policy Statement has been taken into account when considering this plan change as these changes are in line with section 6 of that document. There is no proposed Regional Plan. Under s74(2)(b), (c) and (2A) council shall have regard to management plans and strategies prepared under other Acts and adjacent territorial authorities. Such documents are Future Proof Strategy, District Development Strategy and Iwi Management Plans. These documents have been considered and are explained in further detail in other sections.

I.2 Relevant Planning Documents

When preparing PC17, Council must have regard to a number of planning documents pursuant to Section 74 of the RMA and must also comply with the requirements under Section 75. The relevant planning documents are assessed below.

I.2.1 Vision and Strategy under the Waikato Raupatu Claims (Waikato River) Settlement Act 2010

The Waikato Raupatu Claims (Waikato River) Settlement Act 2010 ('the Settlement Act') gives effect to the 2009 Deed of Settlement in respect of the Raupatu claims over the Waikato-Tainui area. This legislation also records that the Waikato River and its contribution to New Zealand's cultural, social, environmental and economic wellbeing is of national importance. The overarching purpose of the Settlement Act is to restore and protect the health and well-being of the Waikato River for future generations and provides for the establishment of a Vision and Strategy for the Waikato River and co-governance and co management arrangements to achieve the overarching purpose of the Settlement Act.

Schedule 2 of the Settlement Act contains Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River. The Vision and Strategy is the primary direction-setting document for the Waikato River and its catchments, which includes the lower reaches of the Waipa River. Section 11(1) of the Settlement Act states that on and from the commencement date, the Vision and Strategy in its entirety is deemed to be part of the Waikato Regional Policy Statement without the use of the First Schedule process. Therefore, by operation of law, the Vision and Strategy forms part of both the operative and proposed WRPS's. Section 12 of the Settlement Act provides that the Vision and Strategy prevails over any inconsistent provision in a National Policy Statement. Accordingly, PC17 must give effect to the Vision and Strategy in the PRPS pursuant to section 75(3)(a) of the RMA.

On 23 March 2010, the Council and Waikato Tainui signed a Joint Management Agreement (JMA) to formalise their partnership at both governance and management levels in working together to achieve the overarching purpose of the Deed of Settlement.

This plan change is a result of work being undertaken on the Ngaruawahia and Surrounding Village Structure Plan in which Waikato-Tainui are involved in a number of ways either with individual marae, Turangawaewae Trust Board or with the

Waikato-Tainui Environment Team. These sections of Waikato-Tainui to date do not consider that PC17 is inconsistent with the Vision and Strategy. Given the limited extent of this plan change, it is considered the impacts in regard to the Vision and Strategy will be negligible.

1.2.2 Operative Waikato Regional Policy Statement (RPS)

Pursuant to section 75(3)(c) of the RMA, a District Plan which includes all operative changes, must give effect to any operative Regional Policy Statement. The Operative RPS was made operative in 2000. This document has been superseded by the Proposed Waikato Regional Policy Statement (PRPS). All appeals to the PRPS have been finalised and the plan is now beyond challenge. The PRPS is technically considered to be operative although it is yet to be made formally operative under the First Schedule Process. This is to occur in April 2016. Given the status of the PRPS is beyond challenge, for the purposes of this plan change, assessment will be made only against the PRPS.

1.2.3 Appeals Version of the Proposed Waikato Regional Policy Statement (PRPS)

Pursuant to section 74(2)(a)(i) Council is required to have regard to any relevant proposed Regional Policy Statement when preparing a plan change and an operative plan change must give effect to an operative regional policy statement under section 75(3)(c).

At the time of writing this s32 report, the Appeals version of the PRPS was clear of appeals and beyond challenge on all points. This means that the PRPS is technically operative subject only to formal steps being made under the First Schedule to declare it operative. In the circumstances, this plan change treats the PRPS as operative and as such gives effect to it.

The PRPS was prepared to achieve the purpose of the RMA through providing an overview of the resource management issues of the region, establishing policies and methods to achieve integrated management of the region's natural and physical resources. The RPS gives effects to Future Proof.

Section 6 (Built Environment) of the PRPS is relevant to the preparation of PC17. This plan change has been prepared taking into account Section 6 Built Environment and is considered to be giving effect to PRPS through the policy directions outlined below.

PC17 proposes to rezone a number of areas around Ngaruawahia, Horotiu, Taupiri, Te Kowhai and Glen Massey to New Residential, Business and Country Living. These proposed zone amendments are in line with the PRPS policies and have been considered within the structure plan process in the following ways:

- Identifying growth areas;
- Having regard to the existing built environment;
- Potential for reverse sensitivity;
- Ensuring development is contained within the urban limits;
- Taking into account the principles of the Waikato District Development Strategy;
- Facilitating a structure plan for the identified area;
- Protecting the natural character, landscape, heritage and amenity values;
- Investigating hazard prone areas;
- Providing and recognising Tangata Whenua values;
- Allowing the community the option to provide for their social, cultural and economic wellbeing;
- The adequate provision for wastewater and storm water disposal; and
- An assessment of transport links including links to the Waikato Expressway, main arterial routes as well as walkways and cycleways.

Policy Direction:

The following policies provide direction relevant to the proposed rezoning under PC17:

- *Policy 6.1 Planned and co-ordinated subdivision, use and development;*
- *Policy 6.3 Co-ordinating growth and infrastructure;*
- *Policy 6.5 Energy demand management;*
- *Policy 6.13 Adopting Future Proof land use pattern;*
- *Policy 6.15 Commercial development in the Future Proof area; and*
- *Section 6A Development principles*

All of these policies are supported by a number of implementation methods designed to achieve the anticipated desired outcomes for the built environment and in particular policy 6.13. Policy 6.13 seeks to ensure that new urban development within Ngaruawahia is located within the urban limits and is managed in accordance with timing and population growth. To provide for this land is to be zoned and appropriately serviced. The growth areas are located within the urban limits and the rezoning will provide for the development infrastructure. In some growth areas the

wastewater reticulation has already been extended along Great South Road to cater for existing Living Zone development. This infrastructure has been future proofed so that it has sufficient capacity to cater for potential growth in this location. For water, the existing Ngaruawahia town supply extends south to Horotiu and can also be used to service the adjoining growth areas. In other growth area the existing reticulation in Rangimarie Road will need to be extended.

1.2.4 Waikato Regional Plan (WRP)

In accordance with Section 75(4)(b) of the RMA, an operative plan change must not be inconsistent with a regional plan for any matter under section 31.

Regard has been given to the WRP to ensure PC17 is not inconsistent with the WRP as this is consistent with objective 3.1.2 which is to ensure that people are able to take and use water for their social, economic and cultural wellbeing. PC17 relates solely to proposed rezoning of a number of properties within the Ngaruawahia, Horotiu, Taupiri, Te Kowhai and Glen Massey area therefore the WRP has little effect on the plan change.

1.2.5 Iwi Management Plans (IMP)

Pursuant to s74(2A) Council must take into account any relevant planning document recognised by an iwi authority such as iwi management plans. IMP articulates the aspirations of Tangata whenua and addresses matters of resource management activity of significance within their respective rohe (region). An IMP also considers the environment in a holistic manner and being inseparable from people. Section 74(2A) of the RMA states:

“A territorial authority, when preparing or changing a district plan, must take into account any relevant planning document recognised by an iwi authority and lodged with the territorial authority, to the extent that its content has a bearing on the resource management issues of the district.”

In accordance with section 74(2A), Council has taken into account the Waikato-Tainui Environmental Plan and Draft Maniapoto Iwi Environment Plan in the preparation of PC17.

I.2.6 Waikato-Tainui Environmental Plan (WTEMP)

The Waikato-Tainui Environmental Plan (WTEMP) contains the aspirations of tangata whenua and was developed from Whakatupuranga 2050 which is a long-term development approach to building the capacity of Waikato-Tainui marae, hapuu and iwi and will be the legacy for those who come after. The WTEMP sets out issues, objectives, policies and methods to address its overarching position in the environment and is designed to enhance Waikato-Tainui participation in resource and environmental management.

The WTEMP provides clear high level guidance to external agencies regarding Waikato-Tainui values, principles, knowledge and perspectives on, relationship with, and objectives for natural resources and the environment. It also includes a process for resource developers and users to consult and engage with Waikato-Tainui in respect to proposed resource use or activities.

I.2.7 Draft Maniapoto Iwi Environment Plan – He Mahere Taiao

The draft Maniapoto Environment Plan (MEP) provides an iwi-wide strategy that expresses Maniapoto world views, values and aspirations, to enhance and sustain the exercise of kaitiakitanga of the environment.

The MEP provides an overview of Maniapoto views on environmental matters and describes the vision that this iwi has for the environment and their place within it. Te Ao Maaori Maniapoto world views connect whaanau, hapuu and iwi to their environment. The document describes issues that may affect Maniapoto and their taonga, and suggests actions to avoid, remedy or mitigate these effects, or to restore and maintain the quality and integrity of the environment. It also provides a framework for further development of actions and tools to help Maniapoto achieve the vision. Maniapoto recognises that responsibility for certain outcomes may lie with one or more external agencies or groups. Differing demands for resources may limit their ability to act, however Maniapoto encourages these agencies and groups to show leadership in working collaboratively with them to implement this plan.

Council's link to the MEP is through Te Ture Whaimana o Te Awa o Waikato – the Vision and Strategy for the Waikato River and its tributaries, particularly the Waipa River which flows through the southern part of the Waikato District to meet the Waikato River at 'The Point' in Ngaruawahia.

At the time of writing this report the Maniapoto Iwi Environment Plan – He Mahere Taiao was still to be finalised.

1.2.8 Future Proof Development Strategy

The Future Proof Strategy and Implementation Plan ('the Strategy') is the collaboration between Hamilton City Council, Waikato Regional Council, Waipa District Council, Waikato District Council and Tangata Whenua for the development of a sub-regional growth strategy covering the areas of the three territorial authorities and the region covered by the Waikato Regional Council. Other key organisations involved in the strategy include the New Zealand Transport Agency and Matamata Piako District Council. The Strategy emerged as a result of concerns about the lack of collaboration and leadership in the management of growth across Hamilton City, Waipa District and Waikato District's territorial boundaries. The Strategy was adopted in 2009 and now has statutory effect through the Proposed Waikato Regional Policy Statement.

The purpose of the Strategy is to provide a comprehensive and robust growth management strategy for the sub-region taking a long term view of land and infrastructure. It is important to highlight that the Strategy will need to adapt to take into account changing circumstances over its 50 year timeframe.

There are a number of key features of the Strategy including:

- Increased densities in new residential development (compact urban form);
- Hamilton City a vibrant and lively place to live and work;
- Towns in the sub-regions to be supported by thriving business centres;
- Protection of versatile and productive farmland through directing rural residential development and business activities closer to towns and villages; and
- Integrated transport and land use planning.

Section 6 of the Strategy sets out the proposed settlement pattern for the FP sub-region, which includes Ngaruawahia and the villages within the area that is the subject of PCI7. The Strategy identified the following key features of the settlement pattern for Ngaruawahia:

- a) Develops with Waikato-Tainui the concept of the town as the "cultural capital" of the Waikato;
- b) Enhanced local service and employment opportunities as well as taking advantage of its proximity to Hamilton;

- c) New residential growth in response to the development of an employment hub at Horotiu;
- d) The town centre is strengthened and expanded to provide a much wider range of goods, services and activities;
- e) The focus is on education and family well-being;
- f) Marae community centred on Turangawaewae;
- g) Passenger (both road and rail) connections to Hamilton and Auckland.

For the neighbouring villages of Taupiri, Glen Massey, Horotiu and Te Kowhai, the Strategy identified the need for:

- a) Limited rural lifestyle development close to towns and transport networks;
- b) Development in rural areas is clustered around towns and villages in a concerted effort to protect versatile soils for the production of primary goods and associated businesses and services.

Section 6.3.2 of the Strategy identified the growth areas for Waikato as being Te Kauwhata, Ngaruawahia, Huntly, Raglan and Whaingaroa, Waikato Rural Villages and Waikato Rural. Growth of rural towns and villages is supported within agreed urban limits and for Ngaruawahia expects that new residential growth will be required in response to the development of an employment hub at Horotiu and its proximity to Hamilton. All the growth areas are within the urban limits and growth areas and one area is deliberately located on the southern fringe of Ngaruawahia to maximise proximity of the land to Horotiu and Hamilton.

Section 6.3.3 of the Strategy outlines the allocation of residential growth. Since publication of the Strategy in 2009 the Future Proof partners have undertaken additional work on growth projections to include the 2013 census. The National Institute of Demographic and Economic Analysis (NIDEA), University of Waikato have produced household and population projections at a census area unit level for the district. The spatial distribution within each census area unit has been determined using the Waikato Integrated Scenario Explorer (WISE).

The table below outlines projected population growth within each of the towns and villages identified within the structure plan area.

Location	2015	2020	2030	2040
Ngaruawahia	5440	5550	5620	5960
Horotiu	800	830	850	870
Taupiri	440	570	620	650

Te Kowhai	1570	1580	1620	1670
Glen Massey*	270	280	280	280

Source: NIDEA 2015 round to the nearest ten.

*Glen Massey NIDEA 2014 as at the time of publish the split between rural and urban census area units (CAU) for the 2015 data had not been completed. Glen Massey is a small urban area within a large rural CAU.

It should be noted that the PRPS and Futureproof population projected growth figures are higher than the latest NIDEA projections. Notwithstanding the above projects, anecdotal evidence from stakeholders indicates demand levels for residential purposes in excess of current supply. The purpose of proposed PCI7 is to provide additional land in locations that will provide options for residential development. PCI7 is addressing demand arising from development growth pressures in north Hamilton and the rising costs of housing. The industrial and residential growth of Hamilton is currently in a northward direction. Proposed PCI7 will serve to provide much needed additional land for residential in areas in close proximity to development growth. Proposed PCI7 serves to give effect to proposed national directives to local councils to better provide for residential and business development capacity to meet long term needs. In the current proposed amendments to the RMA, the Government is proposing an amendment to Section 30 and 31 of the RMA to make it a function of territorial authorities to ensure residential and business development capacity to meet long-term demand.

Refer to Ministry for Environment Regulatory Impact Statement accompanying the 'Resource Legislation Amendment Bill 2015'

Long term needs will be addressed in the Ngaruawahia and Surrounds Structure Plan.

Section 6.3.4 of the Strategy outlines the allocation of land zoned for commercial business in the sub-region. The structure plan area is not specifically identified although, in relation to the Waikato District as a whole, the Strategy states:

- (a) *“Retailing expansion in existing town centres and villages will have a key role in providing local services. However, existing retail centres especially in Hamilton City minimise the potential for any significant expansion, particularly in areas of specialist and large-format retail.*
- (b) *Rural residential growth into village nodes will help create nucleus community centres that can support an improved offer in convenience retail”*

Council engaged Property Economics Limited (PEL) to undertake an assessment of Ngaruawahia core economic market. The main purpose of PEL's engagement was to assess the socio-economic and forward land demand projections to determine the future commercial and retail requirements of the Ngaruawahia Township for the next 30 years. The PEL report dated April 2014 identifies that the Ngaruawahia Township will primarily perform convenience retail function along with some localised commercial and professional services.

PC17 proposes to rezone a limited number of properties in Ngaruawahia and Horotiu to provide for business/commercial interests in the short term until such time as the structure plan is finalised and taken into account in the subsequent District Plan Review.

1.2.9 Regional Land Transport Plan (RLTP)

The Regional Land Transport Plan (RLTP) was adopted by the WRC in 2015. It provides the strategic direction for land transport in the Waikato Region over the period 2015 to 2045.

The plan contains two key components:

1. A policy framework to direct decision-making and implementation actions for key regional transport stakeholders to advance the land transport objectives and priorities (1-10yrs and 11-30yrs) identified in the plan.
2. The region's programme of land transport investment activities put forward for inclusion in the National Land Transport Programme 2015-2021.

When preparing or changing a district plan, a territorial authority must have regard to this plan under Section 74(2)(b)(i) of the RMA.

The RLTP focuses on investment and effort in three core components:

- Strategic corridors and wider network connectivity improvements – recognising the Waikato region's strategic importance to the upper North Island, New Zealand's primary growth area.
- Road safety – recognising the need to continue to improve road safety outcomes for the Waikato region.
- Managing demand and transport choices – recognising the need to manage transport demand in our main urban areas to assist in meeting the transport objectives identified in the plan. Recognising the need to provide appropriate transport choices across the region to enable people and communities to meet their social, economic and cultural needs.

PCI7 proposes rezoning of a number of properties within Ngaruawahia township and Taupiri, Horotiu, Te Kowhai, Glen Massey villages which are accessible by Regional Arterial, Arterial or Collector roads. The roads affected by the zone changes in each of the town and villages are detailed below:

Note: These roads are classified under the District Plan classification criteria and not the One Network Road Classification (ORNC).

Regional Arterial Roads

Great South Road

Taupiri

Ngaruawahia

Horotiu

New Residential Zone

New Residential Zone, Business Zone

New Residential Zone, Business Zone

Arterial Roads

Ngaruawahia Road

Te Kowhai Road

Horotiu Road

River Road (NGA)

Country Living Zone

Country Living Zone

Country Living Zone

Country Living Zone

Collector Roads

Waingaro Road

Glen Massey

Country Living Zone

Other roads affected will have linkages to the Local Road network

All properties proposed for zone changes are either adjacent to existing similar development or reflect the current use of the site. As part of the technical analysis for the structure plan, Council commissioned an Integrated Transport Assessment. This assessment concluded that with the low scale of changes in both the New Residential and Country Living Zones and the number of resultant lots from individual subdivisions, it is not considered to be of a scale that will impact on the affected roads and the actual effect of any of the proposed rezoning on the identified roads will be low. Affected properties are of a size that no major road connections or upgrades are required and subdivisions can contain their internal local roads within their developments.

1.2.10 Waikato District Development Strategy (DDS)

The Waikato District Development Strategy (DDS) was adopted in September 2015 to replace and update the two existing growth strategies applying to the District, being the Waikato District Growth Strategy (2009) and the Franklin District Growth Strategy (2008).

The DDS is a 30 year strategic and spatial development guide that retains the principles from the two previous growth strategies. It is the intention of Council to revisit the DDS in 2017 as a prelude to the next cycle of the Long Term Plan.

The DDS provides for the planning of a loss of productive land to urban development in the northern Waikato (Pokeno) and satellite villages around the Hamilton fringe in accordance with growth related structure plans.

The DDS identifies a number of key influences in the District, including:

- Southward growth of Auckland;
- Waikato Expressway;
- Growth of Hamilton;
- Intensification and change in agriculture; and
- Land use change.

Section 4.4 of the DDS identifies the key urban outcomes with a focus on:

- Future urban development in and around existing towns as per structure plans and the Regional Policy Statement;
- Using Structure Plans to guide the staged provision of additional urban land;
- To maintain and re-develop existing urban infrastructure and services;
- To improve access to public transport and for walking, cycling, horse and mobility scooter riding through good development and service provision.

The DDS does not specifically identify any growth areas, but has a key urban outcome of focusing future urban developments in and around the district's existing towns as per structure plans and the Regional Policy Statement.

The DDS identifies that the small towns and villages within the structure plan area will provide for natural growth and any spill over growth from Hamilton City. This proposal will provide for this urban development on highly productive soils within a

clearly designated area relative to the Ngaruawahia town fringe. As there are natural barriers to further development occurring outside the proposed growth areas it is anticipated that there will be no additional loss of highly productive land than what is accounted for under the DDS and this plan change.

As part of planning Waikato District Council will regularly review the provision of appropriately-located, zoned and serviced land to cater for projected growth in these existing nodes.

1.2.11 Waikato District Long Term Plan (LTP)

WDC adopted the 2015 - 2025 LTP on 30 June 2015. Within the long term plan sits the 30 year Infrastructure Strategy which identifies projects for each town and village in the district. There are a number of projects that relate to the Structure Plan area and support the growth that has been identified in this this plan change.

2. Part II Resource Management Act II

PC17 must be in accordance with the provisions of Part 2 of the RMA (s74(1)(b)). The matters in Part 2 (sections 5 to 8) are addressed below.

Sustainable Management of Natural and Physical Resources (Section 5)

2.1 Section 5

The purpose of the RMA is to promote the sustainable management of natural and physical resources. Sustainable management means the use, development and protection of natural and physical resources in a way or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety, while:

- (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonable foreseeable needs of future generations; and*
- (b) *safeguarding the life-supporting capacity of air, water, soil and ecosystems; and*
- (c) *avoiding, remedying and mitigating any adverse effects of activities on the environment.*

PC17 proposes a number of rezoning within the areas of Ngaruawahia, Horotiu, Taupiri, Te Kowhai and Glen Massey. The purpose of the proposed rezoning is to

enable the future expansion of these towns and villages and to service the future demand of the area for growth. PC17 will enable the communities within the structure plan area to provide for their social, economic and cultural wellbeing without compromising the matters in section 5(2). In particular, the adverse effects of the plan change are considered to be no more than minor.

2.2 Matters of National Importance (Section 6)

Section 6 of the RMA sets out a number of matters which shall be recognised and provided for in developing a plan change to a district plan.

Section 6 of the RMA states:

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall recognise and provide for the following matters of national importance:

- (a) The preservation of the natural character of the coastal environment (including the coastal marine area), wetlands, and lakes and rivers and their margins, and the protection of them from inappropriate subdivision, use and development;*
- (b) The protection of outstanding natural features and landscapes from inappropriate subdivision, use and development;*
- (c) The protection of areas of significant indigenous vegetation and significant indigenous fauna;*
- (d) The maintenance and enhancement of public access to and along the coastal marine area, lakes and rivers;*
- (e) The relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga;*

With regards to section 6(a), (b) and (c) of the RMA, PC 17 recognises and provides for these in that the zone changes are located and of a scale that adverse effects can be minimised. In respect to areas to be rezoned to New Residential and Business, all developments are required to connect to Council services. In respect to Country Living, future developments must avoid and take into account sensitive areas such as the extensive gully system in Te Kowhai and the lower lying areas of the river terraces in Ngaruawahia. These measures which are already controlled under the district plan, will ensure the sensitive environments of the river and gullies is not compromised.

It should be noted that the proposed zone changes for a number of properties included in the plan change reflect the current use of that site. This is especially relevant to the properties at Great South Road and Washer Road, Horotiu along with properties on

the southern section of the Great South Road, Taupiri. Residential activities already occur on these sites without any adverse effects and it is appropriate that the plan change acknowledges this.

As part of the technical reports supporting the structure plan, Council commissioned a Landscape, Visual and Amenity Effects Assessment on the identified area. This report identified areas where development should be avoided, such as within the Hakarimata landscape, the immediate surrounds of the Waikato River and the extensive gully network. Thus PC17 does not propose to rezone any properties that are within any areas of natural feature or landscape or areas of significant indigenous vegetation and fauna. Taking into account the changes in zone it is considered the actual adverse effect on the preservation of the natural character of the structure plan area will be less than minor as development will need to comply with the performance standards of the appropriate zone.

Access to the Waikato River is a matter already addressed in the Waikato District Plan and therefore does not require further consideration. Maaori interests have been taken into account during the structure plan process.

2.3 Other Matters (Section 7)

Section 7 of the RMA sets out a number of matters which must be given regard to in developing a plan change to a District Plan.

The relevant parts of Section 7 are as follows:

Other matters

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall have particular regard to –

- (a) kaitiakitanga:*
 - (aa) the ethic of stewardship:*
 - (b) the efficient use and development of natural and physical resources:*
 - (ba) the efficiency of the end use of energy:*
 - (c) the maintenance and enhancement of amenity values:*
- (i) the effects of climate change:*

PCI17 proposes to rezone properties that are currently zoned either Rural or Industrial and which are within the area as defined in the Ngaruawahia and Surrounding Villages Structure Plan. As discussed above some of the changes are to reflect the current use of the site i.e. Rural Zone in Horotiu where residential activities occur. Therefore in regards to Section 7(c) it is considered the proposed rezoning of properties in Horotiu, Taupiri and Ngaruawahia from Rural Zone to New Residential Zone or Country New Residential Zone represents an efficient use of the land for future residential purposes to cater for the growth of the area in the future. Additionally, the proposed rezoning of areas in Horotiu from Industrial Zone to Business Zone will enable better utilisation of two smaller sites. The current Industrial Zoning of sites in Horotiu is not seen as compatible with the expected amenity of the area nor is it compatible with the existing activities such as the local primary school and residential activities. Equally land on the Great South Road, Ngaruawahia is currently zoned Industrial and it is not considered that this will provide the amenity expected by the surrounding residential landuse. Thus the change to Business will be more appropriate for that area. Providing for changes in Horotiu from Industrial to Country New Residential or Rural to Country New Residential is reflecting some land uses currently in that area while enabling a better amenity to be achieved by the larger lot development as the interface to a Regional Arterial Route adjacent to what is anticipated to be a well utilised Industrial Zone.

2.4 Treaty of Waitangi

Section 8 of the Act sets out as follows:

Treaty of Waitangi

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of the natural and physical resources, shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

The principles of the Treaty of Waitangi have been taken into account in developing PCI17, in particular the principle of consultation. The principles are of particular importance for the proposed rezoning of properties within the Ngaruawahia township where tangata whenua are an integral part of the town fabric. Council staff consulted with Waikato-Tainui, Turangawaewae Trust Board and local residents. The feedback received was supportive of the proposed rezoning.

3. Consultation

3.1 Section 3 of the RMA sets out the consultation requirements and is re-printed below:

3(1) During the preparation of a proposed policy statement or plan, the local authority concerned shall consult –

- (a) the Minister for the Environment; and*
- (b) those other Ministers of the Crown who may be affected by the policy statement or plan; and*
- (c) local authorities who may be so affected; and*
- (d) the tangata whenua of the area who may be so affected, through iwi authorities; and*
- (e) any customary marine title group in the area.*

3(2) A local authority may consult anyone else during the preparation of a proposed policy statement or plan

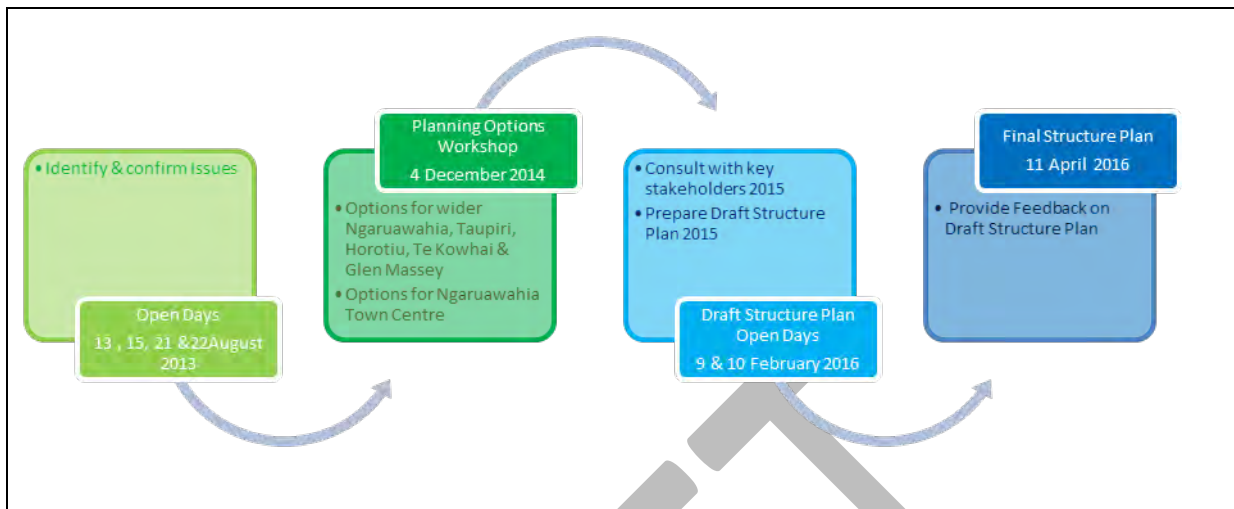
Section 3(1) above is mandatory while Section 3(2) is at the discretion of the Council. In this instance, Council undertook both mandatory and discretionary consultation in relation to PCI7.

In accordance with Section 3(1) and 3(2) above, Council staff have consulted extensively during the structure plan process and is explained below.

Community Engagement in Preparing the Structure Plan and Proposed PCI7

The process of consulting and engaging with the local community, iwi and key stakeholders has taken place between 2013 and 2016 through a sequence of meetings, interviews, planning events including open days, and a planning options workshop. This engagement enabled an identification and confirmation of issues followed by an exploration of development options, the preparation of a draft structure plan and led to Proposed PCI7 be prepared as stage one of the structure plan process.

The Iterative Community Consultation Process



In addition consultation has been with the following through meetings and workshops.

- Ngaruawahia, Taupiri Community Boards and Te Kowhai community group
 - Workshops and reports
- directly affected land owners;
 - individual meetings, letters, emails, open days and workshops
- individual communities;
 - Open days
 - Notice, flyers, posters
- tangata whenua;
 - individual meetings
- stakeholders;
 - individual meetings, letters local community groups, service groups, local businesses,
- statutory bodies
 - NZTA
 - Futureproof partners
 - Waikato Regional Council
 - Ministry of Education
 - Service providers

During the public open days 9 and 10 February 2016, Council staff were present to discuss the plan change and answer any questions. Attendees were also provided with a feedback form to complete either at the open day or send into Council after. The feedback indicated broad support for the proposed plan change.

4. Section 32 Analysis

Under Section 32 of the RMA, a local authority, when proposing to undertake a plan change to a District Plan, must carry out an evaluation of alternatives, benefits and costs of the plan change.

An evaluation must -

- 1(a) examine the extent to which the objectives of the proposal being evaluated are the most appropriate way to achieve the purpose of this Act; and*
- 1(b) examine whether the provisions in the proposal are the most appropriate way to achieve the objectives by –*
 - (i) identifying other reasonably practicable options for achieving the objectives; and*
 - (ii) assessing the efficiency and effectiveness of the provisions in achieving the objectives; and*
 - (iii) summarising the reasons for deciding on the provisions; and*
- 1(c) contain a level of detail that corresponds to the scale and significance of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the proposal.*

An evaluation must also:

- 2(a) identify and assess the benefits and costs of the environmental, economic, social and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for –*
 - (i) economic growth that are anticipated to be provided or reduced; and*
 - (ii) employment that are anticipated to be provided or reduced; and*
- 2(b) if practicable, quantify the benefits and costs referred to in paragraph (a); and*
- 2(c) assess the risk of acting or not acting if there is uncertain or insufficient information about the subject matters of the provisions.*

- 3 If the proposal (an amending proposal) will amend a standard, regulation, plan, or change that is already proposed or that already exists (an existing proposal), the examination under subsection (1)(b) must relate to –*
 - (a) the provisions and objectives of the amending proposal; and*
 - (b) the objectives of the existing proposal to the extent that those objectives –*
 - (i) are relevant to the objectives of the amending proposal; and*
 - (ii) would remain if the amending proposal were to take effect.*

The evaluation report must be available for public inspection at the time the proposed Plan Change is publicly notified. This report is the Waikato District Council's response to this statutory requirement.

Section 32 of the RMA requires the consideration of alternatives and an assessment of costs and benefits of alternatives. The alternatives of the plan change are summarised under the relevant headings below:

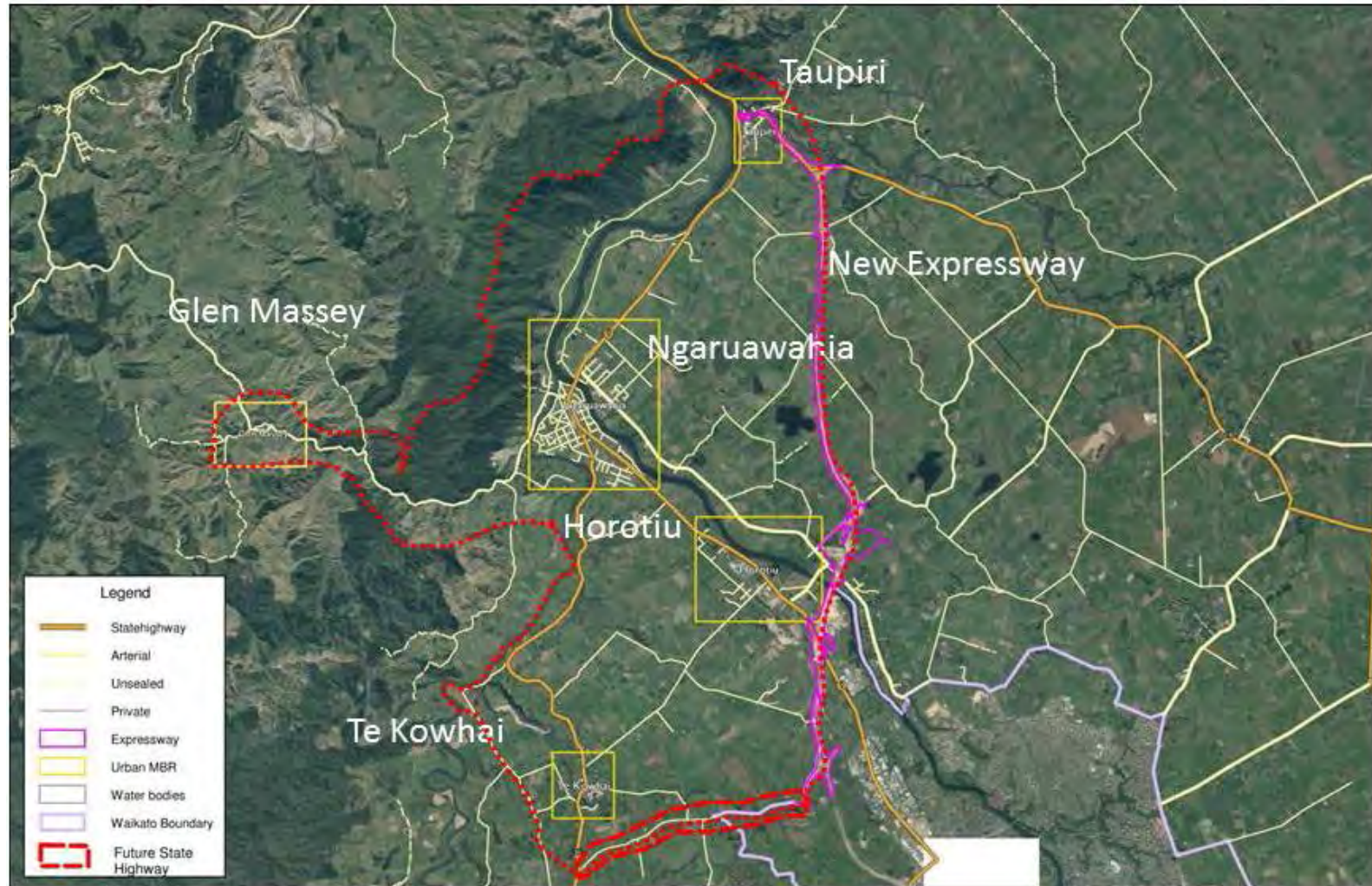
Option One – *Do nothing*. This option would see Council continue with the current zoning. The implications are that there is unlikely to be sufficient residential zoned land to accommodate the projected growth in the structure plan area is limited. Essentially this would mean that Council would not be giving effect to the Future Proof land use patterns and, in particular, the District Plan would not give effect to the following policies in section 6 of the RPS:

- Policy 6.1 Planned and co-ordinated subdivision, use and development;
- Policy 6.3 Co-ordinating growth and infrastructure;
- Policy 6.5 Energy demand management;
- Policy 6.13 Adopting Future Proof land use pattern;
- Policy 6.15 Commercial development in the Future Proof area

Furthermore option one will not promote the sustainable management of the natural physical resources as it will not allow communities to provide for their social and economic wellbeing in terms of providing opportunities for residential living and additional business use.

Option 2 – *Undertake the proposed rezoning as recommended*. This option would enable Council to release land for residential and business use in an efficient, co-ordinated and cost effective manner to provide for the expected growth and associated infrastructure requirements within the Future Proof land use pattern requirements. Thus providing the ability for communities to provide for their social and economic wellbeing.

5 Plan Change 17 Content



Section IA of the Operative District Plan sets out the Waikato District Growth Strategy for the Waikato region. This section has specific objectives and policies about managing growth around towns and villages, where infrastructure and services can efficiently and economically be provided¹ and ensuring that new growth areas are identified and planned for². The identified growth areas have been formed in such a way that they directly relate to the identifiable boundaries of the Ngaruawahia township. In particular, the growth areas have been selected to connect to the existing zoned or established residential development. In respect to Ngaruawahia the Ngaruawahia Golf Course and the Great South Road/NIMTR, or features such as drains and roads form a natural barrier to further development outside the boundaries established and complement the policies and objectives of Chapter IA of the District Plan. In some cases connections already pass alongside areas designated for further growth under the structure plan and this Plan Change. Development should be constrained to areas where infrastructure services are provided efficiently and effectively for Council.

The work undertaken in the Ngaruawahia and Surrounding Villages structure plan has identified areas in the Ngaruawahia township as well as the Taupiri, Horotiu, Te Kowhai and Glen Massey villages that can be rezoned to provide for growth in the immediate future. Further areas will need to be considered in the structure plan process as it progresses to provide for projected population growth beyond the first 10 years for a further 20 years to 2046.

Relevant sections of the District Plan such as Chapter 11 – Social, Cultural and Economic Wellbeing and Chapter 13 – Amenity Values seek to ensure that boundaries between towns and rural areas are clearly defined by a difference in development density, natural features and open space³. The identified areas for growth have been identified to ensure that they directly relate to the boundaries of the existing Ngaruawahia Township and connect existing external development to the boundary to enhance the amenity and social coherence of the town. Any proposed New Residential zoning will also allow for urban development within these identified areas at a rate consistent with the anticipated demand for housing relative to the expansion of employment opportunities both within and outside the district. The undeveloped sections of the Ngaruawahia Golf Course and Great South Road/ NIMTR boundary and Waikato River provide clearly defined areas where natural features and open space dominate over development density. Chapter 13 seeks to ensure that the amenity values of localities are maintained⁴. One way that this is achieved is through zoning. As previously identified all growth areas are located adjacent to areas already zoned and used for residential purposes. While a shift to residential will be a marked change from

¹ Objective IA.2.1 and policies IA.2.2 and IA.2.3

² Policy IA.2.4

³ Objective 11.2.1 and policy 11.2.3

⁴ Objective 13.2 and policies 13.2.10 and 13.2.11.

the existing rural land uses, it is not out of keeping with the adjacent land uses. Conflict with the surrounding rural area will also be minimised by natural barriers defining the edge of the growth areas.

PC17 seeks to rezone a number of properties as the first stage of providing for future growth and details of each of the proposed areas is discussed below. No changes to the New Residential, Country Living or Business Zones rule framework is proposed for any of these areas. The change is solely zoning. This means that once they are rezoned they will be able to be developed and used like any other zoned property in the Waikato District. The expected development is therefore likely to be standard lot residential, lifestyle or business development.

It is preferred that this rezoning is undertaken as a separate process to the District Plan review to enable the development potential of the growth areas to be released within the next year, as opposed to 3-5 years if part of the District Plan review.

Ngaruawahia (see context map)

Context:

Ngaruawahia is a small town located approximately 22 minutes' drive north of Hamilton at the confluence of the Waipa and Waikato Rivers and is one of the oldest settlements in the Waikato Region. The township is home to the Maori Kiatinga and the first Maori King was crowned there in 1857. The landscape surrounding Ngaruawahia is dominated by the Hakarimata Range and nearby Taupiri Mountain both of which have significant cultural value to Maori particularly local iwi, Waikato Tainui.

The population of the town is currently estimated at approximately 5300 people made up of a high percentage of those classed as 'working age' while there is also a significant number of youth. It is noted that development in the town has been relatively static over the last decade and residents are largely reliant on Hamilton, Huntly or Auckland for meeting employment and higher retail and service order needs.

The compact town centre is located mainly on Jesmond Street with extensions onto Galileo Street and along the north side of Great South Road. The town centre comprises a mix of retail and service uses. Great South Road and North Island Main Trunk Railway line (NIMTR) effectively sever the township into two areas. Due to the opening of the Hamilton by-pass, vehicle traffic has reduced but overall the town is still traffic dominated.

Apart from a limited area of Business zone in the town centre, Ngaruawahia is predominately zoned for residential activities with the majority of the township zoned 'Living' with 'Country Living' on the outskirts. A small pocket of 'Industrial' exists on the western side of the NIMTR and on the southern reaches of the town.

Ngaruawahia has an attractive setting against the background of the Hakarimata Range and the Waikato and Waipa Rivers and uncluttered entry points from the south, north and west. There is an opportunity for the town to revitalise and cater to the growing number of visitors utilising the Hakarimata Range for recreation as well as those cyclists and walkers who choose to take advantage of the 70km Te Awa cycle trail (Ngaruawahia to Horahora) and those interested in exploring New Zealand's history. Tapping into these activities could provide a welcome boost to the economy for the Ngaruawahia community.

Rezone from Rural Zone to New Residential Zone

This portion of the proposal, proposes to rezone four growth areas from existing Rural Zone to New Residential Zone, and thus capable of being developed for residential purposes. The four growth areas are required to be rezoned to cater for the projection population and household growth in Ngaruawahia over the next 10 years due to a lack of supply of suitably zoned land to cater for such growth.

As demonstrated in the following maps, three of these growth areas are located on the northern side of Great South Road, directly south of the Waikato River, east of Croall Crescent and west of the Ngaruawahia Golf Course. These three growth areas will essential extend the extent of the residential development from its current eastern edge at Croall Crescent all the way towards the Ngaruawahia Golf Course and an isolated pocket of Living Zone land that adjoins the golf course and which has recently been developed for residential purposes. These growth areas are owned by two landowners. The total area proposed to be rezoned in these three blocks comprises 11.2ha.

The fourth growth area is located on the eastern side of Rangimarie Road and directly south of an existing New Residential Zone. The western most boundary of this block is delineated by a drain that flows from north-east to south-west towards the Waipa River. This land is also owned by two landowners and is approximately 2.7ha in size.

Evidence in the property market suggests that in recent years demand has far outstripped supply. For example, one of the landowners of two of the growth cells

(Perjuli Developments Ltd) has recently been involved in the development of the pocket of Living zoned land adjacent to the Ngaruawahia Golf Course that borders growth areas 12 and 15. Stage 1 of that development created 39 residential lots ranging in size from 544m² to 860m². These lots were offered to the market in mid-2015 and within two weeks of them being offered to the market sale and purchase agreements for all the lots had been secured. This high uptake is reflective of the following factors:

1. The lots are located on the southern side of Ngaruawahia and closer to Hamilton and Horotiu and the associated employment opportunities;
2. The lots are located in proximity of the Waikato River, the future Waikato River trails network and Ngaruawahia golf course which all provide an increased level of amenity to the development over and above infill development in Ngaruawahia or development to the north of Hamilton;
3. The opening of the Ngaruawahia Section of the Waikato Expressway has resulted in the reduction in traffic volumes in the adjacent roading network; and
4. Lack of other vacant lots within Ngaruawahia.

Perjuli Developments Ltd are also aware of similar such interest in their balance development (stage 2 onwards) which is projected to create a further 109 residential lots.

Based on expected population growth, the rezoning of these four growth areas will help meet expected population projections until 2024. In this regard, PC17 addresses the immediate short term needs.

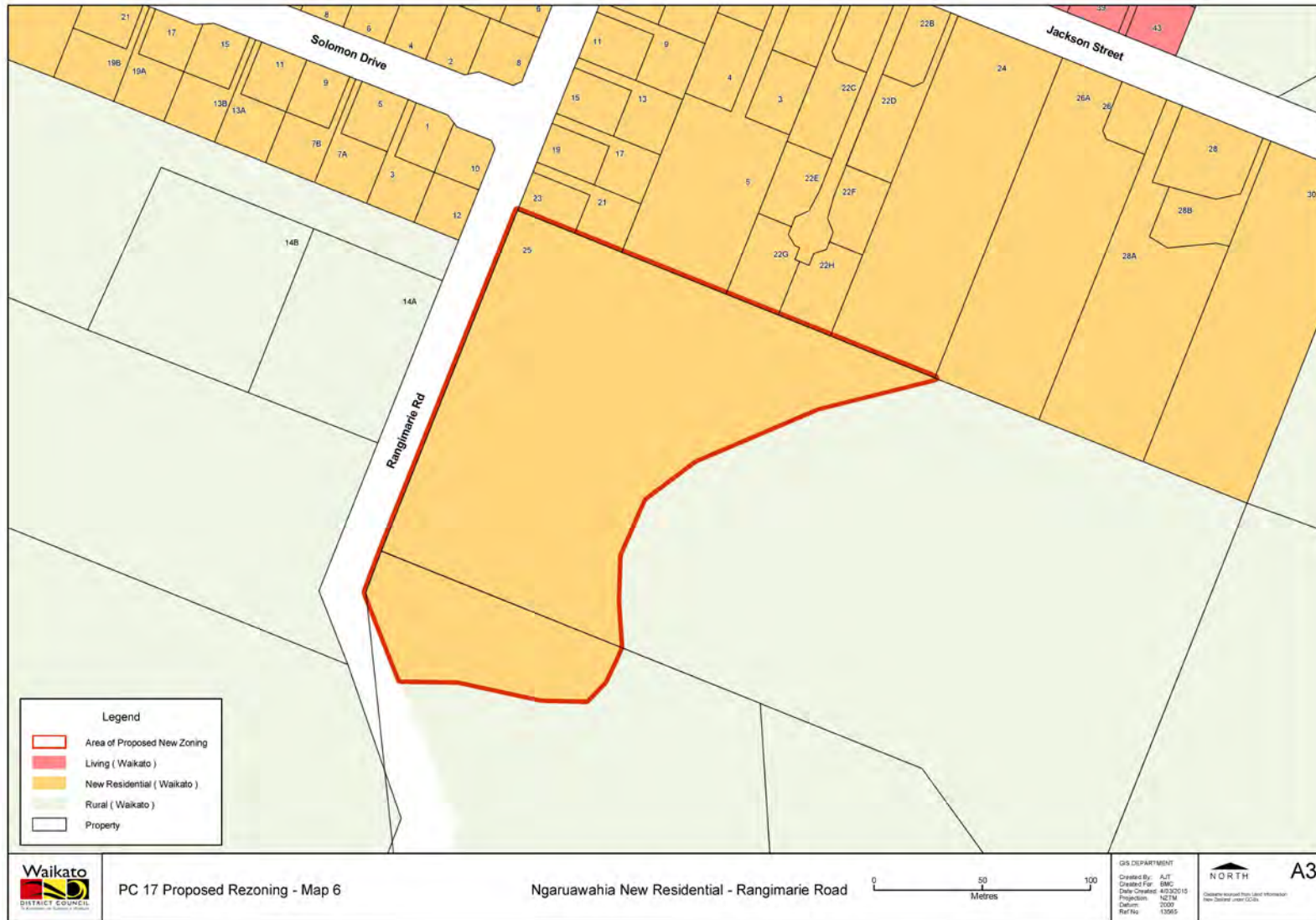
The approximate area proposed to be rezoned is 11.2 ha and is illustrated on the following maps:



Plan Change 17: Ngaruwahia and Surrounding Villages – Section 32 report - March 2016



Plan Change 17: Ngaruawahia and Surrounding Villages – Section 32 report - March 2016

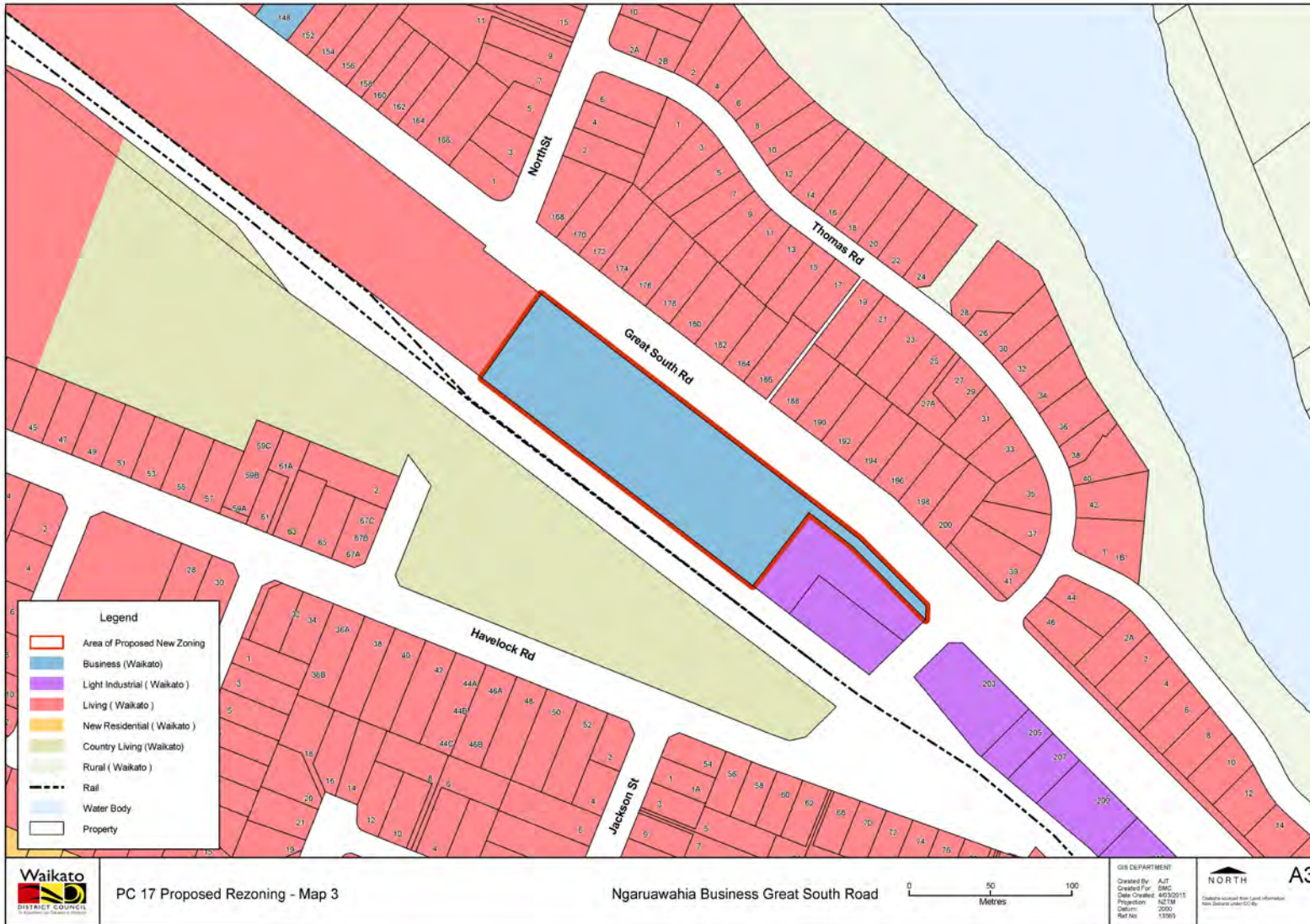


Rezone from Industrial Zone to Business Zone:

One property on Great South Road is proposed to be rezoned to Industrial Zone to Business Zone. There is residential development directly opposite the site on the eastern side of the Great South Road and the current zoning of this land does not reflect the anticipated amenity for the area. It is considered that establishing industrial activity on this site would be likely to result in a loss of amenity for the adjacent residential area. It is anticipated that the change to Business Zone will provide a more compatible environment and support the land use of the area for the residents.

The majority of the business activity in the town is in the Jesmond Street/Great South Road area. This area provides main street retail, supermarket, office, education, community support, health, recreational and residential activities together with the essential services including emergency services, necessary to serve these activities. With the proposed extension of residential development towards Hamilton the proposed rezoning will be an opportunity for business to develop and provide services for the southern quadrant of the town's residents. It is anticipated that this area in the future will compliment those services already available in the centre of Ngaruawahia township and the small neighbourhood level businesses in other residential areas.

The approximate area proposed to be rezoned is 1.3ha and is illustrated on the following map:



Plan Change 17: Ngaruawahia and Surrounding Villages – Section 32 report - March 2016

Rezone Living Zone to Business Zone.

The Ngaruawahia town centre is the focal point for the residents of the town. The town centre provides for the majority of services required by the community especially in services such as supermarket, doctors, chemists, welfare and library. In addition the town centre comprises a number of small convenience stores in Jesmond Street and fast food outlets along Great South Road. In most cases each business activity occupies an individual site and the majority of sites are narrow and deep. In addition to the Ngaruawahia town centre there are four small neighbourhood level business areas situated in the residential areas which provide accessible convenience retail and some related business activities for the surrounding residential areas.

The socio economic assessment carried out by Market Economics for the Ngaruawahia and surrounds structure plan in 2013 found that the retail 'health' of the centre could be better and that it probably suffered from considerable leakage to 'The Base' in north Hamilton. The findings report concluded that there should be a critical evaluation of the town centre to encourage a better mix of retail away from the current predominance of convenience retail, and a better layout of the centre.

To support growth of the town centre and key 'anchor' activities in the town centre such as the supermarket and medical centre, additional adjacent space is required in the same location. If provision isn't made for growth for these 'anchor' activities there is a significant risk that they will relocate out of the town centre. Due to the mix of lots and buildings Jesmond Street, and to some degree Great South Road, it would not be easy to establish a larger business activity in the area currently zoned.

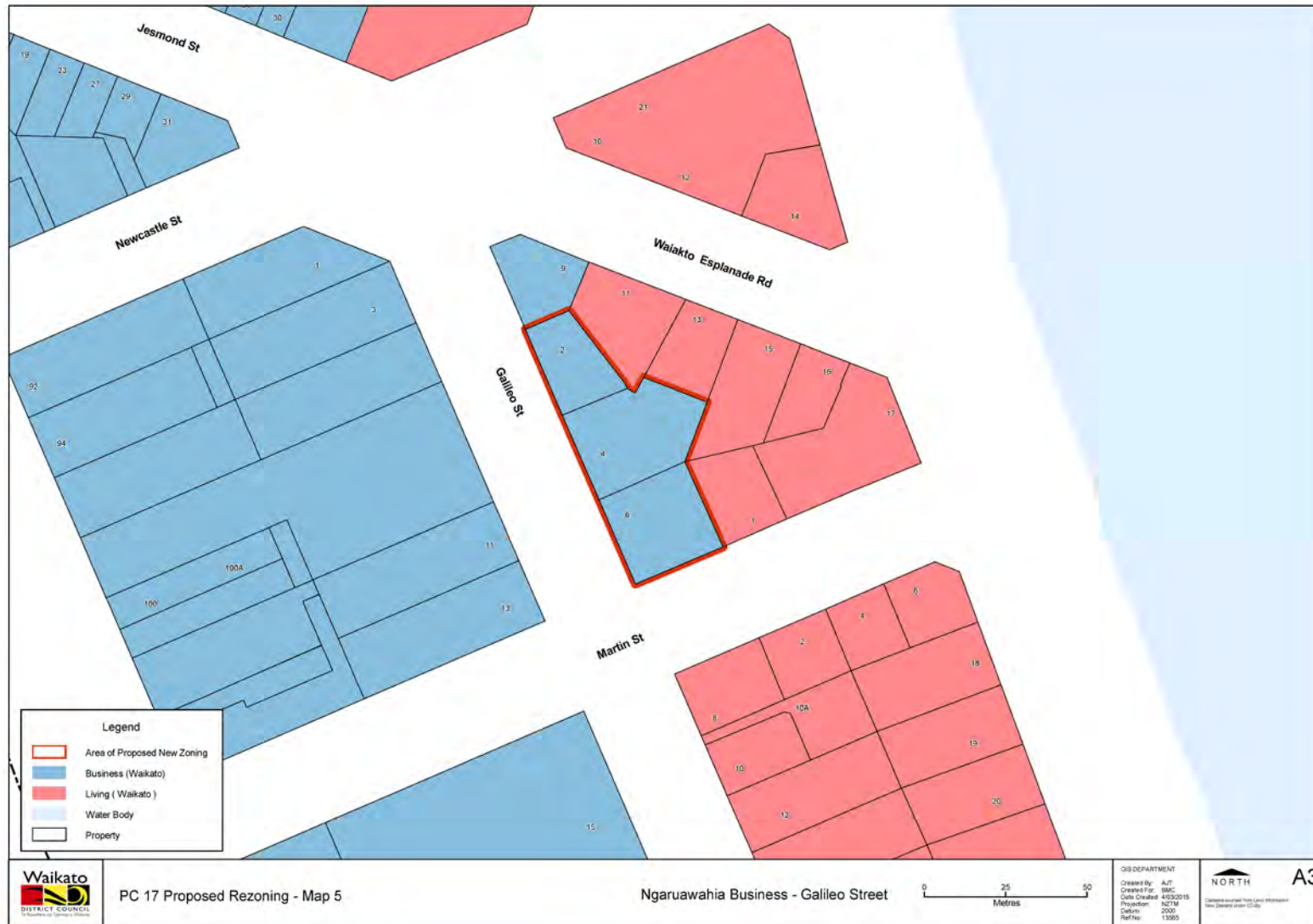
During consultation the supermarket and medical centre indicated their desire to expand and while they are still considering their options in this regard, Council has a responsibility to consider ways of enabling this to occur. Community consultation also highlighted that residents would like to see the business area extended to take into account the attractive environment of the river and anticipate that area would play more of a part in any future town centre plans. Taking these factors into account the properties in the triangle bordered by Galileo Street, Martin Street and Waikato Esplanade has potentially been identified as an area to accommodate an extended town centre.

The extent of any development in this area is still subject to discussion in the structure plan process along with other areas close to the town centre. As an interim measure and in response to the community's aspiration to changes, this plan change proposes to rezone 3 properties on Galileo Street currently zoned 'Living'. Two of these properties, have until recently, been utilised by small businesses and business activities operate on the adjoining property on the Galileo Street/Waikato Esplanade

corner. This first stage is considered to be necessary to provide the town centre with alternatives to encourage economic growth.

The approximate area proposed to be rezoned is .2 ha and is illustrated on the following map.

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Rezone from Rural Zone to Country Living Zone.

Several properties along River Road are proposed to be rezoned from Rural Zone to Country Living Zone. The proposed area is on the southern periphery of the existing residential development on River Road and is adjacent to an operating intensive chicken farm. For odour sensitive reasons the area is not suitable for full residential activities. Council has taken the opportunity to provide for Country Living to occur while still allowing and protecting the existing activity by done by leaving the farm and the adjacent properties zoned as rural. This will provide the buffer between the current activity and any future development.

The purpose of this zone is to provide Country Living opportunities in close proximity to a range of employment and urban facilities located in the nearby urban area. The zone also acts as a transition between the urban and rural zones. It is mostly located in areas not well suited to denser suburban development due to topography or proximity to the Waikato or Waipa Rivers and associated flood hazards. Development within the zone is to maintain and enhance the quality of the landscape and its natural resources including the water, soil, gullies and wetlands.

The approximate area proposed to be rezoned is 15 ha and is illustrated on the following map.



Taupiri

Context:

Taupiri is located on the eastern bank of the Waikato River approximately 7 minutes north-east of Ngaruawahia and is overlooked by Mount Taupiri – the sacred burial ground for Maori of the Waikato iwi. The township was settled by pakeha in the 1870s and became a farming centre with flax mills, a sawmill and a dairy factory.

The population of Taupiri is approximately 440 people with a significant proportion of these being of Maori ethnicity. This is made up of a high percentage of those classed as ‘working age’ while there is also a significant number of youth

The landscape surrounding Taupiri is dominated by the presence of Mount Taupiri which has significant cultural value to Maori (particularly local iwi, Waikato Tainui) as a burial ground. The existing Taupiri town centre is small with a limited mix of retail and service uses. Historically like most early settlement towns, the Great South Road bisects the village running along the Waikato River along with the NIMTR both of which made movement through the area difficult. The new Ngaruawahia bypass located east of the village has reduced through traffic flow. The Taupiri community wish to see expansion of their village as they consider that the diversion of traffic on the Waikato Expressway away from their main part of the village has created an opportunity for Taupiri to attract residents. Anticipated population growth in the structure plan study, support the potential role of Taupiri providing for a village lifestyle option for people willing to commute either north to Auckland or south to Hamilton/Te Rapa. Access to the expressway will be enhanced when the Huntly portion of the expressway is completed.

Taupiri is zoned predominately for residential activities and the majority of the township is zoned ‘Living’ with ‘Country Living’ on the outskirts. There are limited sites identified as the ‘Business Zone’. Surrounding land use zoning is ‘Rural’.

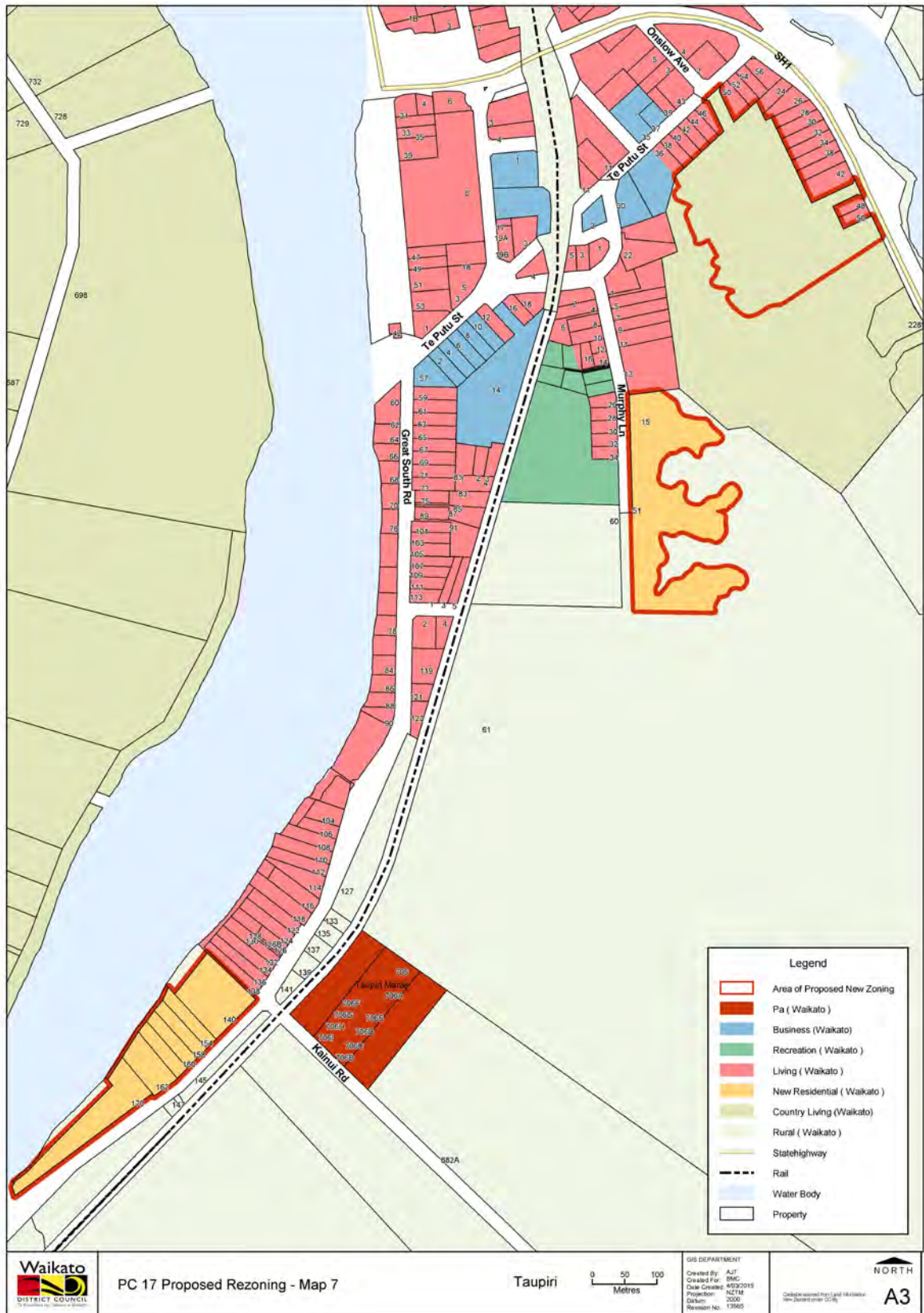
Rural Zone to New Residential Zone:

A portion of a rural property at 15 Murphy Lane is proposed to be rezoned from Rural Zone to New Residential Zone. The area proposed is to be rezoned is defined by an extensive gully system and is adjacent to current residential areas and services. There is potential to create in this area a desirable development for the Taupiri community.

In addition it is proposed to rezone a number of properties on the south of the village (opposite Kainui Road) from rural to New Residential Zone. This change reflects current use of the sites. The majority of the sites are larger than what would be expected in a residential area and there is an opportunity for redevelopment depending on the aspirations of landowners.

The approximate area proposed to be rezoned is 3.3 ha and is illustrated on the following map:

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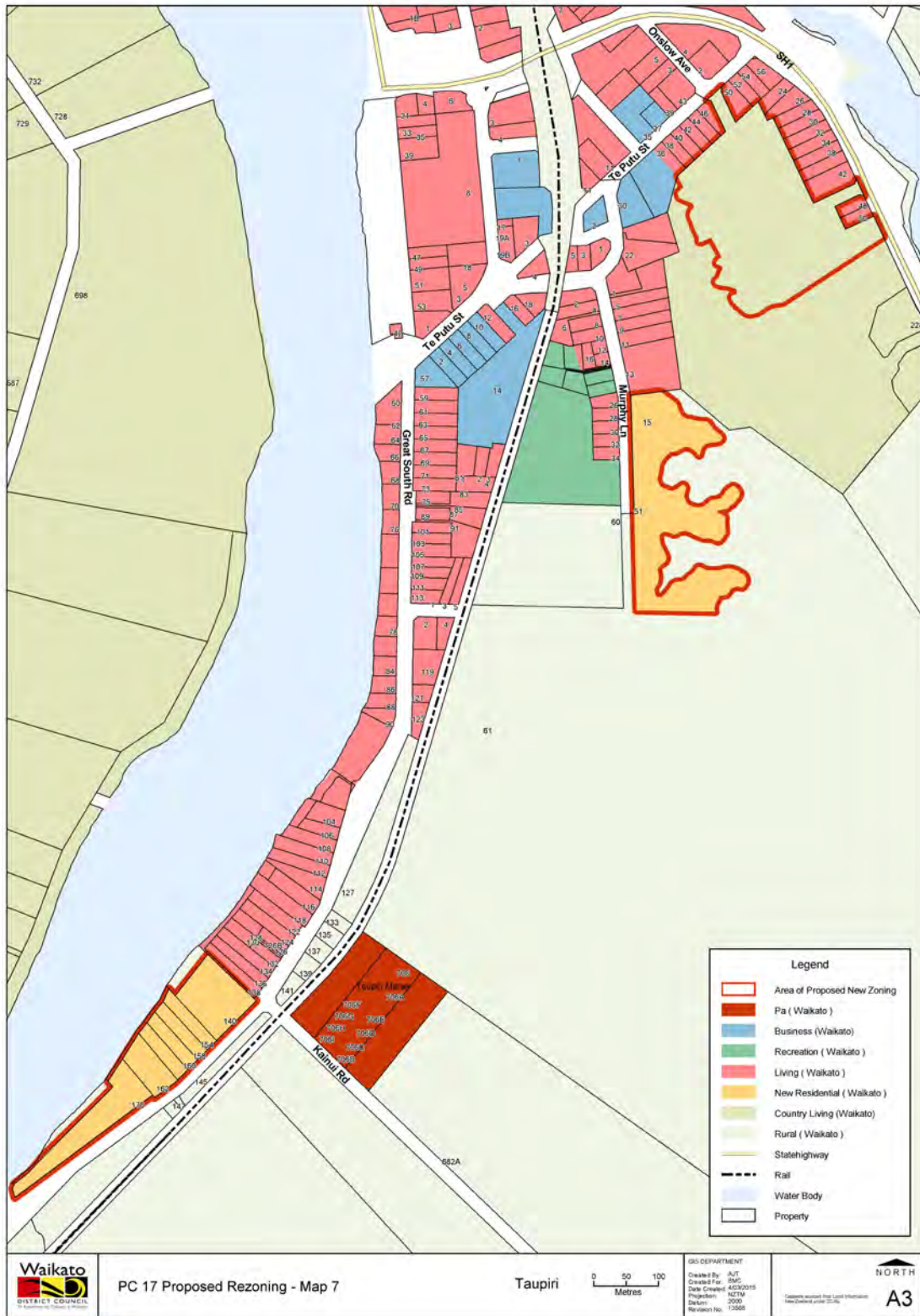


Rezone Living Zone to Country Living Zone:

This area of land is accessed off Te Putu and Gordonton Road and currently zoned Living Zone. This defined Living Zone is part of a larger parcel of land, the rest of which is zoned Country Living Zone. This land has been zoned Living Zone for a number of years but the opportunity to develop has never been taken up. The land is currently farmed by one of the owners. In consultation with the owners of the property they have indicated that they have no desire to develop this land for suburban residential development under the Living Zone rules. They consider that the amenity of the area and ultimately the Taupiri community would be better served by larger lots and for this reason have requested that the land be rezoned to Country Living Zone in keeping with the remaining part of the property. The Council is supporting the request and proposes the identified land be rezoned to Country Living Zone through this plan change.

The approximate area proposed to be rezoned is 5.4 ha and is illustrated on the following map.

DRAFT



Horotiu

Context:

Horotiu is located approximately 15 minutes' drive north of Hamilton and has a population of approximately 870 people. Horotiu has a notable dependent population – approximately 26% of people are younger than 14 years of age and 13% are 65 years of age or older. Horotiu is the on/off point for access to the Ngaruawahia Bypass which acts as the boundary between Hamilton City and Waikato District.

Horotiu is predominately zoned for industrial activities with the majority of land either the 'Heavy Industrial Zone' or 'Industrial Park Zone'. There are also pockets of land which are dedicated to residential activities, including an area of land zoned 'Living' to the west of the industrial area and an area of land zoned 'Country Living' to the east of the industrial area.

Rezone Rural to New Residential Zone:

There are a number of properties in the Great South Road, Washer Road and Horotiu Bridge Road area which although accommodating residential activities are zoned Rural. The majority of these properties range between 1000 to 2000sqm with limited development potential. Three larger properties in the Washer Road/Horotiu Bridge Road triangle have potential for additional development to occur. The rezoning of the smaller sites from Rural to New Residential Zone will better reflect current land use and make very little impact in achieving the population projections. The rezoning of the 3 larger lots has the potential to provide the additional residential capacity area needed to support anticipated population growth in the Horotiu community along with the growth in employment opportunities within the adjacent Northgate Industrial Park and the Te Rapa area. The proposed change from Rural Zone to New Residential Zone is reflective of the changes that have occurred with the Horotiu area and supports the aspirations expressed by that community in the draft Ngaruawahia and Surrounding Village Structure Plan.

The approximate area proposed to be rezoned is 10.3 ha and is illustrated on the following map.



Plan Change 17: Ngaruawahia and Surrounding Villages – Section 32 report - March 2016

Rezone

- a) Industrial Zone to Business Zone and Country Living Zone and
- b) Rural Zone to Country Living Zone:

During the last district plan review in 2004 the Horotiu area was subject to intensive negotiations on providing for the Horotiu Industrial Estate and proposed land uses in the vicinity of Horotiu Road. As a result of this focus, the land to the east of Great South Road in the vicinity of Horotiu Bridge and Washer Roads was included in the negotiations. The result of negotiations was that much of the land bounded by Great South Road, Horotiu Bridge Road and Waikato Expressway was rezoned a mix of Industrial, Rural and Country Living regardless of the activities that actually occurred.

Country Living:

The compatibility of the new industrial zoning with other existing activities was not considered such as the local school that are likely to continue. During consultation the resident community gave a strong indication that they would prefer for their land to be zoned for residential or country living. Council staff have considered all aspects of development in that area and conclude that the Great South Road area is better suited for Country Living rather than suburban residential. The rezoning to Country Living better reflects and takes into the current country living environment. As previously discussed this proposed Country Living Zone will provide a transition to the industrial area west of Great South Road as well as providing a large lot lifestyle choice on the periphery of the Hamilton boundary. A portion of this area is zoned Rural. The activities that currently occur are of lifestyle development and the change of zone to Country Living reflects the current use.

It should be noted that not all of the area as discussed in this section will be available for further development. The school occupies a large portion of the land and under the current rule regulations many properties are not large enough to be able to further develop.

Business

With expected industrial and residential growth there is a need to provide for accessible convenience retail and some related business activities for the surrounding areas. The proposed plan change introduces two small areas to be rezoned from Industrial Zone to Business Zone to cater for the anticipated needs of the residents and workers of Horotiu.

The approximate area proposed to be rezoned is 28.8 ha and is illustrated on the following maps:



Te Kowhai

Context:

Te Kowhai is under transition from small rural settlement to becoming an area for lifestyle developments. The settlement is conveniently located 15km north west of Hamilton City. The settlement currently comprises some residential development, a retirement village, some lifestyle blocks, a primary/intermediate school, a hall, small dairy, fruit and vegetable store and a local garage. The Te Kowhai Aerodrome is situated on the outskirts of the village and a sports field/park with a playground supports the community recreation needs along with the walkways and Te Otamanui Lagoon. The population is mixed with a high proportion in the 'old dependent' category due to the retirement home established there.

The township includes both the 'Country Living Zone' and 'Living Zone', and has a small number of lots zoned 'Business'. The township is surrounded by a large expanse of land zoned 'Rural' on all sides.

Rezone Rural Zone to Country Living Zone

Te Kowhai is seen as a desirable place to live and the village is under intense pressure to expand. Expansion has been curtailed by the lack of water and wastewater services to provide for residential growth. The lack of services is likely to remain although there is a small wastewater system that currently services limited residential properties which has no capacity to accommodate further expansion. The distance of Te Kowhai from reticulated services in Hamilton and Horotiu makes the extension of services to the area not feasible for the foreseeable future.

Due to the inability to provide water and wastewater services, the area has been identified as a node for further lifestyle development. In order to accommodate growth in the short term two areas have been identified. One is adjacent to existing residential development and is central to the village and the other adjoins the very popular Te Otamanui Lagoon walkway and adjacent to an area already zoned Country Living area.

The approximate area proposed to be rezoned is 41.6 ha and is illustrated on the following maps:





Glen Massey

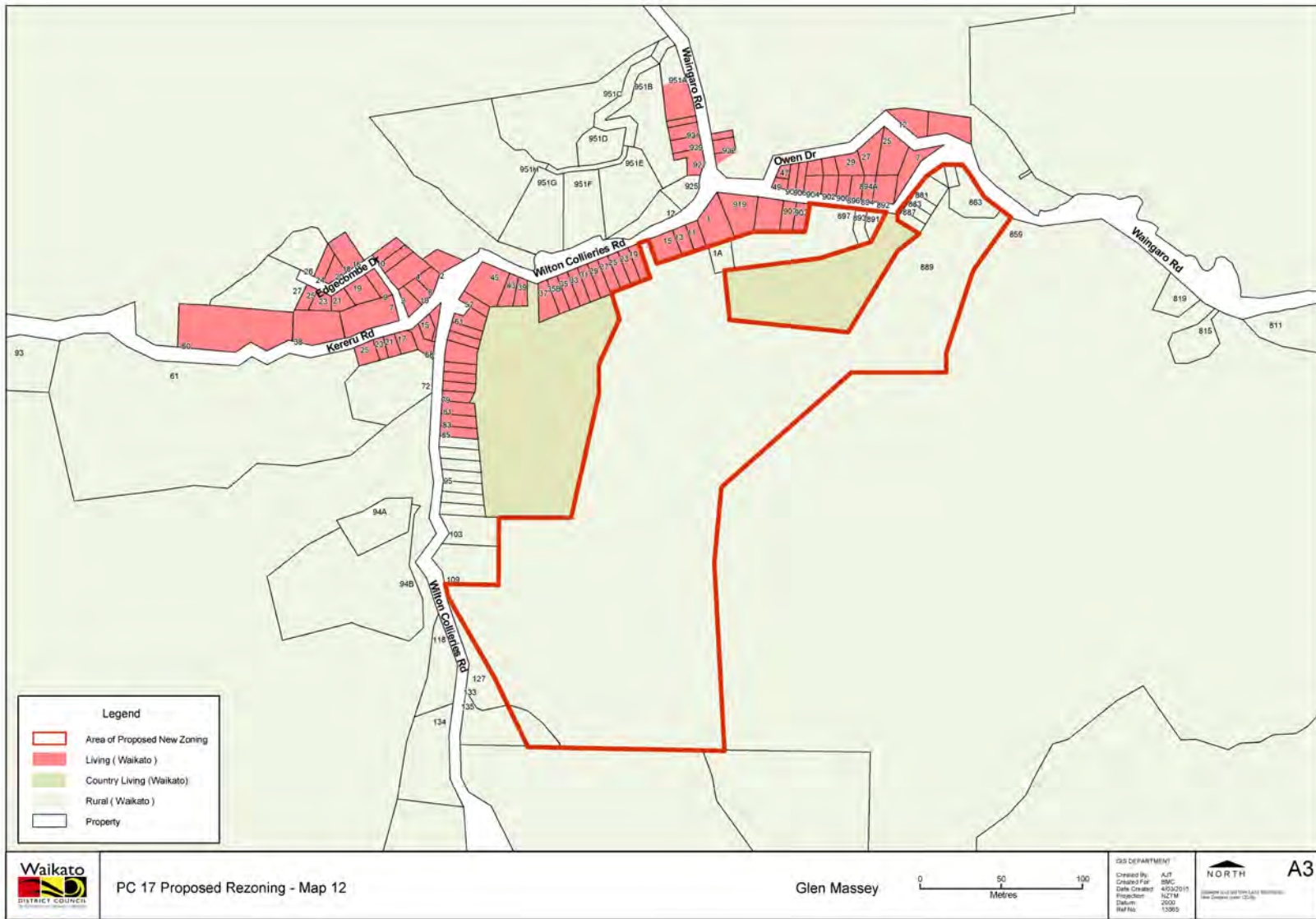
Context:

Glen Massey is an old mining village located approximately 12 minutes' drive west of Ngaruawahia. Glen Massey is zoned predominantly for residential and rural activities. The village itself comprises of land zoned for both 'Living' and 'Country Living' and is surrounded by large beef and sheep farms. The population is approximately 266 and is a mix of 'older dependent', youth and 'working age' residents. The residents are either reliant on employment from surrounding farms, commute further afield or are self employed.

Rezone Country Living Zone to Rural Zone

In previous district plan reviews approximately 57 ha of land was identified and zoned for Country Living. This zone has been in force for a number of years but has never been developed. The land in question is part of a large farm the bulk of which has topography challenges that would limit actual potential for Country Living development. Council staff have reviewed this current zoning and taking into account the topography have redrawn what they consider to be the most suitable area for Country Living development should that be the aspiration of the owner. The proposed reduction takes better account of the suitability of the land as well as the current potential for demand. It is therefore proposed that approximately 40 ha of previously zoned Country Living is returned to Rural Zone with 17 ha remaining Country Living in two discrete areas. PC 17 reflects these changes as shown on the following map.

The approximate area proposed to be rezoned is 17 ha and is illustrated on the following map:



Plan Change 17: Ngaruawahia and Surrounding Villages – Section 32 report - March 2016

Proposed rezoning: <ul style="list-style-type: none"> • Country Living Zone to Rural Zone • Industrial Zone to Business • Industrial Zone to Country Living Zone • Industrial Zone to New Residential Zone • Living Zone to Business Zone • Living Zone to Country Living Zone • Rural Zone to Country Living Zone • Rural Zone to New Residential Zone 		
Description of amendment	Proposed rezoning of the existing zoned properties via amendments to the planning maps.	
	OPTION 1: Do nothing – Retaining existing provisions	OPTION 2: Rezone the land
Costs	<u>Environmental cost:</u> The status quo option would provide for limited to no further subdivision and development of the growth areas. If the growth areas are continued to be used for existing purposes there are no environmental costs. <u>Economic cost:</u> Depending on district plan provisions should the landowners wish to subdivide their properties, then a resource consent would be required or in some cases may be prohibited. This not only provides a financial cost for the	<u>Environmental cost:</u> The environmental costs of such development are the loss of high quality soils, potential destruction of cultural and heritage sites, potential impacts on indigenous vegetation and fauna and potential water quality effects from stormwater discharges. Some loss of high quality soils is expected in the DDS and all other effects can be managed as part of the subdivision and development process to ensure that the environmental effects are avoided, remedied or mitigated.

	<p>landowner/application, but also does not provide certainty as to the outcome of the consent. There is also a holding cost of owning the land in an undevelopable state until the District Plan review provides an opportunity for the site to be rezoned and developed.</p> <p><u>Social cost:</u> No social costs are considered.</p> <p><u>Cultural cost:</u> No cultural costs are considered.</p>	<p><u>Economic cost:</u> There is a direct economic cost on Council and future developers associated with the development of the land and the requirement to provide infrastructure. These costs are off-set by the return in investment received from land sale and rates.</p> <p><u>Social cost:</u> The proposed rezoning could entail a loss of amenity for neighbouring landowners.</p> <p><u>Cultural effects:</u> The development of the growth areas may adversely affect cultural, archaeological and heritage sites. The loss of such sites may give rise to adverse cultural effects. These effects will be considered further as part of the subdivision and development process.</p>
Benefits	<p><u>Environmental benefit:</u> The status quo option does not provide for any further development of the growth areas and is therefore the environmental status remains as current.</p> <p><u>Economic benefit:</u> Maintaining current zoning precludes taking full advantage of economic potential of the land as most of the affected land is in fragmented ownership.</p> <p><u>Social benefit:</u> No social benefits are considered with the status quo</p>	<p><u>Environmental benefit:</u> The proposed rezoning will generate a number environmental enhancements including, public connections to rivers and streams, stormwater treatment and disposal as well as landscape mitigation planting. These will have environmental benefits, particularly the enhancement of access to and along rivers, gullies and streams and improved stormwater management.</p> <p><u>Economic benefit:</u> The economic benefits of the rezoning include; providing for urban growth around existing centres, allowing landowners to realise full economic potential of their land and support the</p>

	<p>option.</p> <p><u>Cultural benefit:</u> No cultural benefits are considered with the status quo option.</p>	<p>economic vitality of local retail and service centres.</p> <p><u>Social benefit:</u> An increase in population will support improved social cohesion and the better provision of community services in local centres. Rezoning of the growth areas will allow for residential or business development at a rate consistent with anticipated population growth and demand for housing relative to the expansion of employment opportunities both within and outside the district.</p> <p><u>Cultural benefit:</u> There is broad support for the growth areas subject to cultural and heritage protocols being adhered to during the development process and environmental enhancements of riparian areas and water quality being realised.</p>
<p>Efficiency & Effectiveness of achieving objectives</p>	<p>Objective IA.2.1: <i>“Towns, villages and other defined growth areas are the focus of future residential, industrial and commercial development.”</i></p> <p>Objective IA.4.5 <i>Development patterns support the cost-effective maintenance, provision and efficient use of both existing and new infrastructure and services.</i></p> <p>These objectives seek to ensure that any new growth is located within defined growth areas. Retaining the existing zoning is not the most effective and efficient method of enabling urban development growth opportunities to</p>	<p>Objective IA.2.1: <i>“Towns, villages and other defined growth areas are the focus of future residential, industrial and commercial development.”</i></p> <p>Objective IA.4.5 <i>Development patterns support the cost-effective maintenance, provision and efficient use of both existing and new infrastructure and services.</i></p> <p>The identified growth areas have been demarcated to be contiguous with existing zoned urban centres and support the efficient use of existing utilities and infrastructure As such these areas are in support of the above objectives.</p>

	<p>proceed.</p> <p>Objective IA.8.1: <i>“Landscape, character and amenity values of rural areas are maintained.”</i></p> <p>The status quo would ensure that the character and amenity values of rural is maintained.</p> <p>Objective 11.2.1: <i>“Towns, villages, neighbourhoods and localities have social coherence and a sense of place.”</i></p> <p>Objective 11.6.1: <i>“People and communities are able to access resources so that they can provide for their economic wellbeing.”</i></p> <p>Maintaining the rural zoning on the growth areas will not achieve the above objectives. From an economic perspective, being unable to develop land that is earmarked for future residential until the District Plan is reviewed and operative is not efficient or effective as it will give rise to holding costs which could affect the economic wellbeing of the landowners. Furthermore, the delay in releasing residential zoned land onto the market could result in increased section prices.</p> <p>Objective 13.2.1: <i>“Adverse effects of activities on amenity values are managed so that the qualities and character of the surrounding environment</i></p>	<p>Objective IA.8.1: <i>“Landscape, character and amenity values of rural areas are maintained.”</i></p> <p>The growth areas all have very definable boundaries that will ensure there is a clear delineation between the urban and rural environments to aid with the maintenance of the character and amenity values of rural areas.</p> <p>Objective 11.2.1: <i>“Towns, villages, neighbourhoods and localities have social coherence and a sense of place.”</i></p> <p>Objective 11.6.1: <i>“People and communities are able to access resources so that they can provide for their economic wellbeing.”</i></p> <p>The identified areas for growth have been identified to ensure that they directly relate to existing urban centres to enhance the amenity and social coherence of these centres.</p> <p>The proposed rezoning will also allow for urban development within the identified areas at a rate consistent with the anticipated demand for development relative to the expansion of employment opportunities both within and outside the district.</p>
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	<p><i>are not unreasonable compromised.”</i></p> <p>Objective 13.2.6: “Amenity values of localities are maintained and enhanced”.</p> <p>Retention of the rural zoning will not result in adverse amenity effects on that land.</p>	<p>Objective 13.2.1: “Adverse effects of activities on amenity values are managed so that the qualities and character of the surrounding environment are not unreasonable compromised.”</p> <p>Objective 13.2.6: “Amenity values of localities are maintained and enhanced”.</p> <p>Development consistent with the New Residential Zone provisions will ensure that the amenity values of the rezoned land will be maintained and enhanced. Opportunities for connections to the Waikato River, in particular, will also improve amenity for the adjoining residential development.</p>
<p>Most appropriate for achieving objectives</p>	<p>Retention of the existing rural zone and thereby limiting development potential of the growth areas is not considered to be the most appropriate option for providing for the growth to achieve the objectives of providing for the growth in Ngaruawahia in defined growth areas.</p>	<p>It is considered the proposed rezoning of the growth areas is the efficient and effective long term approach and therefore the most appropriate to achieve the objectives listed above. The timing is also appropriate, which is evidenced by an adjoining subdivision being sold within 2-3 weeks with further demand for sections expressed to the developer. Waiting until the District Plan review would probably delay the delivery of growth areas for a further 5years.</p>
<p>Risk of acting or not acting</p>	<p>It is considered that there is no uncertain or insufficient information.</p>	<p>It is considered that there is no uncertain or insufficient information.</p>

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	22 September 2015
Prepared By	M Davis Financial Accountant
Chief Executive Approved	Y
DWS Document Set #	1474603
Report Title	Treasury Report to 29 February 2016

I. Executive Summary

The purpose of this report is to inform the Committee of compliance with the Treasury Risk Management Policy.

There are four policy compliance issues to note:

- Proportion of fixed rate borrowing is 108% against a policy upper limit of 90% (raised with the committee in February as a more than 90 day non-compliance),
- Fixed rate proportion for the maturity band 5 years plus is 60.54% against a policy upper limit of 60%,
- One forward start SWAP (\$4 million notional) has a start period more than 24 months out that does not match an existing expiry date of an existing SWAP of the same notional amount, and
- Actual borrowing costs for the year exceeds budget. This is in relation to interest payable on infrastructure within the Pokeno structure plan catchment. This transaction will mean there is a permanent variance for 2015/16 for both borrowing costs and interest income which is also above budgeted levels.

Staff are investigating possible corrective actions and related costs for the first three policy compliance issues with Council's treasury advisors and will provide an update at the committee meeting.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Treasury Report to 29 February 2016- be received.

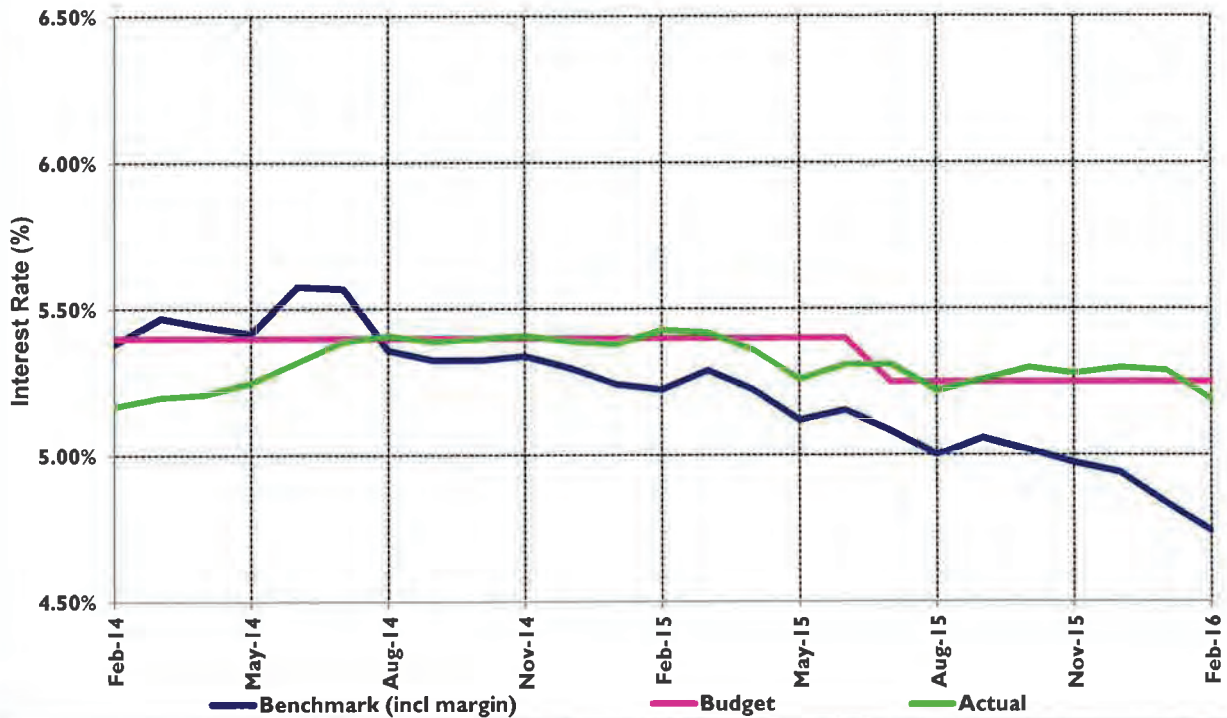
Attachments: Treasury Risk Management Policy compliance report

Waikato District Council
 Treasury risk management policy - Compliance report
 As at 29 February 2016

Policy criteria	Policy limit	Actual	Within policy?
1 The percentage of net external debt to annual revenue Net external debt = Total annual revenue =	<150%	49.8%	✓
	total external debt (net of related borrower notes) less available cash / cash equivalents		
	earnings from rates, government grants & subsidies, user charges, interest, dividends, financial and other revenue excluding non-government capital contributions (eg developer contributions and vested assets)		
2 Net interest expense on net external debt as a percentage of total annual revenue Net interest expense =	<20%	3.6%	✓
	total interest and financing costs less interest income		
3 Net interest expense on net external debt as a percentage of annual rates	<25%	5.3%	✓
4 Liquidity Liquidity =	>110%	127%	✓
	external term debt plus committed bank facilities plus available cash/cash equivalents as a percentage of external term debt		
5 Council currently acts as guarantor for:	there are no guarantees in place at reporting date.		

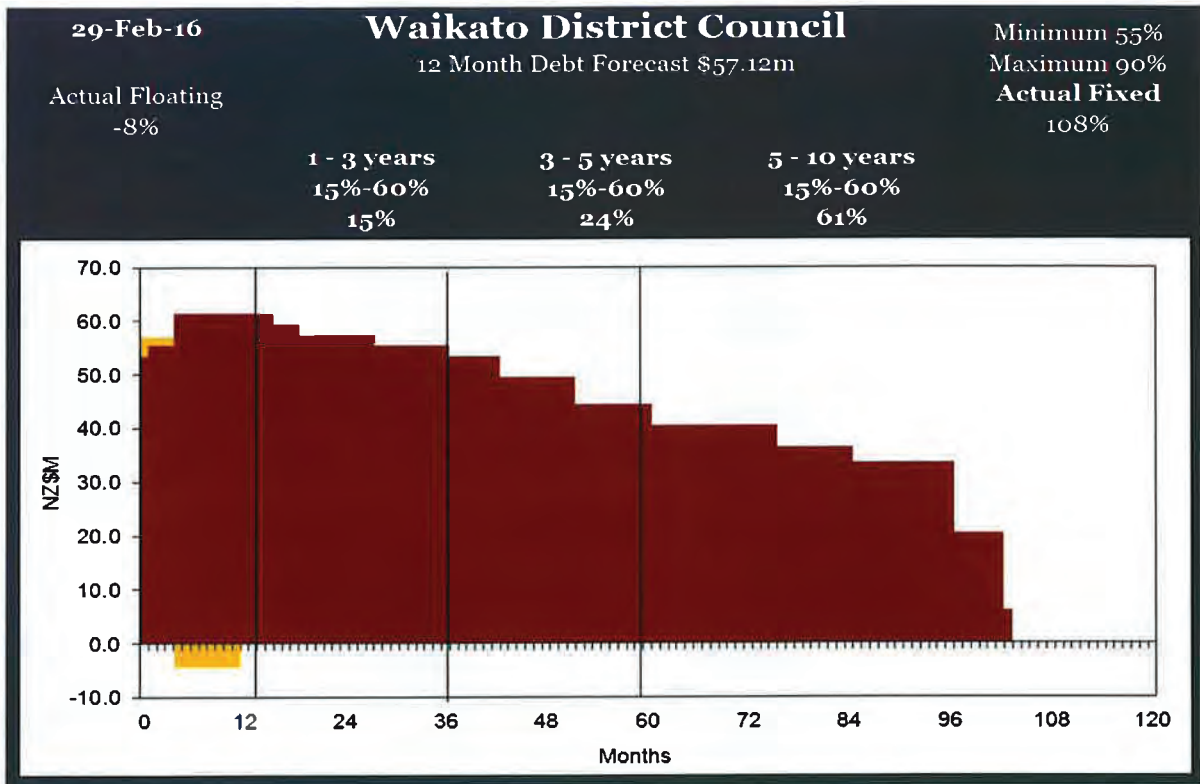
6 Interest rate benchmark chart

Comparison of actual monthly and year-to-date accrued returns vs investing the entire treasury portfolio at the combined average of the 90-day bill rate and the five-year investor swap rate over the last two years.



7	Financial assets			\$'000
	<i>Share investments held for strategic purposes</i>			
	Local Authority Shared Services Limited			220
	Waikato Regional Airport Limited			2,639
	Strada Corporation Limited			4,500
	NZ Local Government Insurance Corp Limited			49
	<i>Investments held to reduce the current ratepayer burden</i>			
	Community loans as below			311
	<i>Short-term investments held for liquidity & working capital requirements</i>			
	Bank & cash balances			1,048
	Short-term bank deposits			11,900
	Total investments			\$20,667
	For treasury purposes, LGFA borrower notes are netted off against related borrowing			
8	Community loans			
	Borrower	Current balance \$\$	Maturity date	Interest rate
	Tamahere Hall Committee	219,192	Jun-22	all at 6.25%
	Woodlands #1	8,724	Aug-16	
	Woodlands #2	40,800	Jun-19	
	Tauhei Hall Committee	14,950	Jun-20	ex Franklin loans
	Opuatia Community Centre	7,000	Dec-20	
	Glen Murray Community Hall	15,000	Dec-18	
	Kariotahi Community Centre	0	Dec-15	all at 0%
	Onewhero Society of Performing Arts	3,300	Dec-18	
	Pokeno School Board of Trustees	2,000	Dec-16	
		\$310,965		
	Policy criteria	Policy limit	Actual	Within policy?
9	Proportion of fixed rate borrowing should be between:	55% - 90%	108%	x
	Fixed rate is defined as:	interest rate re-pricing more than 12 months forward on a rolling basis		
	Floating rate is defined as:	interest rate re-pricing within 12 months		

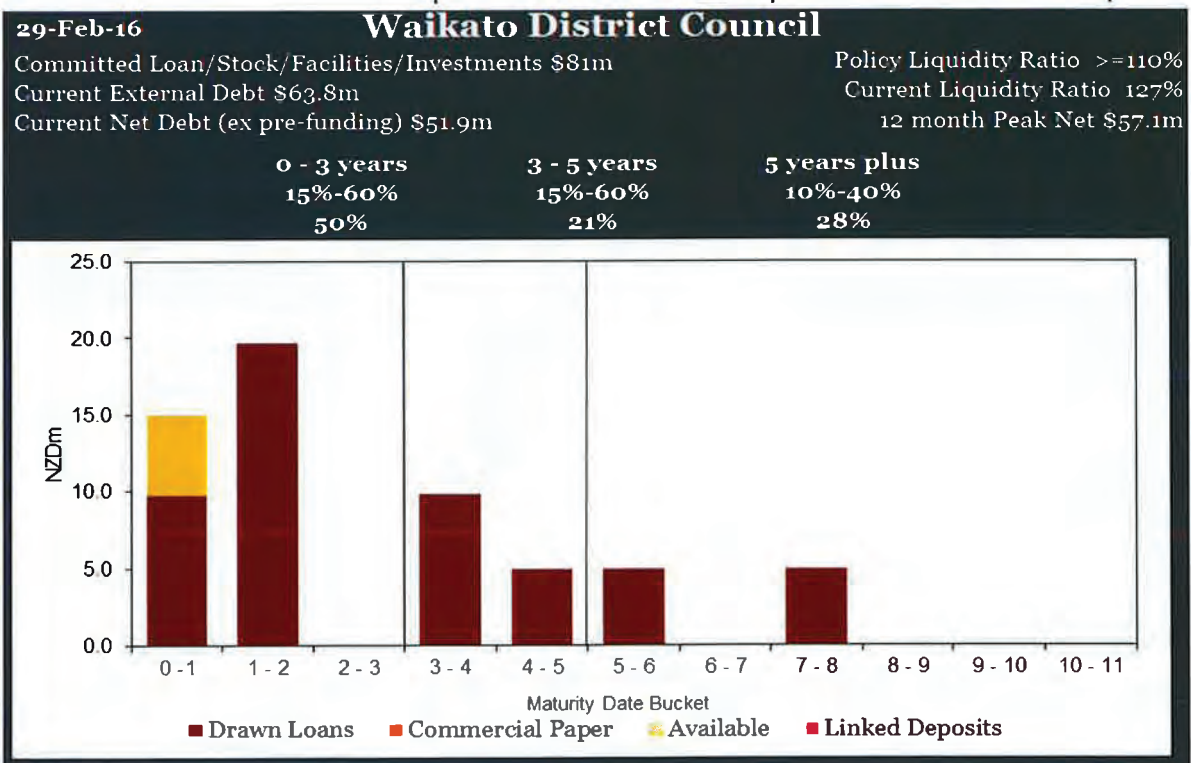
Policy criteria	Policy limit	Actual	Within policy?
10 Fixed rate amount at any point in time should be within the following maturity bands			
1 to 3 years	15% - 60%	15%	✓
3 to 5 years	15% - 60%	24%	✓
5 years plus	15% - 60%	61%	x



The negative portion of floating borrowing (showing in the bottom section of the graph) reflects that forecast borrowing in 12 months time is \$58m while active swaps at that time will amount to \$61.5m.

Note: the result in the 5 years plus category is 60.54%

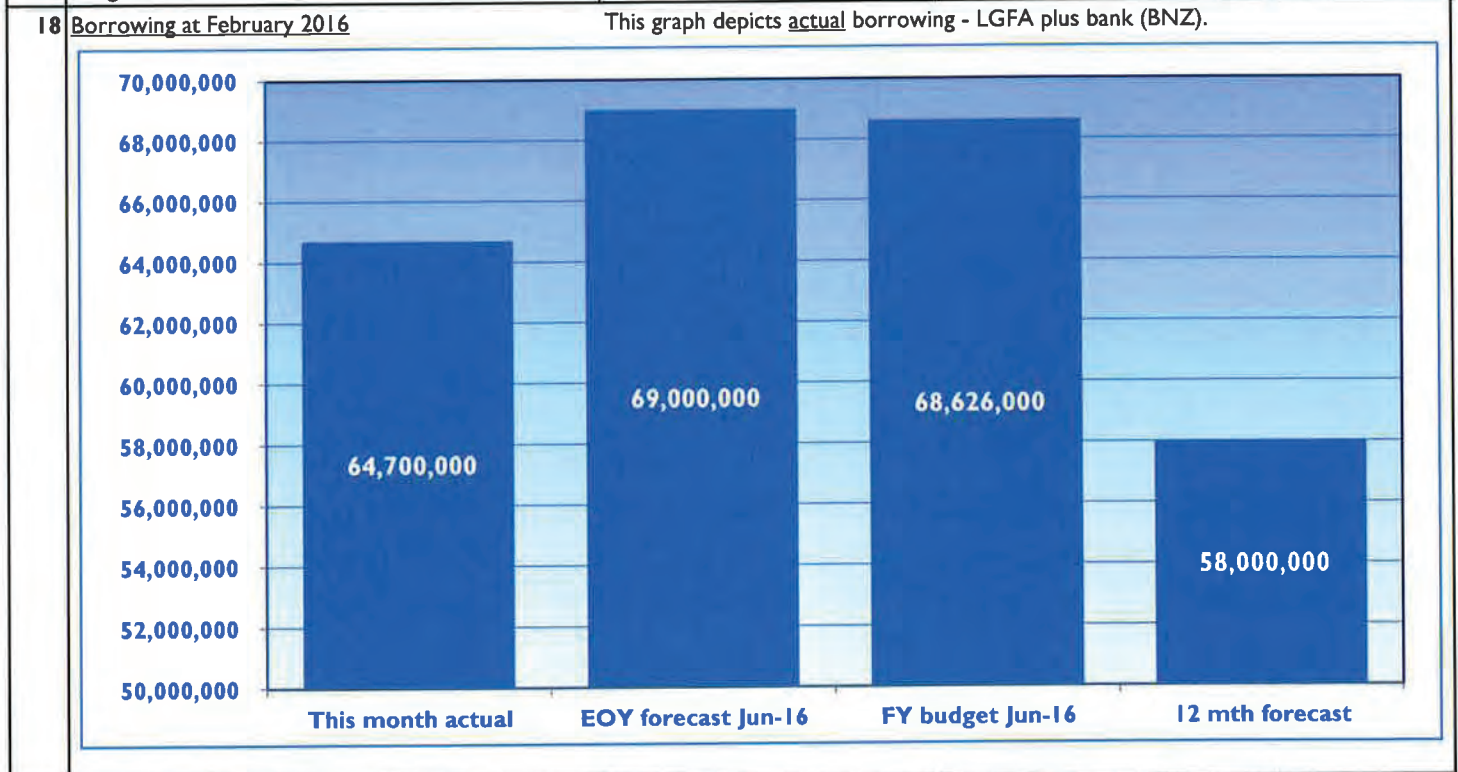
Policy criteria	Policy limit	Actual	Within policy?
11 The maturity profile of the total committed funding in respect of all loans and committed facilities			
0 to 3 years	15% - 60%	50%	✓
3 to 5 years	15% - 60%	21%	✓
5 years plus	10% - 40%	28%	✓



12 Current interest rate swaps (including forward starts)				
	<u>Amount</u>	<u>Effective date</u>	<u>Termination date</u>	<u>Fixed rate</u> <i>(if effective)</i>
	\$			
	2,000,000	2-Mar-09	1-Mar-19	6.45%
	3,000,000	22-Sep-11	22-Sep-17	4.55%
	2,000,000	19-Jun-12	22-Mar-21	5.23%
	3,000,000	19-Jun-12	19-Jun-17	4.28%
	3,000,000	20-Jul-12	20-Oct-20	5.59%
	5,000,000	17-Jun-13	15-Mar-18	5.67%
	2,000,000	19-Jun-13	19-Mar-21	5.95%
	2,000,000	19-Jun-13	21-Mar-16	4.19%
	4,000,000	22-Jun-13	22-Jun-22	3.83%
	4,000,000	22-Jun-13	23-Mar-20	3.64%
	4,000,000	22-Jun-13	23-Sep-19	3.58%
	4,000,000	22-Jun-13	22-Jun-16	3.08%
	3,000,000	22-Jun-13	22-Mar-23	4.00%
	3,000,000	23-Mar-15	25-Mar-24	4.64%
	3,000,000	23-Mar-15	23-Sep-24	4.53%
	2,000,000	23-Sep-15	23-Sep-19	4.41%
	4,500,000	23-Dec-15	23-Sep-24	4.59%
	53,500,000	Total "live" swaps		
	2,000,000	21-Mar-16	21-Mar-24	
	2,000,000	23-Mar-16	25-Sep-17	
	4,000,000	22-Jun-16	23-Sep-24	
	2,000,000	22-Jun-16	22-Jun-18	
	2,000,000	22-Jun-16	20-Mar-18	
	2,000,000	22-Jun-16	22-Jun-17	
	3,000,000	19-Jun-17	29-Mar-18	
	3,000,000	22-Sep-17	23-Sep-24	
	2,000,000	15-Mar-18	16-Sep-19	
	3,000,000	15-Mar-18	20-Oct-20	
	5,000,000	15-Mar-18	30-Jun-20	
	4,000,000	23-Sep-19	23-Mar-20	
	4,000,000	23-Mar-20	25-Mar-24	
	4,000,000	23-Mar-20	25-Mar-24	
	3,000,000	20-Oct-20	21-Oct-24	
	3,000,000	20-Oct-20	21-Oct-24	
Policy criteria	Policy limit	Actual	Within policy?	
13 Forward start period to be no more than 24 months <u>unless</u> there is a match with the expiry date of an existing swap of the same notional amount		5 swaps with start periods > 24 months forward	✘	
		1 of those (\$4m) does not match an existing swap		
14 <u>Counterparty credit risk - investments</u>				
NZ Government	unlimited	\$0m	✓	
NZD resistered supranationals	\$20m	\$0m	✓	
LGFA	\$20m	\$0.88m	✓	
NZ registered banks (each)	\$10m			
- ANZ / National		\$2.98m	✓	
- ASB		\$2.98m	✓	
- BNZ		\$2.98m	✓	
- HSBC		\$0m	✓	
- Westpac		\$2.98m	✓	

15 Counterparty credit risk - swaps NZ registered banks (each) - ANZ / National - ASB - BNZ - HSBC - Westpac	\$30m	\$0m \$0m \$6.99m \$0m \$0m	✓ ✓ ✓ ✓ ✓
16 Actual borrowing costs are <= budgeted borrowing costs Current month Year to date	<u>Budget</u> \$250,706 \$2,005,645	<u>Actual</u> \$238,162 \$3,019,255	✓ ✗
17 Actual monthly borrowing is within end-of-year budget	\$89,192,000	\$64,700,000	✓

\$1.04m interest was paid to Pokeno Land Company in December.



	Policy criteria	Policy limit	Actual	Within policy?
19	Debt affordability benchmark - limit on debt (actual debt <= limit on debt)	\$166m	\$65m	✓
20	Balanced budget benchmark (revenue / expenses)	>=100%	151%	✓
	Because annual rates revenue is now recognised on 1 July, this second calculation apportions rates income over the 12 months	>=100%	113%	✓
21	Essential services benchmark (CAPEX / dep'n - infrastructure)	>=100%	181%	✓
22	Debt servicing benchmark (borrowing costs / revenue) borrowing costs =	<15%	3.5%	✓

finance expenses per statement of comprehensive revenue and expense

	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	Jan-2017	Feb-2017
Cash opening balance	12,948,389	1,339,316	1,059,723	9,049,137	9,576,494	1,098,900	1,513,644	1,659,828	1,497,726	1,710,769	1,160,853	1,723,137
Cash in												
Operating income	5,738,815	8,409,855	20,238,831	5,650,978	6,286,855	5,886,491	20,577,203	7,406,069	7,488,605	5,761,694	20,572,375	7,857,577
Interest & dividends	10,000	5,000	5,000	6,000	5,000	6,000	5,000	20,000	8,000	5,000	5,000	20,000
Capital income	2,055,454	2,721,128	2,067,416	1,110,705	634,135	204,725	81,039	535,391	577,971	569,867	2,647,913	866,868
Borrowing	-	3,000,000	-	9,000,000	-	1,000,000	-	3,000,000	1,000,000	4,000,000	-	-
GST refund	1,564,084	-	2,562,336	495,297	684,352	942,884	1,221,720	939,054	948,616	-	2,323,314	1,226,533
Total cash in	9,368,353	14,135,983	24,873,583	16,262,980	7,610,342	8,040,100	21,884,962	11,900,514	10,023,192	10,336,561	25,548,602	9,970,977
Cash out												
Operating expenses	5,826,441	5,832,561	5,899,545	5,894,232	6,426,933	6,013,884	6,653,792	5,996,434	5,766,139	6,533,245	6,146,020	5,866,863
Borrowing costs	610,981	123,513	56,658	636,141	193,265	12,118	733,834	191,754	10,500	742,536	190,244	8,810
Capital expenditure	6,071,282	8,459,501	8,267,149	8,802,392	2,965,710	1,165,809	3,566,757	5,179,688	3,327,493	3,610,696	7,071,838	3,338,490
Loan repayments	7,700,000	-	-	-	6,000,000	-	7,000,000	-	-	-	7,000,000	-
GST payment	768,723	-	2,660,817	402,858	502,029	433,545	3,784,395	694,742	706,015	-	4,578,217	632,456
Total cash out	20,977,427	14,415,575	16,884,169	15,735,623	16,087,937	7,625,356	21,738,777	12,062,617	9,810,148	10,886,477	24,986,319	9,846,619
Change in cash	(11,609,074)	(279,592)	7,989,414	527,357	(8,477,595)	414,744	146,185	(162,103)	213,044	(549,916)	562,283	124,358
Cash closing balance	1,339,316	1,059,723	9,049,137	9,576,494	1,098,900	1,513,644	1,659,828	1,497,726	1,710,769	1,160,853	1,723,137	1,847,495

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	14 March 2016
Prepared By	VA Ramduny Planning & Strategy Manager
Chief Executive Approved	Y
DWS Document Set #	1474165
Report Title	Waikato Plan - Minutes of the Joint Committee Meeting held on 22 February 2016

1. Executive Summary

The purpose of this report is to provide the Committee with the minutes of the Waikato Plan Joint Committee meeting held on 22 February 2016.

2. Recommendation

THAT the report of the Chief Executive – *Waikato Plan - Minutes of the Joint Committee meeting held on held on 22 February 2016* – be received.

3. Attachments

Minutes of Waikato Plan meeting held on 22 February 2016

WAIKATO PLAN JOINT COMMITTEE

Minutes of the Waikato Plan Joint Committee held at Council Chambers, Waikato Regional Council Chambers – 401 Grey St, Hamilton on 22 February 2016 at 1:00pm

MEMBERS: Ten (10) local government members from the following constituent local authorities within the Waikato region

Chairperson
Margaret Devlin

Hamilton City Council,
Mayor J Hardaker,
Hauraki District Council,
Mayor Tregidga
Matamata-Piako District Council,
Mayor J Barnes
Otorohanga District Council,
Mayor M Baxter
South Waikato District Council,
Mayor N Sinclair
Taupo District Council,
Alternate Cr A Park
Waikato District Council,
Mayor A Sanson
Waikato Regional Council,
Chairperson P Southgate
Waipa District Council,
Mayor J Mylchreest
Waitomo District Council
Mayor B Hanna

Five (5) non-local government members
B Gatenby
S Wilson
M Ingle

OBSERVERS: Bob Simcock, Waikato District Health Board
Richard Ward, National Infrastructure Unit, Treasury

IN ATTENDANCE Cr M Gallagher (Hamilton City Council)
Cr C St Pierre (Waipa District Council)
Commissioner J Annear (Local Government Commission)
R Brodnax (New Zealand Transport Agency)

J Eketone (Maniapoto Maori Trust Board), T Harrison (Ngaati Hinerangi Trust), L Sutton (Rural Business Network)

**ADVISORS/
STAFF:** R Briggs – CEO, B Bowcott (Hamilton City Council) C Mischewski (Hauraki District Council) M Staines-Hawthorne, N Baker (Matamata-Piako District Council) Gavin Ion – CEO V Ramduny (Waikato District Council) V Payne – CEO, U Trebilco, S Ward (Waikato Regional Council) G Dyet– CEO (Waipa District Council)

K Tremaine, B Wasley (Project Advisors) A Williams (Democracy Advisor) H Windle, C Kent, S Henderson (Project Team)

APOLOGIES: Harry Wilson, New Zealand Transport Agency
Mayor D Trewavas

Accepted

Chair M Devlin and S Wilson opened the meeting and welcomed guests from local Iwi and L Sutton who was presenting on behalf of the Strategic Partners Forum.

Confirmation of Agenda

(Agenda item 1)

Chair M Devlin noted the re-ordering of the agenda to facilitate discussion on the Strategic Direction Summary Document. The receipt of the previous meeting minutes was now last on the agenda.

RESOLVED THAT the agenda of the Waikato Spatial Plan Joint Committee of 22 February 2016 be confirmed as the business for the meeting.

Moved Mayor M Mylchreest/seconded Mayor J Barnes

The motion was put and carried (WSP16/01)

Disclosures of Interest

(Agenda item 2)

There were no disclosures of interest.

Local Government Commissions Welcome and Presentations

(Agenda item 3)

Project Advisors, K.Tremaine and B. Wasley presented to the Committee.

Their presentation outlined the work that the Committee was doing, the barriers and challenges the Committee has faced and the learnings to date that may benefit other Councils. Further to this, the presentation prompted discussion between the Committee and the Commission.

Following this presentation Local Government Commissioner J Annear presented the key points to the Committee from the presentation at the Mayoral Forum earlier in the day. The following key points were noted:

- While the Local Government Commission (Commission) is bound by Legislation, recent learnings have heighten the importance of collaboration and partnership rather than amalgamation.
- Through the Commission the Committee was able to communicate to Government if this was ever required.
- The Commission would like to see more efficient infrastructure development and provision.
- There was some funding available to support investigations into key areas.
- The Commission was seeking a collaborative approach to working with local councils with opportunities to share successes.

Strategic Partners Forum Presentation

(Agenda item 4)

Strategic Partners Forum (SPF) member L Sutton presented on the SPF giving an overview of the establishment of the Forum and the success of its first meeting.

Key points to note were:

- The SPF was a 'think tank' with the intention of providing strategic advice to the Committee from the wider community working across organisations and providing supportive and constructive input.
- The Forum was a good opportunity for each organisation to ensure alignment of principles between their organisations and the Waikato Plan.
- There had been one meeting of the SPF so far with a good turnout of 12 representatives from the community. At the first meeting the SPF had 'peer reviewed' the Strategic Direction document and provided feedback for the project team and the Committee to consider.

During discussion it was noted that this was a good step forward with genuine collaboration between all parties involved. Collaboration was a key consideration of Iwi as noted at Hui to date.

Strategic Direction Summary Document for discussion and adoption

File 03 04 32 (Agenda item 5) Doc # 3697204 and 3697206

Presented by Bill Wasley and Ken Tremaine, this report provided the Committee with the draft Strategic Direction Summary Document, with changes based on the direction given at the Joint Committee meeting on 16 November 2015. Prior to discussing the recommendations, feedback was sought from the Committee on the revised Strategic Direction Summary Document.

During discussion the following points were noted:

General Feedback of the document:

- Commissioner J Annear suggested that any issues/items that could be a fit with Local Government be referred to them for consideration. They were willing to help where they could and had a strong focus on collaboration.
- There should be some form of 'celebrating successes' included in the document with a means to feed out to the community.
- The introduction/outline should include reference to the fact that this was a "spatial plan" so as to receive sufficient weight and consideration by Government.
- In the 3 initial projects section, 'water quality' comes under "Hamilton's Role" when it should be referred to as a region wide issue. The planning team would consider where water fits into the priority areas bearing in mind the water quality work that is already being done.
- Concern was expressed about environmental consideration not being mentioned within the priority areas. Environment was a long term focus area and was not one of the priority areas agreed to by the Committee. There was already extensive work being done in this space and while it should be considered in the document, there was a wariness to not 'double up' on work/projects that were already being undertaken.

- The Committee requested some clarity around what actions would be undertaken to support the measures and implementation and how the priorities related back to the principles.
- It was noted however that while this document provided clear measures as to what success would look like; the actions to support the measures were still to be developed and would require further implementation discussions. The Committee was referred to the 4th priority area being Implementation that was running alongside the plan that required mechanisms to implement the actions and measures. The plan contained a series of clear measurements which the success of the plan will be judged against.
- Under the long term focus area of “our economy” it was suggested that the word “regional level” should be removed. Consistency of services would occur across the region at any level.
- The Committee queried whether “Co-Governance” mentioned at pg 10 of the agenda referred to iwi co-governance or was more general. In a council space, there is the connotation that “Co-Governance” refers to iwi and it was suggested that broader wording be used in this instance.
- There was a suggestion that the contents of the “who will do it” boxes be reconsidered. Key institutions (such as University of Waikato and District Health Board) should be incorporated at a local level rather than the catchall ‘Central Government’ phrase.
- It was confirmed that the document is subject to Iwi scrutiny and input. Changes were likely to come through once representation was established.
- It was suggested that Federated Farmers be invited to become part of the SPF for their input into the land development as noted under the long term focus area 4: Our Economy.
- A spelling mistake was noted at page 15: “Tawhi” should read “Tawhiti”.

Feedback specific to Priority 1: Dealing with Population Change

- It was suggested that this priority area be referred to as “adapting/responding to population change”.
- Under the “What will we do to get there?” “rural decline” should be referred to as “rural population decline”. Further to this, there was some concern over the wording “reduce the impacts of”. It was suggested that this instead be referred to as “responding to the impacts of” so as to make it clear that the Committee has recognised the issue and is putting measures to place to respond to it, as opposed to stopping it which was not an option.
- While this document focuses on decline, there is little mention of growth of population which could also be a challenge.
- It was suggested that the “Who will do it” box should include ‘Community and Voluntary Sector’.
- The Committee wanted further information as to what the “5 model projects” were. There was concern that – without the detail – the plan would appear to be a ‘plan to make a plan’. It was suggested that some clarity and finer detail be included. This was still being worked on by the project team.
- It was suggested that ‘sub-regional’ groups be formed to consider the details of the 5 projects.
- The Waikato median household income, while referring to economic wellbeing for all, can mask a range of diverse affects. It was suggested that there should be specific measures noted with regard to this.

Feedback specific to Priority 2: Building Connections

- There was a suggestion that “council” under the “who will do it” be unbundled and refer to specific partnerships and workings. For example the work that Waikato Regional Council was doing with the Taranaki Region.
- While the broad title of “Building Connections” referred to more than roading, this was not clear. There was suggested that the broader definition of infrastructure was clarified, eluding more to building connections with people and services and moving beyond roading.
- There was a suggestion that safety be included when referring to the “Strong, high quality connections”.
- The Committee agreed that resilience elements be integrated into the document and consideration be given to transport and land use planning.
- Where “Kiwi Rail” is referred to in the “who will do it” box, there was a concern that there wasn’t any reference to rail in the body of the section. It was suggested some specifics be included in regards to this, in particular the integrated export and freight rail relationship.

Feedback specific to Priority 3: Supporting Iwi Maori Aspirations

- Consideration should be given to terminology and wording, it is intended that Iwi representatives would have input to this. There was a concern that use of words like “support” suggested a separation in power between parties.
- Consideration of the author and audience in regards to “working together with Iwi maori”, if they undertake to become partners to this plan this would effectively have them speaking to themselves.
- Pg 18 under “Iwi Maori – Actualisation” the wording should note “express and achieve their aspirations”.

Feedback specific to Priority 4: Implementation action

This priority moved with the rest of the plan to encourage thinking about implementation from the beginning, rather than coming to it as an end thought after sign off.

- Funding to implement would be required, it was suggested that we need to make staff aware of future costs now.
- The Committee considered actions around implementation. The question was posed – would individual councils be separately responsible for their part in the implementation including budgeting for being established into their plans. It was noted that this was one option but this area was still being considered.
- It was suggested that Implementation should not be a priority but should be incorporated as a separate part of the document that still reflected its importance.
- The table at pg15 should refer just to Iwi rather than Waikato Iwi.
- Funding to implement is required

It was suggested that given the progress to date, it was now timely for an update to be provided to the individual Councils

It was agreed that a document reflecting today’s discussion be referred to Chief Executives to then brief their Councils for feedback to the Committee.

RESOLVED THAT the Waikato Plan Joint Committee:

- 1. Received the report “Waikato Plan Draft Strategic Direction Summary Document”**
- 2. Subject to amendments raised agrees and adopts the draft Waikato Plan Executive Summary Document as the strategic direction for the Waikato Plan**

3. **THAT a further amended “Draft Summary Document” be circulated to the partner Councils within 10 working days**
4. **THAT the Chief Executives in conjunction with Mayors/Chairs submit the “Draft Summary Document” to their individual Councils**
5. **That an ‘integrated feedback’ report be provided to the Chief Executives Steering Group by 31 March 2016, and then to April meeting of the Joint Committee.**
6. **That drafting work to complete the plan continue**

Moved Cr P Southgate/seconded Mayor J Tregigda

The motion was put and carried (WSP16/02)

Bi-Monthly Report

File: 03 04 32 (Agenda item 6) Doc # 3697203

Presented by Project Advisor K Tremaine the report provided the Waikato Plan Joint Committee with an update on the Waikato Plan Project and sought input from the Committee on key areas.

The Committee was advised of changes to scheduled Hui that had been scheduled and noted that dates for the Hauraki and Tokoroa/Taupo Hui were yet to be set.

Discussion on the following matters was undertaken:

- It was suggested that a sponsor or some form of endorsement by a Chief Executive(s) be established to drive the ‘Population change’
- Similarly for the ‘Establishing a Technology Hub’ project to keep it moving. At present, it is being progressed by a Project Manager.
- There were concerns raised that the Resource Management Act (RMA) changes could trigger a ‘re-jig’ of the aligned resource consenting project. It was noted that project team were aware of the changes and the ‘aligned planning’ process at page 27 referred to this issue.
- There was discussion on the district plans and whether the project will refer to these. There was a suggestion that Councils could consider ‘sub regional’ RMA district plans. The importance of alignment across all district plans was noted with the Committee touching on the consideration of 1 regional plan to cover all.

RESOLVED THAT the Waikato Plan Joint Committee:

7. **Note the update on the three initial projects**
8. **Note the attendance of the Local Government Commission at the 22 February Joint Committee Meeting**
9. **Note the update on the process to appoint Iwi representation to the Joint Committee**
10. **Note the update on the Strategic Partners Forum**
11. **Note the commentary on the project budget**

Moved Mayor A Sanson/seconded Mayor J Tregigda

The motion was put and carried (WSP15/02)

Confirmation of Previous Minutes

(Agenda item 7)

The Chair noted that the minutes of the meeting held on 16 November 2015 had been circulated to members.

RESOLVED THAT the minutes of the Waikato Spatial Plan Joint Committee held on 16 November 2015 be confirmed as a true and correct record.

Moved M Ingle/seconded Mayor J Barnes

The motion was put and carried (WSP16/03)

In closing the meeting, the Chair re-iterated her offer, that given the timetable, to meet with members of the Committee between meetings to address any concerns or issues in terms of the plan rather than wait until the next meeting.

Meeting closed at 3:30pm

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469356
Report Title	Waikato Regional Airport Limited Interim Report

1. Executive Summary

The attached interim report for the Waikato Regional Airport Limited (WRAL) indicates that the performance measures as stipulated in their statement of intent are likely to be met and in most instances exceeded for the 2015/16 financial year.

Increased passenger numbers in the first half of the year (up 7.5% on last year) coupled with lower interest expenses have had a positive impact on the deficit position and WRAL are now forecasting a deficit of \$195,000 against a budgeted deficit of \$421,000. This forecast currently excludes the funds resulting from a compulsory acquisition of land by the New Zealand Transport Agency.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Waikato Regional Airport Limited Interim Report – be received.

Attachment(s) – *Hamilton Airport Interim Report for the six months ended 31 December 2015*



Hamilton Airport

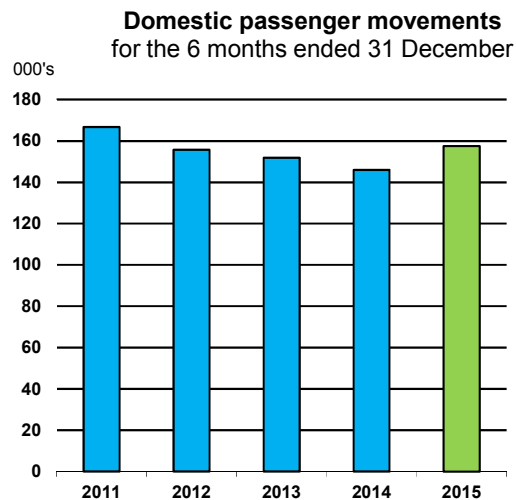
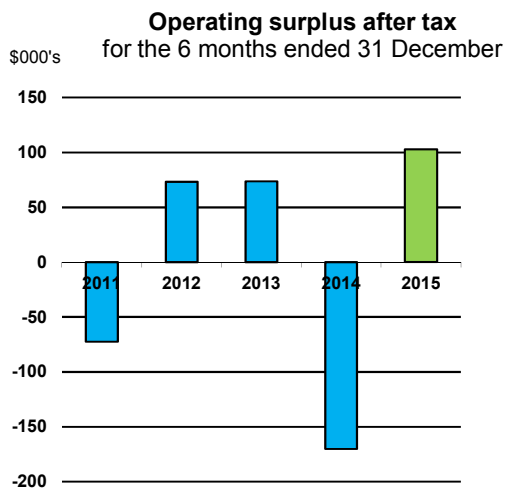
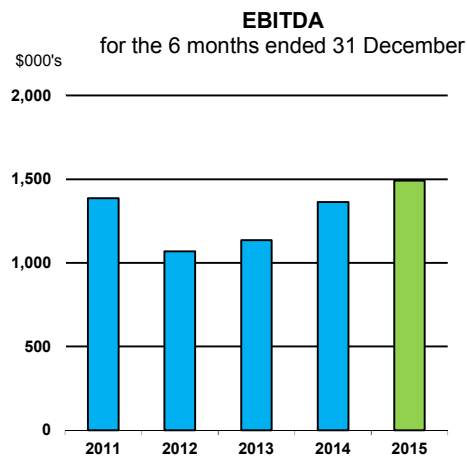
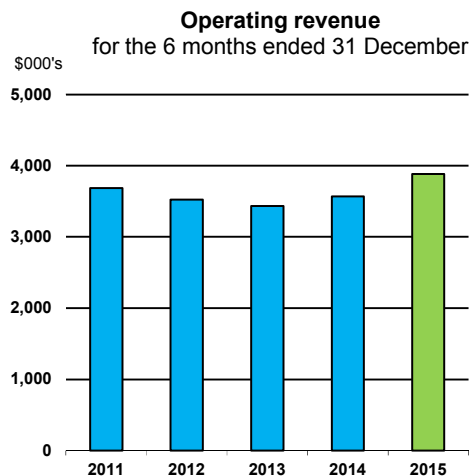
Interim Report

For the six months ended
31 December 2015

GROUP RESULTS AT A GLANCE

Domestic Passenger Numbers	157,000
Domestic passengers up 7.5%	
Air Movements	62,000
Air movements are the same as prior year	
Operating Revenue	\$3,886,000
Operating revenue up 9%	
Operating Expenses	\$1,350,000
Operating expenses up 11%	
Total expenses down \$16k	
Earnings before Interest, Tax, Depreciation and Amortisation	\$1,492,000
EBITDA up 10%	
Operating Surplus After Tax	\$102,000
Term Loans	\$9,733,000
Term loans reduced by \$1.9m over the 12 months	

Note: Results are compared to six months ended 31 December 2014 unless otherwise stated. The financial results shown above are "normalised" and exclude the revenue from the NZTA compulsory acquisition of land.



CHAIRMAN'S REPORT

OVERVIEW OF THE HALF YEAR

The first six months trading delivered an acceptable financial performance, primarily assisted by revenue growth from increased passenger numbers and the benefit of lower interest expenses. The focus for the Management Team has been the on-going efficient operation of the Airport and the completion of a number of projects.

These projects have included the agreement with Air New Zealand to construct a new Koru Lounge, which will be completed in mid-2016. There has been a full review of the company I.T. systems and a new support provider was appointed in December. In addition, the book store was re-branded and launched as "The Store" in November.

A full review of the five year lapse period designation for approach lighting is being completed by independent aviation consultants and recommendations will be discussed in the first quarter of 2016.

The new management structure was finalised, with the appointments of a permanent Chief Executive and Finance Manager along with the existing role of General Manager Operations.

The half year has seen 157,486 passengers using the airport which is a 7.5% increase on last year and reverses the trend of recent years of passenger decline. The Air New Zealand services to Wellington and Christchurch have seen reasonable growth, somewhat offset by the reduction in frequency of the Hamilton to Auckland service which will cease completely in February 2016. In November Kiwi Regional Airlines commenced a new service from Hamilton to Nelson which is receiving good support from both Nelson and the Waikato markets.

During late 2016 we will see increased seat capacity on the Air New Zealand service as they introduce a 50 seater Q300 aircraft to the schedule that replaces the Beech 19 seater aircraft on the Palmerston North route.

Capital works this financial year have been focused on maintaining operational improvements and general capital maintenance to the aerodrome. A detailed review of all assets has been conducted and an updated asset management plan has been completed for board review in early 2016.

There continues to be a major focus on Health & Safety. Independent expertise has been engaged to oversee Health and Safety audit and compliance for the company ensuring obligations are met in relation to the new legislation that comes into effect on the 4th April 2016.

Financial Results

The operating surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) is \$102,000. The improved performance is due to higher passenger numbers. In November there was a compulsory acquisition of five hectares of land by NZTA which resulted in a profit (net of tax) of \$562,000 bring the total surplus after tax to \$664,000.

Term loans reduced by \$1.9m over the 12 months of which \$1.7m related to Titanium Park Limited. Given the current economic climate, the company cancelled the swap agreements that were in place with the associated cost of \$0.6m being added to the term loan balance. Other loan repayments were \$0.8m.

Operations

Operations continue to be conducted in accordance with CAA regulatory compliance. Total Air Movements remain consistent with the same period in 2014. Airfield capital works have included the implementation of enhanced passenger control infrastructure on the terminal apron area, the installation and introduction of enhanced aerodrome manoeuvring area signage and the sealing of additional taxiway areas.

Titanium Park Joint Venture (TPJV)

The Board's key priority this year has been the review of Titanium Park and the agreement with its joint venture partner. This review has considered the future options for the Park and the Board will have finalised a position on this by March 2016.

CHAIRMAN'S REPORT

Hamilton & Waikato Tourism Limited

New Zealand's tourism industry is experiencing exceptional growth with visitor arrivals and expenditure at its highest level ever. The Hamilton & Waikato region has shared in this growth. Data released in November (YE March 15, MBIE) showed the region's visitor expenditure was \$1.23b, a 7% increase on the previous year.

International visitors contributed \$230m of visitor expenditure to the region, up 19% on the previous year. Hobbiton Movie Set and Waitomo Caves remain key drivers of international visitation. Domestic visitors contributed \$1b of visitor expenditure, up 4.5% on the previous year.

Mark Morgan was appointed to the Hamilton & Waikato Tourism Board in December.

Outlook

The ongoing focus for the Board and Management during the second half of the year will be the continuation of strategies to prudently control operating expenses and to continue to repay debt.

John Spencer

Chairman


CONSOLIDATED INCOME STATEMENT

For the Six Months Ended 31 December 2015

	GROUP \$000	
	2015	2014
Revenue		
Operating revenue	3,886	3,569
Other revenue	-	5
TOTAL REVENUE	3,886	3,574
Expenses		
Operating expenses	1,350	1,212
Employee benefit expenses	924	891
Depreciation and amortisation	1,051	1,049
Directors' fees	81	68
Interest	258	370
Remuneration of auditor	40	43
Loss / (gain) on interest rate swaps	23	110
TOTAL EXPENSES	3,727	3,743
Operating surplus/(loss) before taxation	159	(169)
Taxation	57	4
OPERATING SURPLUS/(LOSS) AFTER TAXATION	102	(173)
NZTA compulsory acquisition of land (net of tax)	562	-
SURPLUS/(LOSS) AFTER TAXATION	664	(173)

The above results have not been audited


CONSOLIDATED BALANCE SHEET

As At 31 December 2015

	GROUP \$000	
	2015	2014
Equity		
Share capital	14,860	14,860
Asset revaluation reserve	28,677	28,677
Retained earnings	16,987	15,757
Total Equity	60,524	59,294
Current Assets		
Cash and cash equivalents	1,501	240
Trade and other receivables	677	1,005
Prepayments	84	212
Inventories	91	107
Term deposits	-	160
Development property	11,298	12,316
	13,651	14,040
Current Liabilities		
Derivative financial instruments	-	518
Payables and accruals	963	882
Employee entitlements	207	186
Income in advance	208	623
	1,378	2,209
Working Capital	12,273	11,831
Non-Current Assets		
Property, plant and equipment	60,890	62,423
Investment property	3,730	3,720
Other financial assets	25	25
Intangible assets	9	3
Other assets	88	97
	64,742	66,268
Non-Current Liabilities		
Term loans	9,733	11,668
Deferred taxation	6,758	7,137
	16,491	18,805
Net Assets	60,524	59,294

The above results have not been audited

FINANCIAL PERFORMANCE TARGETS

For the Six Months Ended 31 December 2015

	Group		
	SOI 30/06/16	Actual 31/12/15	Forecast 30/06/16
MEASURES			
Earnings before interest, taxation & depreciation (EBITDA)	\$2.06m	\$1.492m	\$2.39m
Net surplus/(deficit) after tax	-\$421k	\$102k	-\$195k
Net profit after tax to average shareholders' funds	-1.0%	0.2%	-0.3%
Net profit after tax to total assets	-1.0%	0.1%	-0.3%
Net cash flow (operating & investing)	-\$632k	\$104k	\$695k
Total liabilities to shareholder funds	25:75	30:70	27:73
Parent only:			
Percentage of non-landing charges revenue to total revenue	64%	80.9%	78.8%
Interest cover (Banking covenant requirement 1.50)	2.86	4.05	5.0

The above results have not been audited and excludes NZTA compulsory acquisition of land

 **CORPORATE DIRECTORY**

For the Six Months Ended 31 December 2015

Board of Directors	John Spencer, Chairman Annabel Cotton Margaret Devlin Carlos da Silva
Chief Executive	Mark Morgan
General Manager - Operations	Simon Hollinger
Finance Manager	Michelle Clark
Registered Office	Hamilton Airport Terminal Building Hamilton Airport Airport Road, R D 2 Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	3 March 2016
Prepared By	A Diaz Finance Manager
Chief Executive Approved	Y
DWS Document Set #	1469273
Report Title	Waikato Regional Airport Limited Draft Statement of Intent 2016/17

1. Executive Summary

Waikato Regional Airport Limited (WRAL) has provided a draft Statement of Intent for the consideration of Council for 2016/2017.

The Council has two months within which it can provide feedback or request changes to the Statement of Intent as a shareholder, with the final Statement of Intent due on or before the 30 June 2016.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Waikato Regional Airport Limited Draft Statement of Intent 2016/17 - be received.

AND THAT pursuant to section 64 of the Local Government Act 2002 the Committee will provide feedback on the Waikato Regional Airport Limited draft Statement of Intent for 2016/17 no later than 30 April 2016.

3. Background

The attached Statement of Intent (SOI) sets out the Boards intentions for the company for 2016/17, 2017/18 and 2018/19.

4. Discussion

The strategic intent of the Airport remains unchanged from the 2015/16 SOI. The priority is to reduce debt and as such no dividend is anticipated for the next two years. This is consistent with Councils' financial strategy.

5. Considerations

Financial

The financial performance targets take into account the upwards trend in passenger numbers, related revenue expectations and drive for operational efficiencies. The targets exclude any change to the Titanium Park investment. The comparative position between the 2015/2016 SOI and the draft 2016/2017 SOI is presented in the table below:

Targets	2015/2016 SOI			2016/2017 draft SOI		
	2016	2017	2018	2017	2018	2019
Earnings before interest, taxation and depreciation (EBITDA)	\$1.93m	\$1.90m	\$1.87m	\$2.34m	\$2.41m	\$2.43m
Net surplus after tax	\$-573k	\$-701k	\$-760k	\$-336k	\$-351k	\$-344k
Net profit after tax to average shareholders' funds	-1%	-1%	-1%	-1%	-1%	-1%
Net profit after tax to total assets	-1%	-1%	-1%	0%	0%	0%
Net cashflow (operating and investing)	\$35k	\$28k	\$101k	\$183k	\$536k	\$1.03m
Total liabilities/shareholders' funds (debt/equity ratio)	26:74	25:75	24:76	30:70	28:72	26:74
Percentage of non-landing charges revenue	64%	64%	64%	76%	76%	74%
Interest cover	2.73	2.76	3.00	6.51	6.41	6.96

Non-financial

The SOI includes health and safety, operational and noise management compliance targets.

Legal

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

6. Conclusion

Council has an opportunity to provide feedback on the SOI before the end of April. Once all shareholders have provided feedback a final SOI will be issued (or the draft confirmed as final).

7. Attachments

Waikato Regional Airport Limited draft Statement of Intent 2016/17



2016/2017

Waikato Regional Airport Limited
DRAFT Statement of Intent

January 2016

1.0 Introduction

This statement is presented by the Directors in accordance with s.64 (1) Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2017 and succeeding two financial years.

2.0 Strategic Intent

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

Core Purpose

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

Key Objectives

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

3.0 In Pursuing its Goals the Company will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders
- Be a good employer
- Ensure a safe and healthy work place environment that complies with government legislation
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence

4.0 Nature and Scope of Activities to be Undertaken

(4.1) Operate an efficient and compliant airport

Operate a safe, secure and compliant airport by providing for essential projects together with any compliance expenditure warranted

(4.2) Enhance the traveller experience

Maximise traveller satisfaction and airport experience

(4.3) Maintain a viable aeronautical business

Identify opportunities to develop new, and expand existing, domestic passenger services

Promote development and growth of the general aviation sector

To allow the main runway to be extended when supported by an appropriate business case

Position and protect the airport as an efficient, cost-effective international port of arrival for private, corporate and medical aircraft

(4.4) Maximise revenue diversification through non-aeronautical business opportunities

Support the development of land within the bounds of a sound strategic approach to long-term planning for the airport precinct

Identify and market for sale and or lease all available surplus airport-owned land

(4.5) Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

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

(4.6) Capital Expenditure

Planned major capital expenditure included in the 3 year forecast is:

2017:\$1,479k;

2018 \$1,155k

2019 \$670k

(4.7) Strategic Activities

Key activities for the 2016/17 year are:

- Optimise domestic passenger services
- Maximise property lease income
- Completion of the review of Titanium Park Joint Venture
- Debt repayment

5.0 Shareholders' Funds to Total Assets

Years ending 30 June	2017	2018	2019
Shareholders' funds to total assets	78%	78%	80%

Definitions:

Shareholders' funds Total assets less the total liabilities.

Total assets The value of all assets reported in the Company's statement of financial position at the end of each reporting period.

6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2017 and succeeding 2 years are those as adopted in the 2015 Annual Report adjusted for the concessions provided for by Tier 2 of the new accounting standards framework issued by the External Reporting Board in April 2012.

7.0 Performance Targets

The following annual performance targets exclude any Titanium Park land sales.

		Year Ended 30 June		
Based on consolidated company forecasts		2017	2018	2019
7.1	Earnings before interest, taxation & depreciation (EBITDA)	\$2,338,000	\$2,412,000	\$2,425,000
7.2	Net deficit after tax	(\$336,000)	(\$351,000)	(\$344,000)

7.3	Net profit after tax to average shareholders' funds	-1%	-1%	-1%
7.4	Net profit after tax to total assets	0%	0%	0%
7.5	Net cash flow (operating & investing)	\$183,000	\$536,000	\$1,032,000
7.6	Total liabilities/shareholders' funds (debt/equity ratio)	30:70	28:72	26:74
Applicable to parent company operations only		2017	2018	2019
7.7	Percentage of non-landing charges Revenue	76%	76%	74%
7.8	Interest cover	6.51x	6.41x	6.96x
<i>The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt</i>				
Non-financial performance targets				
7.9	Health & Safety			
7.9.1	Facilitate Health & Safety meetings every 2 months with representatives from each company department			
7.9.2	Zero WorkSafe notifiable accidents/injuries			
7.9.3	Independently review and implement the company's Health & Safety framework to align with the requirements of the Health and Safety at Work Act 2016.			
7.10	Operational Compliance			
7.10.1	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports			
7.10.2	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)			
7.10.3	Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan			
7.11	Customer Satisfaction			
7.11.1	Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon			

8.0 Dividend Policy

In view of the priority to reduce debt, and as agreed by Shareholders, the Directors propose to recommend that no dividend be paid for the next two years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

9.0 Information to be provided to Shareholders

- 9.1 The Annual Report of the Company will include:
- Chairman & Chief Executive Report;

- Statement of Comprehensive Income;
 - Statement of Movements in Equity;
 - Statement of Financial Position; and
 - Statement of Cash Flows.
- 9.2 An Interim Report circulated to Shareholders each half-year will include:
- Chairman's Report; and
 - Summary of the unaudited financial results for the six months ended 31 December.

10.0 Future Investment Proposals

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

11.0 Commercial Value of the Shareholders Investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2015 shows shareholder equity of \$59.7m. Company investment in Titanium Park Joint Venture is recorded at cost. Company Property, Plant & Equipment is based upon a 2011 valuation except for land which was revalued as at 30 June 2013. Company assets such as runways, aprons, taxiways and the terminal building are based upon depreciated replacement cost.

A revaluation of Property Plant & Equipment will be completed for year ending 30 June 2016

12.0 Compensation from Local Authorities

There are no activities of the Company for which the Directorate would seek compensation from any local authority.

13.0 Major Transactions

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

- (a) the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 25 % of the value of the company's assets before the acquisition; or
- (b) the disposition of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 25 % of the value of the company's assets before the disposition; or
- (c) a transaction which has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 25 % of the value of the company's assets before the transaction; but does not include:
- (d) any transaction entered into by a receiver appointed pursuant to a security over all or substantially all of the property of the company.

Nothing in paragraph (c) of this definition applies by reason only of the company giving, or entering into an agreement to give, a floating charge secured over assets of the company the

value of which is more than half the value of the company's assets for the purpose of securing the repayment of money or the performance of an obligation.

There are no major transactions planned during the period.

14.0 Health and Safety

The Board and Management will systematically implement any requirements to existing frameworks as a result of the Health and Safety at Work Act 2015. In accomplishing this during the past 12 months an independent consultant has been working to ensure the organisation and its subsidiary companies are aligning processes and frameworks with any applicable regulatory changes. These works will continue for a further six months post April 2016 to ensure full system integration. At all times the company will continue to monitor and review Health and Safety requirements via monthly reporting.

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	21 April 2015
Prepared By	S Kelly Youth Engagement Advisor
Chief Executive Approved	Y
DWS Document Set #	1473858
Report Title	Update on Youth Engagement

1. Executive Summary

The purpose of this report is to update the Committee on youth engagement initiatives happening in the district in accordance with Council's Youth Engagement Strategy.

2. Recommendation

THAT the report of the General Manager Strategy & Support – Update on Youth Engagement – be received.

3. Background

Council adopted the Youth Engagement Plan on 10 August 2015. The Youth Engagement Plan focuses on how Council and its community boards and community committees can give young people a voice in local decision-making structures.

The key objectives of the Youth Engagement Plan are:

- Giving young people a voice in local decision-making.
- Building the confidence of young people to engage in local government matters.
- Helping to ensure that the views of youth are considered in community planning matters.
- Helping to create a cadre of future leaders.

Council's 2020 challenge is to have the most engaged community in New Zealand. The Youth Engagement Plan helps towards achieving this by better integrating young people into our communities and giving them a platform to air their views at a local governance level.

The Youth Engagement Plan is an outcome of the Waikato Social Sector Trial (WSST) which is aimed at improving outcomes for young people aged 12–18 years in the towns of Raglan, Huntly, Ngaruawahia, Te Kauwhata and Tuakau.

Since the adoption of the Plan by Council in August 2015 the community boards/committees of the pilot communities (Te Kauwhata, Huntly and Ngaruawahia) have all agreed to have youth representation made up of representatives from the local youth action groups.

Since both Te Kauwhata and Huntly have youth action groups, the youth representatives from both these groups have been engaging with the respective community boards/committees on youth issues. Work is in progress with regards to establishing a youth action group for Ngaruawahia (an action indicated in the Youth Engagement Plan). Recently though the Youth Action Group co-ordinator and representative on the Huntly Community Board have resigned and a process is underway for a new co-ordinator and representative to be appointed.

4. Discussion/Update

Planning for a Youth Awards Event

Planning for a Youth Awards event is well underway. Consultation with youth takes place on a weekly basis to get ideas to inform decisions made by the youth themselves. An in-house project team has been established to implement the key recommendations made by young people through the engagement process. Over 30 young people have already fed into the style, look, feel and criteria of the Youth Awards.

The Council project team consists of about 6-12 staff members at any one time, depending on their skills and expertise. The project team plans to establish a Youth Volunteer Team, to add a different variation of engagement with young people and to contribute to the skills and ongoing development of youth involved in this project.

The Youth Awards event is scheduled for Friday 27 May 2016.

Update on the implementation of the Youth Engagement Plan

Both the Te Kauwhata Community Committee and the Huntly Community Board have youth representation. Although the Ngaruawahia Community Board does not have youth representation from a local youth action group (which is in the process of being established) it did have a member of the youth who was attending the Board meetings to provide a youth perspective of issues. This person has now relinquished this role to attend university.

Youth representatives in Te Kauwhata have presented their second report to the Te Kauwhata Community Committee. Both the Youth Action Group Co-ordinator and the Youth Representative are involved in youth-related decision making activities

for their community, including the upgrade to the skateboard park and a BMX project.

Council's Youth Engagement Advisor has initiated positive engagement with Huntly Youth Network and various agencies. Community agencies have already started making requests for collaboration and support in various youth related projects (e.g. Youth Week, Matariki).

Identified members from the respective community board/committee are mentoring and supporting the Youth Action Group Co-ordinator and the Youth Representative on the board/committee.

Council's Youth Engagement Advisor is organising training sessions for the youth coordinators, representatives and mentors to learn about submission processes on key Council plans, strategies and initiatives.

The table below provides an update on each activity identified in Council's Youth Engagement Plan with an associated status update:

Activity	Status Update
<p>Action 1: Youth representation on Community Boards/Committees</p>	<p>Two youth co-ordinators (Crystal Tata and Jacob Kirifi) attend the Te Kauwhata Community Committee meetings. The Youth Action Group presented its second report to the Community board last month.</p> <p>There are no youth representation currently on the Ngaruawahia Community Board. A possible representative is being sourced through Cr Gibb. Work is in progress though with regards to establishing a youth action group for Ngaruawahia.</p> <p>With the resignation of the Huntly Youth Action Group Co-coordinator and the Youth Representative Council's Youth Engagement Advisor has organised a Youth Action group hui will be held on 23rd March 2016 in Huntly. This is to re-initiate the Youth Action Group and nominate a new Youth Action Group Coordinator and Representative.</p>
<p>Action 2: Youth action group representation is made up of the Coordinator and one Youth Representative</p>	<p>The Te Kauwhata Youth Action Group is represented by two Youth Action Group Coordinators on the Community Committee. They changed the roles this year, so both young people are co-coordinating the group and attending the meetings to support each other. The Youth Action Group meet monthly or as needed.</p> <p>The Ngaruawahia Youth Action Group's first meeting has been set up for first week of April. A co-ordinator and youth voice/representative will be identified from there.</p>

	<p>Huntly did have a Youth Action Group Co-ordinator (Aaron Henderson) and a Youth Representative (Kaylin) but both these members have moved on from these roles. A new Youth Action Group Coordinator and Youth Action Group are required. The Youth Action group hui to be held on 23rd March 2016 in Huntly will identify these persons.</p>
<p>Action 3: Appoint a mentor from Community Board/Committee</p>	<p>The following persons have been identified as the youth mentors:</p> <p>Cr Shelley Lynch and Ron Farrar - Huntly Community Board</p> <p>Cr Janet Gibb and James Whetu - Ngaruawahia Community Board</p> <p>Cr Jan Sedgwick and John Cunningham – Te Kauwhata Community Committee</p>
<p>Action 4 Taking Council to the youth</p>	<p>Youth Awards – underway. Progressing well. Project plan, communications plan and engagement plan completed. Five project meetings undertaken. Two youth consultations in Ngaruawahia and Huntly carried out. Excellent engagement from young people in both consultations. Time and date for Youth Awards confirmed for 27th May 2016. Venue TBC. Nomination process, criteria confirmation and further consultation in regions still required within next three weeks. Tracking well.</p>
<p>Action 5 The establishment of the Ngaruawahia Youth Action Group</p>	<p>First meeting set for first week of April.</p>
<p>Action 6 Establishment of a Ngaruawahia Networking group</p>	<p>External project team being developed to make the Ngaruawahia Youth Network a collaborative community owned project. Community groups approached (Tu Tangata, Nga Com House, Police, Nga Miro). Intend to approach school, Iwi, sports, arts for involvement on project team.</p> <p>First meeting TBC but earmarked to take place in April 2016. Plans to create bi-monthly meeting.</p>
<p>Action 7 A dedicated budget for youth engagement</p>	<p>\$20 gift cards given to youth reps for their involvement in meetings, however these are only redeemable for The Base in Hamilton and many of our Youth reps don't have access to The Base to redeem their vouchers. A conversation has been initiated with Youth reps to discuss what may be a better use of budget for a reward system in the future.</p> <p>The budget for the position of Youth Engagement Advisor is in place until June 2016.</p>

5. Considerations

5.1 Financial

The Ministry for Youth Development has provided \$15,000 to support youth engagement in our district for 2015/2016. This money will be used solely to plan for and manage a Waikato Youth Awards event and for other youth events.

The Ministry for Social Development has provided \$15,000 for the Youth Engagement Advisor position.

Council has committed \$10,000 for the 2015/2016 financial year to assist with the rollout of the Plan.

5.2. Legal

Nil.

5.3 Strategy, Plans, Policy & Partnership Alignment

The Youth Engagement Plan will help Council achieve its 2020 challenge of having the most engaged community in New Zealand by directly supporting the implementation of Council's Community Engagement Strategy. It also directly supports the Youth Development Strategy Aotearoa which is about how government and society can support young women and men aged 12 to 24 years to develop the skills and attitudes they need to take part positively in society, now and in the future.

5.4 Assessment with regards to the Significance & Engagement Policy

Nil.

6. Consultation

The following stakeholders have been consulted:

Planned	In Progress/Ongoing	Complete	
	✓		Internal (Councillors)
	✓		Internal (Council staff)
	✓		Community boards/Community committees
	✓		Waikato-Tainui/Local iwi
	✓		Other (see below)

The complete group of stakeholders and role-players being engaged is broken up as follows:

- Councillors
- Council staff
- External stakeholders
 - The Ngaruawahia and Huntly community boards and the Te Kauwhata Community Committee
 - Other councils and government agencies
 - Youth service providers within the district
 - Community groups
 - Local high schools
 - Youth action groups
 - Local iwi
 - Individuals with an interest in youth matters from within the community.
 - Ministry for Social Development
 - Ministry for Youth Development.

7. Conclusion

The key focus of the Youth Engagement Plan is *engagement* i.e. how to get our young people engaged by giving them a voice in local decision-making processes to help shape our communities. Good progress has been made in the pilot communities of Te Kauwhata, Huntly and Ngaruawahia though there have been some challenges with a turnover of youth action group co-ordinators and representatives.

Planning for the Council Youth Awards event is progressing well. The event will take place on 27 May 2016.

8. Attachments

Nil

Open Meeting

To	Strategy & Finance Committee
From	TG Whittaker General Manager Strategy & Support
Date	09 February 2016
Prepared By	S Monrad Corporate Planner
Chief Executive Approved	Y
DWS Document Set #	1146954
Report Title	2016/17 Annual Plan Process

I Executive Summary

The purpose of this report is to:

1. To confirm with councillors the new legislative requirements regarding consulting on an annual plan and,
2. Outline an approach for engaging with our community during a non-Long Term Plan year.

The above points were discussed at councillor workshops on 4 November 2015, 14 December 2015 and 9 February 2016.

2 Recommendation

THAT the report of the General Manager Strategy & Support – 2016/17 Annual Plan Process – be received.

3 Background

Changes to the Local Government Act 2002 (LGA) enables councils to design decision-making and engagement processes that are efficient, effective, and appropriate to a range of different circumstances and community interests whilst addressing ‘community consultation fatigue’ that was synonymous with the old legislation. Consequently the new legislation removes most requirements to use the special consultative procedure when consulting under the LGA.

These changes are part of Government’s eight point reform programme aimed at streamlining local government processes to make them more efficient and effective. It therefore supports the legislative intent for more efficient and focused consultation by territorial authorities with their communities.

With regards to the annual plan specifically, the LGA stipulates that a local authority must prepare and adopt an annual plan for each financial year. However, in light of government's move to streamline the consultation process, a local authority does not need to prepare a consultation document for the annual plan if there are no significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.

4 Discussion and Analysis of Options

4.1 Discussion

Changes made to the Local Government Act 2002 (LGA) in 2013 provides councils with more flexibility and clarity about how and when to consult.

Despite changes made to the legislation removing most requirements for councils to use the special consultative procedure when consulting under the LGA, our Council remains committed to engage with our communities in our endeavour to have the most engaged community in New Zealand by 2020.

Consequently, the direction given to staff at the councillor workshops on this matter is that since there is no need for a consultation document to be prepared Council instead engage with the community on Year 2 of the Long Term Plan 2015-2025 by focussing on the following:

- Planned projects
- What does it mean? (i.e. rates implications)
- Providing an overview of other engagement initiatives underway
- A workshop on assisting interested community groups on how to access other sources of funding
- Providing project management support to organisations applying for funding if required.

Informing our community on what is contained in Year 2 of the Long Term Plan is a form of engagement which is consistent with our Community Engagement Strategy and our Significance & Engagement Policy.

Engaging with community groups on alternative funding options available

Making the community aware of other types of funding (e.g. WEL Energy Trust, Trust Waikato, Transpower, community board discretionary funds etc.) that can be accessed for local projects would be another way Council can engage with the community. Council's External Funding Guide would be the basis for informing the community of the funding options available. Staff will also provide project management advice to groups interested in applying for external funding.

The proposed engagement approach for the development of the Annual Plan is therefore as follows:

- March to April 2016: Inform the community with the following key messages:
 - Legislation has changed and that councils do not need to prepare a consultation document if there are no significant departures from the LTP.
 - A reminder that we consulted extensively on the LTP last year
 - That we remain committed on delivering the best value for money and that we understand that it's now in Council's hands to deliver.
 - That communities can still apply for funding and the process
 - That there will be ongoing consultation with relevant local communities on local issues (e.g. Port Waikato erosion)
 - Impact on rates (on line calculator)
 - What projects are planned in each ward
- May 2016: Present Annual Plan to Strategy and Finance Committee for adoption.
- June 2016: Adoption of the Annual Plan and rates resolution for 2016/17.

4.1 Options

4.2.1 ***Option 1 – Develop a consultation document and undertake a special consultative procedure***

This option should be used where material or significant changes are identified as per section 95A of the LGA. Since there is no material or significant changes Council is not able to prepare a consultation document and undertake a special consultative procedure.

4.2.2 ***Option 2 – No special consultative procedure to be undertaken (preferred option)***

Whilst Council cannot produce an annual plan Consultation Document in light of the new legislative requirements we are committed on engaging with the community on Year 2 of the Long Term Plan. This will provide our community with the opportunity to foster a better understanding of what has been planned in the Long Term Plan. It will also provide the community with an opportunity to interact with Council representatives on projects planned for 2016/17. Should the community raise new issues (or projects) through this process they can be put forward for consideration in the 2018 LTP or be directed to other funding options available.

5 Considerations

5.1 Financial

Not developing a consultation document will have cost savings for Council. Some key changes that have been identified are:

- Salaries updated.
- Assets and depreciation adjusted to reflect 30 June 2015 values.
- General Rate (GR) and Uniform Annual General Charge (UAGC) updated using 2015/16 strike information.

- Reserve balances refreshed and cash flows modelled.
- Alliance included.
- Borrowings and interest updated.

What remains unchanged from year 2 of the LTP:

- Inflation factors.
- Targeted rates (except minor capital works changes).
- GR and UAGC increase still at 2.84%.
- Assumptions around carry forwards.
- Planned capital projects (except toilet projects at Maramarua & Onewhero).

5.2 Legal

Council has a statutory obligation to have an annual plan in accordance with section 95 and schedule 10 of the Local Government Act 2002. No special consultative procedure can be undertaken if the annual plan has not changed 'significantly' or 'materially' from the 2015-2025 Long Term Plan.

5.3 Strategy, Plans, Policy & Partnership Alignment

The annual plan is an important document as it outlines what Council's work programme is for 2016/17. It describes the activities of Council and outlines how the activities are managed, delivered and funded. The annual plan for 2016/17 will confirm the work programme contained in Year 2 of the Long Term Plan.

5.4 Assessment of Significance & Engagement

Staff assessment of Council's Significance & Engagement Policy has found that there are no significant triggers to the Policy. There are also no significant or material departures from Year 2 of the Long Term Plan 2015-2025 work programme.

6 Consultation

Council cannot develop a consultation document and consult through a special consultative procedure for an annual plan for 2016/17 unless there are significant or material changes to year 2 of the Long Term Plan 2015-25.

Council will instead be informing the community on what is contained in Year 2 of the Long Term Plan. This is a form of engagement which is consistent with our Community Engagement Strategy and our Significance & Engagement Policy.

7 Conclusion

In light of government's move to streamline the consultation process through recent legislative changes, a local authority does not have to consult on the annual plan if it does not include significant or material differences from the content of the long term plan for the financial year to which the proposed annual plan relates.

Staff have concluded that there are no significant or material differences that would

trigger the Council's Significance & Engagement Policy. This has been discussed at previous councillor workshops at which it was agreed that Council instead engage with the community on Year 2 of the LTP and broker accessing alternative funding sources for local community projects.

8 Attachments

NIL

Open Meeting

To	Strategy & Finance Committee
From	TN Harty General Manager Service Delivery
Date	15 March 2016
Prepared By	A Corkill Parks & Facilities Manager
Chief Executive Approved	Y
DWS Document Set #	1475890
Report Title	Onewhero Public Toilets & Domain Works

1. Executive Summary

This report has been prepared to request budget movements to align project budgets with the development of several capital projects on the Onewhero Domain, including public toilets, a walkway and a playground.

This includes bringing forward existing budget from the 2016–17 year to the 2015–2016 year so that the Onewhero public toilets can be constructed alongside the Onewhero Rugby Club Rooms as requested by the Onewhero Domain Users Group (“the Group”).

2. Recommendation

THAT the report of the General Manager Service Delivery – Onewhero Public Toilets & Domain Works - be received;

AND THAT Loan funding of \$80,500 from the existing budget ITO10085-C0-0000-0117 be brought forward to the 2015-2016 year to be applied towards the cost of the Onewhero public toilet build;

AND FURTHER THAT The existing \$23,080 budget be utilised towards the cost of a walkway (IRGI0085-C0-0000-0115);

AND FURTHER THAT the funds available in the Onewhero Domain Reserve (8929) be released and made available for the proposed playground project (new project IPLI0085-C0-0000-0116).

3. Discussion and Analysis of Options

3.1 Discussion

The Onewhero Domain is managed by Council in conjunction with the Onewhero Domain Users Group, which consists of representatives of the various domain users.

It consists of a number of facilities including Rugby Club Rooms, Performing Arts Society, Family Riding Group, Bowling and Tennis Clubs.

In the Long Term Plan (LTP) programmed works on the domain includes allocation for:

- A water bore upgrade - this is not required - \$23,000
- An allocation for planning for a new toilet - \$34,000
- Walkway around the reserve - \$20,000

Public Toilet

Council's Open Spaces Team Leader (OSTL) has been liaising with the Onewhero Domain Users Group (The Group) regarding the planned works and budgets available as per the 2015-2025 Long Term Plan (LTP). The Group has requested a number of changes to budget spend, including bringing forward spend on a new public toilet facility. All planned projects are in line with the adopted Sports Park Management Plan for this reserve and Council's Public Toilet Strategy.

There are currently no public toilet facilities in Onewhero. Council's Public Toilet Strategy shows the development of a facility in Onewhero in the 2016-2017 year.

The Onewhero Rugby Club is extending their club rooms on the Domain. The Group has proposed that the public toilet that is planned to be constructed be incorporated into the design and build of the club rooms. The planning for this work is currently underway and is being undertaken by the Rugby Club, who have (in consultation with Council) programmed the works to be completed before the 2016 Rugby season. The works envisaged are identified in the adopted Sports Park Management Plan.

On the basis of the current plans Council's share of the cost of this project would be \$114,500. Current budget allocation for 2015/16 year is \$34,000 resulting in a shortfall of \$80,500. As outlined below, this is partially satisfied using existing budget. It is proposed that budget be brought forward from the 2016-2017 year to fund the remaining \$80,500. This will result in one year of additional interest of approximately \$4,300.

The existing septic tank system has been assessed to ensure it can take the extra waste.

Walkway & Playground

The Group is also considering the viability of a walkway and design of a playground to be completed at the Domain. A playground at Onewhero is included in Council's Playground Strategy and there is a \$53,555 budget allowance in the 2018-2019 year.

The walkway has been included in Council's LTP for the current year based on a Community

initiative agreed to by Council at a workshop held in February 2015.

It is proposed to utilise an appropriate 2015-16 budget allowance for the proposed walkway.

The Group also wishes to begin phase one of the playground creation this year. A playground design has been sourced and the Group has received quotes for the initial phase works. The preferred contractor has provided a quote of \$35,183 (plus GST) though it is noted that the amount may reduce depending on how much work the local community may contribute.

It is proposed a new project be created to complete phase I of the playground upgrade as determined by the Playground Strategy, and that it be funded through the Onewhero Domain Reserve (8928). The Reserve money has been held by Council since the Franklin amalgamation and the Onewhero Community believe that the proposed playground project is a suitable project on which to utilise these funds.

The Group propose that the playground budget included in the 2018-2019 year be utilised towards the second phase of playground works in that year.

Whilst the Group and local community have desire to be involved in the erection of the playground, all works will be undertaken in accordance with Council's Procurement and Zero Harm policies.

3.2 Options

Option 1: Council approves the recommendations of this report.

This would result in the public toilets being constructed alongside the Onewhero Rugby Club Rooms. Available funds in the 2015-2016 year will be applied toward projects that the Community support.

This option is recommended.

Option 2: Council declines the recommendations of this report.

This may result in the delay of the build of the Rugby Club Rooms as Council funding for the toilets will not be available until July 2016.

This will see the available budget of \$23,080 (IRG10085.0115) currently proposed to be applied toward the cost of a walkway at the Domain will now be excess to requirements and will be returned to General Rate.

This option is not recommended.

4 Considerations

4.1 Financial

Public toilet

As part of the Toilet Strategy there is \$34,000 budget available for the design of a new toilet block at Onewhero in the 2015-2016 year. The funding allocated for this project is outlined within the Toilet Strategy.

The 2016–2017 Annual Plan, based on the Toilet Strategy, indicates there is \$350,000 available in the 2016–2017 year for the construction of toilets, (ITO10085.0117). Where there is excess budget it will be used to fund the next priorities for new toilets under the Toilet Strategy.

It is proposed that \$80,500 of the 2016-2017 available budget be brought forward to the 2015-2016 year for the Onewhero toilet construction giving a total available budget of \$114,500. This will result in one year of additional interest (General Rate funded – approximately \$4,300) and loan principal (Parks & Reserves Replacement Fund funded) payments on \$80,500 of the \$350,000 loan funding as budgeted in the LTP.

Walkway & Playground

Currently there is budget of \$23,080 available (IRG10085.0115) which was to be utilised toward the cost of a new bore at the Domain. The current bore was upgraded in 2013 and an assessment has indicated it is adequate for its intended purpose. With the funds no longer needed for the bore the Group has requested that this budget be made available towards the cost of a walkway at the Domain.

The \$23,080 available budget is General Rate funded and may be utilised toward the cost of a walkway as requested by the Community. There is no other planned use for these funds. As at 31 January 2016 the Onewhero Domain Reserve (8929) has \$35,041 available for community projects relating to the Domain. This reserve was transferred from Franklin District Council as the Onewhero Domain Targeted Rate Reserve. Ignoring a small amount of interest income this reserve has no further income or expenses committed to it in the Long Term Plan 2015-2025.

The Playground Strategy provides for a \$53,555 budget in the 2018-2019 year for a new playground at the Onewhero Domain. The Group wish to bring the playground project forward, and begin an initial phase of works this year utilising the funds available in the Onewhero Domain Council Reserve account.

Once the Onewhero Domain Reserve balance is utilised there will be no further amounts available under the reserve. The Group is aware of this.

The 2018-2019 budget available under the Playground Strategy is loan funded and will be utilised in the second phase of the playground project in the 2018-2019 year.

4.2 Strategy, Plans, Policy & Partnership Alignment

In 2015 Council adopted the Toilet Strategy. Onewhero is the next priority Community for new toilets to be constructed. This report simply requests that available funding be brought forward to allow construction earlier to support the local community and to achieve significant savings.

In 2014 Council adopted the Playground Strategy which provides for a new playground at Onewhero in 2018-2019. The community is seeking Council to consider reallocating funding and utilise available reserves to construct an initial playground area.

4.3 Assessment of Significance & Engagement

The purpose and scope of the Significance and Engagement Policy is to enable Council and its

communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities. It is also to provide clarity about how and when communities can expect to be engaged in decisions made by Council. It is intended to inform Council from the beginning of a decision making process about the extent, form and type of engagement required. The Policy requires Council to take into account the degree of importance and determine the appropriate level of engagement, as assessed by the local authority, of the issue, proposal, decision or matter, in terms of the likely impact on, and consequence for:

- (a) The district or region:
- (b) Any person who is likely to be particularly affected by, or interested in, the issue, proposal, decision or matter:
- (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.

In terms of Section 11A of the Local Government Act 2002, “in performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- (a) Network infrastructure
- (b) Public transport services
- (c) Solid waste collection and disposal
- (d) The avoidance and mitigation of hazards
- (e) Libraries, museums, reserves, and other recreational facilities and community amenities”.

Clause 2 of the Policy requires an assessment of the degree of significance of the proposal, and the appropriate level of engagement to be considered in the early stages of the proposal and before decision making occurs, and if necessary to be reconsidered as a proposal develops.

Amongst the things that Council must consider, clause 3 requires consideration of the degree to which the issue has a financial impact on Council or the rating levels; or which will result in new or increased targeted rates; or decisions or proposals relating to capital expenditure in excess of 7.5% of operating expenditure which has not been provided for in the Long Term Plan.

Section 80 of the Local Government Act 2002 requires that when Council makes a decision that is, or is anticipated to be significantly inconsistent with the Policy, or any plan required under the Act or any other enactment, when making the decision Council must clearly identify the inconsistency; and the reasons for the inconsistency, and identify any intention to amend the policy or plan to accommodate the decision.

The recommendations in this report should not trigger Council’s Significance & Engagement Policy.

5. Consultation

The following stakeholders have been/or will be consulted:

Planned	In Progress	Complete	
		x	Internal
		x	Community boards/Community committees
		n/a	Waikato-Tainui/Local iwi
		n/a	Households
		n/a	Business
		n/a	Other Please Specify

6. Conclusion

The Onewhero Domain Users Group has been active in assessing the long term Community needs and use of the Domain. This proposed reallocation of funding towards these various projects will ensure the long term needs of the Domain users are met. In bringing the toilet project forward Council is able to work on the proposed upgrade of the Rugby Club building. Significant Community effort has gone into planning the toilet block, walkway and playground.

Open Meeting

To	Strategy & Finance Committee
From	GJ Ion Chief Executive
Date	11 March 2016
Prepared By	LM Wainwright Committee Secretary
Chief Executive Approved	Y
DWS Document Set #	1475380
Report Title	Exclusion of the Public

1. Executive Summary

To ensure that the public are excluded from the meeting during discussion on Public Excluded items.

2. Recommendation

THAT the report of the Chief Executive – *Exclusion of the Public* - be received;

AND THAT the public be excluded from the meeting during discussion on the following items of business:

1. Confirmation of Minutes – 23 February 2016
2. Legal and related cost breakdown
3. Strada Corporation Limited Six-Monthly Report
4. Strada Corporation Limited Draft Statement of Intent 2016/2017
5. Economic Development Update
6. Alliance Premises Business Case
7. Waikato District Crime Prevention Technology Trust

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

That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:

- a) Protect members, or officers, or employees of any local authority, or any persons to whom section 2(5) of the Local Government Official Information and Meetings Act 1987 applies, from improper pressure or harassment;
- b) Enable the local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;
- c) Protect the privacy of natural persons, including that of deceased natural persons;

AND THAT the exclusion of the public from the whole or relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in

private on its decision or recommendation in any proceedings before the local authority where a right-of-appeal lies to any Court or Tribunal against the final decision of the local authority in those proceedings.