

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 28 MARCH 2018** commencing at **9.00am**.

*Information and recommendations are included in the reports to assist the Board 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**

*Representatives from Waikato Regional Council will be in attendance from 9.00am to discuss item 5.1.*

*A representative from Hamilton & Waikato Tourism will be in attendance from 9.00am to discuss item 5.2.*

**3. DISCLOSURES OF INTEREST**

**4. CONFIRMATION OF MINUTES**

Meeting held on Wednesday 28 February 2018 2

**5. REPORTS**

5.1	Waikato Regional Council Long Term Plan 2018-2028 Presentation	11
5.2	Hamilton & Waikato Tourism Six Monthly Report: 01 July – 31 December 2017	12
5.3	Financial Review of Key Projects	25
5.4	Waikato Local Authority Shared Services Limited Draft Statement of Intent	30
5.5	Waikato Local Authority Shared Services Limited six monthly report	58
5.6	Waikato Regional Airport Limited Draft Statement of Intent 2018/19	91
5.7	Waikato Regional Airport Interim Report	101
5.8	Civic Financial Services Limited Annual General Meeting	111

**6. EXCLUSION OF THE PUBLIC** 116

GJ Ion  
**CHIEF EXECUTIVE**

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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	1 March 2018
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Confirmation of Minutes

**1. EXECUTIVE SUMMARY**

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To confirm the minutes of the Strategy & Finance Committee meeting held on Tuesday 28 February 2018.

**2. RECOMMENDATION**

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**THAT the minutes of the meeting of the Strategy & Finance Committee held on Tuesday 28 February 2018 be confirmed as a true and correct record of that meeting.**

**3. ATTACHMENTS**

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S&F minutes 28 February 2018

**MINUTES** for a meeting of the Strategy & Finance Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 28 FEBRUARY 2018** commencing at **9.00am**.

**Present:**

Cr JM Gibb (Chairperson)

His Worship the Mayor Mr AM Sanson [*from 9.07am until 10.22am and from 10.28am until 10.35am and from 11.02am*]

Cr A Bech [*until 10.35am and from 10.55am*]

Cr JA Church

Cr DW Fulton [*until 10.35am and from 10.55am*]

Cr S Henderson

Cr SD Lynch [*until 10.35am and from 10.54am*]

Cr RC McGuire [*until 10.35am and from 10.54am*]

Cr FM McNally

Cr BL Main

Cr EM Patterson [*until 10.35am and from 10.54am*]

Cr JD Sedgwick

Cr NMD Smith [*from 10.17am*]

Cr LR Thomson [*until 10.35am and from 10.54am*]

**Attending:**

Mr B MacLeod (Chairperson Raglan Community Board)

Mr G Ion (Chief Executive)

Mrs S O’Gorman (General Manager Customer Support)

Mr T Whittaker (General Manager Strategy & Support)

Mrs LM Wainwright (Committee Secretary)

Ms D Dalbeth (Business Analyst)

Ms A Brodie (Development Contributions Co-ordinator)

Ms A Diaz (Finance Manager)

Ms M Russo (Corporate Planner)

Mr R Java (Procurement Manager)

Ms K Nicolson (Senior Policy Planner)

Mr C Morgan (Economic Development Manager)

Ms K Bredenbeck (General Manager Waikato Enterprise Agency)

Members of staff

**APOLOGIES AND LEAVE OF ABSENCE**

Resolved: (Crs Sedgwick/Church)

THAT an apology for lateness be received from Cr Smith.

**CARRIED on the voices**

**S&F1802/01**

**CONFIRMATION OF STATUS OF AGENDA ITEMS**

Resolved: (Crs Sedgwick/Thomson)

THAT the agenda for a meeting of the Strategy & Finance Committee held on Wednesday 28 February 2018 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be considered with the public excluded;

AND THAT all reports be received;

AND FURTHER THAT the Chair of the Raglan Community Board be given speaking rights for the duration of the open section of this meeting.

**CARRIED on the voices**

**S&F1802/02**

**DISCLOSURES OF INTEREST**

There were no disclosures of interest.

**CONFIRMATION OF MINUTES**

Resolved: (Crs Thomson/Main)

THAT the minutes of a meeting of the Strategy & Finance Committee held on Wednesday 22 November 2017 be confirmed as a true and correct record of that meeting.

**CARRIED on the voices**

**S&F1802/03**

**RECEIPT OF MINUTES**

Resolved: (Crs Patterson/McInally)

THAT the minutes of a meeting of the Audit & Risk Committee held on Wednesday 13 December 2017 be received.

**CARRIED on the voices**

**S&F1802/04**

## **REPORTS**

### Waikato Enterprise Agency Agenda Item 6.1

The General Manager Waikato Enterprise Agency gave a verbal update and answered questions of the committee.

The report was received [*S&F1802/02 refers*] and discussion was held.

His Worship the Mayor entered the meeting at 9.07am during discussion on the above item.

### 2017-2018 Second Quarter Non-Financial Performance Report Agenda Item 6.2

The Business Analyst gave a verbal update and answered questions of the committee.

The report was received [*S&F1802/02 refers*] and discussion was held.

### Development Contributions Policy Proposal Agenda Item 6.3

The Development Contributions Co-ordinator gave a verbal update and answered questions of the committee.

The report was received [*S&F1802/02 refers*] and discussion was held.

### **Resolved: (His Worship the Mayor/Cr Sedgwick)**

**THAT Council in accordance with section 82A(2) of the Local Government Act 2002 formally ratifies its decision to make the draft Development Contributions Policy 2018/19 proposal publicly available on Council's Website and via Growing Places Newsletter from 24 January 2018;**

**AND THAT feedback received between 24 January and 23 February 2018 on proposed wording changes to the draft Development Contributions Policy be reviewed by way of a report to the Strategy & Finance Committee;**

**AND FURTHER THAT all changes to the draft Development Contributions Policy arising as a result of the draft Long Term Plan Considerations be consulted on in March/April 2018.**

**CARRIED on the voices**

**S&F1802/05**

Community Engagement Plan  
Agenda Item 6.4

The Corporate Planner gave a verbal update and answered questions of the committee.

The report was received [S&F1802/02 refers] and discussion was held.

**Resolved: (Crs Lynch/Main)**

**THAT the Strategy & Finance Committee provide feedback to staff on how best to achieve the purpose of the agenda report.**

**CARRIED on the voices**

**S&F1802/06**

Summary of Procurement Savings for the Financial Year 2017-2018 as at 31/12/2017  
Agenda Item 6.5

The report was received [S&F1802/02 refers] and discussion was held.

The Procurement Manager gave a verbal update and answered questions of the committee.

Undertaking a Rolling Review versus a Full Review of the Waikato District Plan  
Agenda Item 6.6

The report was received [S&F1802/02 refers] and discussion was held.

The Senior Policy Planner gave a verbal update and answered questions of the committee.

**Resolved: (Crs Fulton/Church)**

**THAT the Strategy & Finance Committee recommends to Council that the following resolution (WDC I404/08/1/7) be revoked:**

***“THAT a review of the Operative Waikato District Plan (including the Franklin Section) commences with Stage One for future notification;***

***AND THAT all matters pertaining to the district plan review be presented to the whole Council with the option to delegate matters to a subcommittee if desired.”***

**AND THAT the Strategy & Finance Committee recommends to Council that, pursuant to section 79(1) of the Resource Management Act 1991, a rolling review of the Operative Waikato District Plan be commenced forthwith;**

**AND FURTHER THAT the topic concerning climate change and natural hazards be reviewed and notified separate from the rest of the district plan topics once critical updated technical data is available.**

**CARRIED on the voices**

**S&F1802/07**

Cr Smith entered the meeting at 10.17am during discussion on the above item and was present when voting took place.

Strada Corporation Limited Annual Report 2017

Agenda Item 6.7

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

The report was received [*S&F1802/02 refers*] and discussion was held.

His Worship the Mayor withdrew from the meeting at 10.22am during discussion on the above item.

Summary of Movements in Discretionary Funds to 14 February 2018

Agenda Item 6.8

The report was received [*S&F1802/02 refers*] and discussion was held.

Treasury Risk Management Policy – Compliance Report at 31 December 2017

Agenda Item 6.9

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

The report was received [*S&F1802/02 refers*] and discussion was held.

His Worship the Mayor re-entered the meeting at 10.28am during discussion on the above item.

His Worship the Mayor withdrew from the meeting at 10.35am following discussion on the above item.

Crs Bech, Fulton, Lynch, McGuire, Patterson and Thomson withdrew from the meeting at 10.35am following discussion on the above item.

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

Waikato District Community Wellbeing Trust Draft Statement of Intent for the year ended 30 June 2019  
Agenda Item 6.10

The report was received [*S&F1802/02 refers*] and discussion was held.

**Resolved: (Crs Church/Sedgwick)**

**THAT the Strategy & Finance Committee supports the statement of intent subject to the change of the diversification of investment cap to 7.5%**

**CARRIED on the voices**

**S&F1802/08**

Crs Lynch, McGuire, Patterson and Thomson re-entered the meeting at 10.54am during discussion on the above item and were present when voting took place.

Crs Bech and Fulton re-entered the meeting at 10.55am during discussion on the above item and were present when voting took place.

Waikato District Council Community Wellbeing Trust – Interim Performance Report for the 6 months ended 31 December 2017  
Agenda Item 6.11

The report was received [*S&F1802/02 refers*] and discussion was held.

**Resolved: (Crs Church/McGuire)**

**THAT the financial statements be received in accordance with the Local Government Act.**

**CARRIED on the voices**

**S&F1802/09**

His Worship the Mayor re-entered the meeting at 11.02am during discussion on the above item and were present when voting took place.

Update on District Plan Review Project Financials  
Agenda Item 6.12

The report was received [*S&F1802/02 refers*] and discussion was held.

**Resolved: (Crs Fulton/Thomson)**

**THAT the Strategy & Finance Committee recommends to Council that the estimated budget shortfall to complete the District Plan Review be ‘forward funded’ from the LTP 2018-2028 budget allocation for the District Plan.**

**CARRIED on the voices**

**S&F1802/10**



Local Government Funding Agency Quarterly Report  
Agenda Item 6.13

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

The report was received [*S&F1802/02 refers*] and discussion was held.

Summary of Movements in Community Administration Funding to 14 February 2018  
Agenda Item 6.14

The General Manager Strategy & Support answered questions of the committee.

The report was received [*S&F1802/02 refers*] and discussion was held.

Financial Performance Summary for the period ending 31 January 2018  
Agenda Item 6.15

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

The report was received [*S&F1802/02 refers*] and discussion was held.

Economic Development Update  
Agenda Item 6.16

The Economic Development Manager gave a verbal update and answered questions of the committee.

The report was received [*S&F1802/02 refers*] and discussion was held.

**EXCLUSION OF THE PUBLIC**  
Agenda Item 7

**Resolved: (Crs Thomson/Henderson)**

**THAT the report of the Chief Executive be received;**

**AND THAT the public be excluded from the meeting to enable Council to deliberate and make decisions on the following items of business:**

**Confirmation of Minutes dated Wednesday 22 November 2017**

**Receipt of Minutes:**

**Audit & Risk Committee dated Wednesday 13 December 2017**



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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	16 March 2018
<b>Prepared by</b>	Sharlene Jenkins PA General Manager Strategy & Support
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1917485
<b>Report Title</b>	Waikato Regional Council Long Term Plan 2018-2028 Presentation

**1. EXECUTIVE SUMMARY**

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Tipa Mahuta (Deputy Chair) and Mike Garrett (CFO) from the Waikato Regional Council (“WRC”) will be in attendance to give a presentation on the WRC Long Term Plan 2018-2028 currently out for consultation (16 March – 16 April 2018).

**2. RECOMMENDATION**

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**THAT the report from the General Manager Strategy & Support be received.**

**3. ATTACHMENTS**

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NIL

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	13 March 2018
<b>Prepared by</b>	Sharlene Jenkins PA General Manager Strategy & Support
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1301
<b>Report Title</b>	Hamilton & Waikato Tourism Six Monthly Report: 01 July – 31 December 2017

## **1. EXECUTIVE SUMMARY**

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To provide the Strategy & Finance Committee with the Hamilton & Waikato Tourism (“HWT”) Six Monthly Report to 31 December 2017.

Jason Dawson, Chief Executive Officer HWT will present this report.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Strategy & Support be received.**

## **3. ATTACHMENTS**

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Hamilton & Waikato Tourism Six Monthly Report: 01 July – 31 December 2017

## **Six Monthly Report to Waikato District Council**

### **1 July – 31 December 2017**

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### **Executive Summary**

Hamilton & Waikato Tourism (HWT) is the region's Regional Tourism Organisation (RTO) whose role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend. HWT is funded through a public/private partnership with the region's seven local authorities and the tourism industry.

Hamilton & Waikato is in a very exciting position right now because we are in a growth phase. While some regions are positioning to drive or create growth, we are focused on managing and dealing with current and projected growth, which is a great opportunity and challenge for us.

We have worked hard for many years to promote our region as a 'must visit' destination, both nationally and internationally, often alongside many of the iconic and emerging tourism businesses.

Even though some parts of New Zealand are reaching peak demand during the high summer visitor season, the Waikato region has capacity to absorb the additional international arrivals, especially during our shoulder seasons (autumn and spring). Our collective marketing efforts are starting to pay off, with the current trend for international visitors to stay in the Waikato for the first or last night of their visit to New Zealand.

Recent data released by the Ministry for Business, Innovation and Employment (MBIE) show the region's visitor expenditure has climbed to \$1.478 billion for the 12 months ended December 2017, a 5% increase on the previous year. Hamilton and Waikato are the fifth largest region by expenditure behind Auckland, Christchurch, Queenstown and Wellington.

Currently international visitors contributed an estimated \$345 million to the region, while domestic spend delivered \$1.13 billion. Commercial guest nights are also growing with an estimated 1.4 million commercial guest nights in the region, an increase of 3.1% on the previous year (Commercial Accommodation Monitor: year ending November 2017).

Hamilton and Waikato is now the third largest region behind Auckland and Wellington for conventions, meetings and business events for the year ending December 2017. Our region has now secured an 11% market share of total events of this lucrative market.

Every conference we can secure for Hamilton and Waikato is significant for the region, regardless of the sector or size. Conference delegates are also influenced to return for a future holiday based on their positive Waikato experiences.

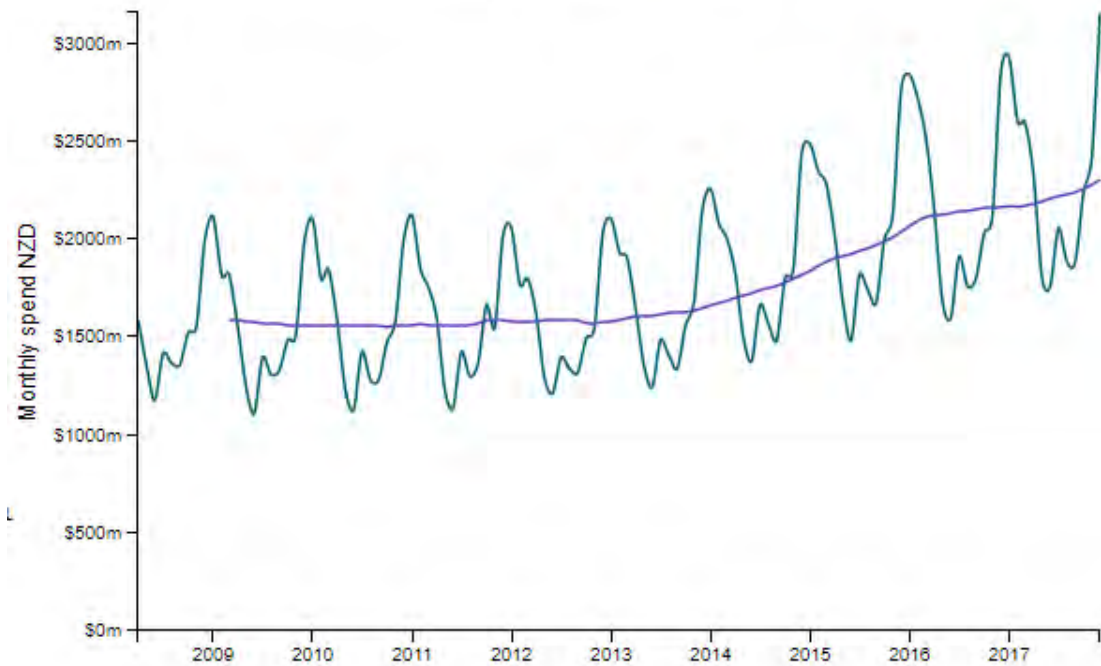
## Performance targets

Hamilton & Waikato Tourism (HWT) have seven performance targets which are set in the 'Schedule of Services for Local Government 2017-2018'. HWT and the sector have performed well in the previous six months (1 July to 31 December 2017).

Measure	Result
 <b>Visitor nights</b> 5% increase of total visitor nights' vs national	 <b>2.8%</b> for Hamilton & Waikato 2.5% national growth rate (Year ending December 2017)
 <b>Visitor spend</b> 5% increase in visitor spend across the region	 <b>5%</b> increase on previous year <b>\$1.478 billion</b> annual expenditure (Year ending December 2017)
 <b>Conventions &amp; business events</b> Grow market share of business events from 9% to 10%	 <b>10.6%</b> market share Third largest region behind Auckland & Wellington (Year ending December 2017)
 <b>Visitor awareness &amp; perceptions</b> Improve by 3 points, including Waikato residents	 <b>To be completed</b> This research is conducted in June 2018.
 <b>Website &amp; social media: hamiltonwaikato.com</b> 5% digital engagement on previous year	 <b>9.29%</b> 1 July – 31 December 2017 (1 July 2017 - 31 June 2017 = 10.4% engagement rate)
 <b>Industry investment</b> \$400,000 of industry contributions towards marketing activities	 <b>\$265,141</b> international & domestic partnerships, trade show investment, famil in-kind contributions and visitor guide sales (Year ending December 2017)
 <b>Return on investment</b> Total visitor spend per dollar of HWT spend	 <b>\$1,216</b> Visitor spend per dollar of council funding <b>1.71</b> Commercial guest nights per dollar of council funding (Year ending December 2017)

## Visitor statistics and expenditure

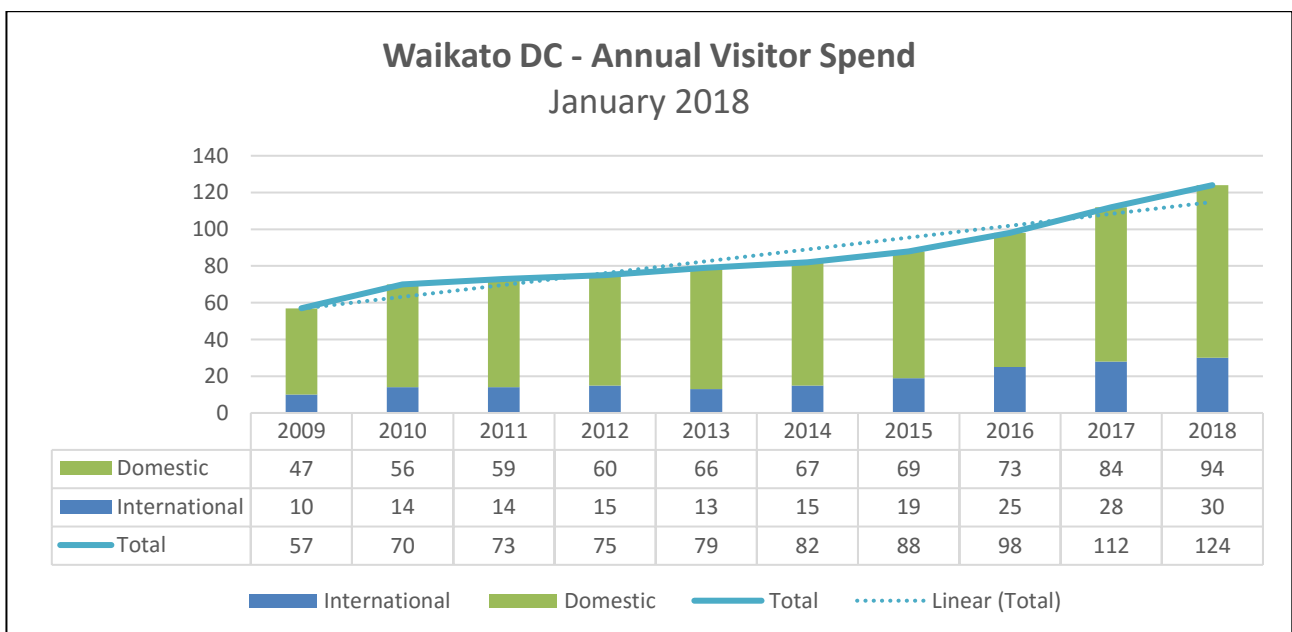
### Hamilton & Waikato Regional Tourism Organisation Historical spending pattern



Source: Monthly Regional Tourism Estimates, MBIE (December 2017)

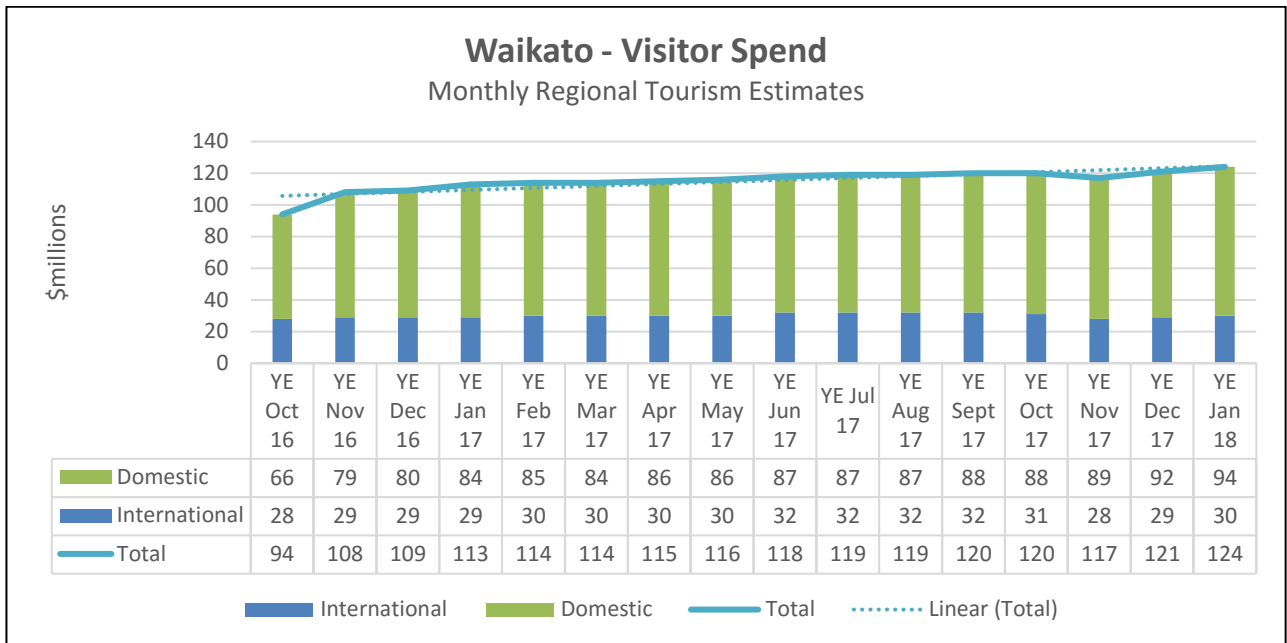
### Visitor expenditure in Waikato District

Annual visitor expenditure has continued to climb for Waikato District and reached a total of \$112 million for the year ending December 2017 – a 14% increase from 2016. Latest visitor spend data shows another significant increase in visitor expenditure with domestic visitors contributing \$94 million and international \$30 million annually into the district’s economy, for the year ending January 2018.



Source: Monthly Regional Tourism Estimates, MBIE (January 2018)

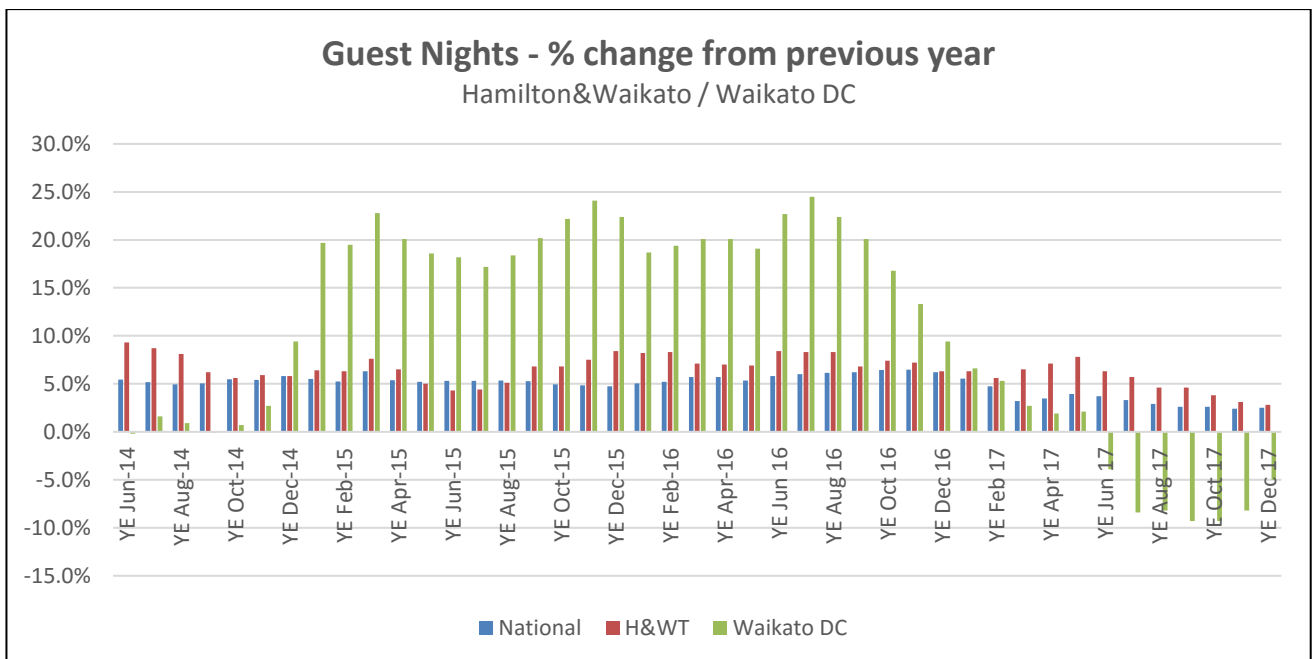
Data was originally captured at a regional level only. However, from September 2016 we can now provide data at a territorial local authority level.



Source: Monthly Regional Tourism Estimates, MBIE (January 2018)

### Commercial guest nights in Waikato District

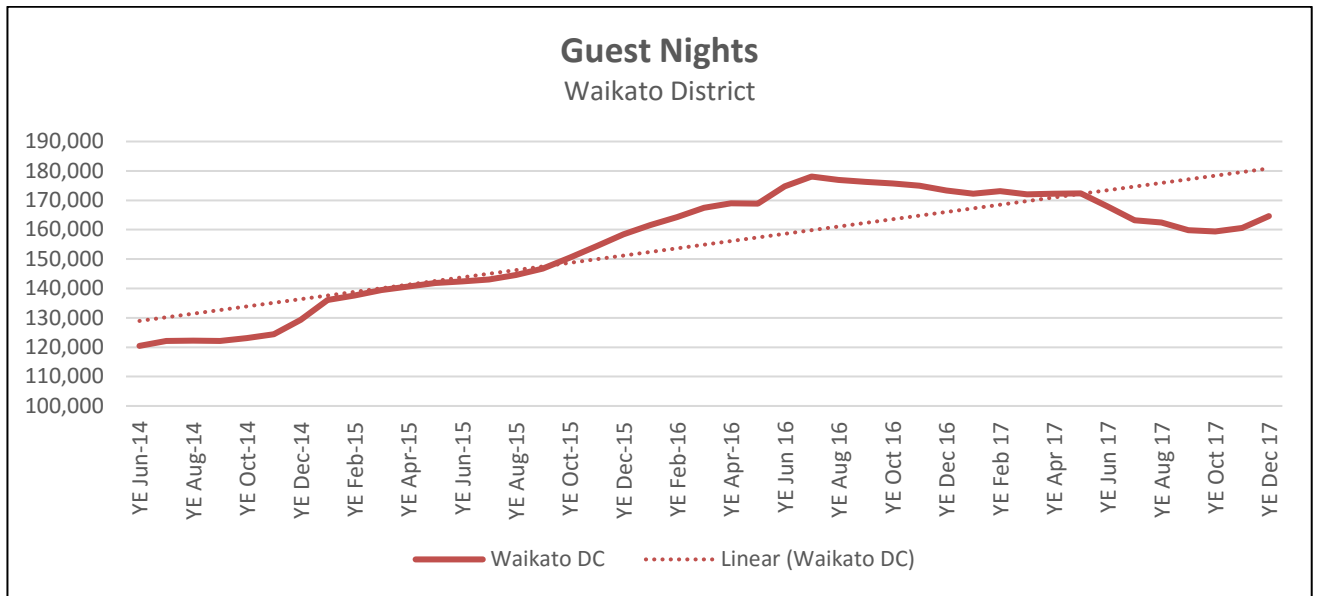
The percentage growth rate for Waikato District guest nights has dropped over the past six months. This indicates accommodation is fully occupied and being utilised, with very little room for growth in bed nights until new commercial accommodation is developed.



Source: Commercial Accommodation Monitor, Statistics NZ (December 2017)



Commercial guest nights (hotels, motels, backpackers & holiday parks) for Waikato District continue to grow and peaked at 164,605 (year ending December 2017). The trend continues to show growth in commercial accommodation guest nights in Waikato District.



## Trade & leisure marketing

Our first Short Escapes domestic campaign of the year ran from October - November 2017 across our key markets of Auckland, Wellington & Christchurch, and our neighbouring regions of Bay of Plenty and Taranaki. Short Escapes commenced with a two week campaign where HWT partnered with the AA Traveller to leverage their large database and reach.

The first Explore Your Own Backyard campaign was activated from December 2017 and ran through January 2018, encouraging locals to explore the Hamilton & Waikato region over the Christmas period, and purchase activity vouchers as christmas gifts.

For the second year, Hamilton & Waikato participated with Tourism NZ on a \$1.5m+ (NZD) consumer campaign targeting Australia's eastern seaboard during July – August 2017. Tourism NZ partnered with HWT, other North Island RTO's, key tourism operators, along with the Flight Centre and Air New Zealand. The second year has seen strengthened results as the campaign was targeted further.

Hamilton & Waikato Tourism published in December, the official 2018 Regional Visitor Guide and distributed nationally through i-SITEs and airports, national and international trade shows, Tourism New Zealand's off-shore offices and conference delegate packs. This is a cost-neutral production with advertising sales funding production and distribution.

In November 2017, we participated in a travel trade event in Sydney for the Middle-earth partnership product, Experience The Trilogy. Over 100 Australian travel trade attended the event which was also supported by Auckland Tourism, Events & Economic Development (ATEED), Destination Rotorua, Hobbiton Movie Set, Great Sightings, Air New Zealand, Tourism New Zealand, Te Puia and Discover Waitomo (THL).

Continued participation by HWT in the ‘Explore Central North Island’ (ECNI) collective which is an international marketing alliance with Rotorua, Taupō, Coromandel, Bay of Plenty, Ruapehu and Hawke’s Bay regional tourism organisations. ECNI collective activity during this period including joint-trade training missions in the USA and Canada, in partnership with Tourism New Zealand.

HWT held a “Working with the Travel Trade’ (inbound tour operators and wholesalers) workshop in September 2017 for tourism operators across the Waikato region. It was supported by specialist speakers from Tourism New Zealand and Inbound Tour Operator (AAT Kings) to provide attendees with the basic tools, knowledge and key contacts for success in working with the travel trade.

### Marketing activity for Waikato District

A summary of specific trade and leisure marketing for Waikato District is detailed below.

Target market	Campaign or activity	Waikato experiences profiled
<b>International consumer and travel trade - Australia</b>	2nd Annual Tour the North Island Campaign (Tourism NZ) July - August 2017	Raglan, Surfing at Raglan, Raglan Museum, Wairēinga/Bridal Veil Falls, Helicorp packages including Raglan and West Coast highlights, Zealong Tea Estate
<b>Media – domestic &amp; international</b>	Media hosting and famils profiling Waikato District: <ul style="list-style-type: none"> <li>Hobbit Day Influencers + TNZ Staff</li> <li>AU Social Influencer – Jarrad Seng</li> <li>AU Social Influencer – Lauren Bath</li> <li>Kia Ora Magazine famil</li> <li>New Strait Times – Malaysia</li> <li>Blue Magazine - Japan</li> </ul>	Wahine Moe Sunset Cruise (Raglan), Solscape Raglan, Zealong Tea Estate, Raglan Rock, Raglan town centre, Raglan Kayak & Paddleboard, Rock-It Kitchen, Orca, Raglan Creative Market, Tony Sly Pottery, Wairēinga/Bridal Veil Falls, Underhill, Raglan Surf School
<b>Travel Trade - events</b>	Experience the Trilogy Event – Australia, Nov 2017	Internationally Trade-Ready Product: Raglan Surf School, Zealong Tea Estate
<b>Travel Trade - famils</b>	Waikato District profiled in following trade famils: <ul style="list-style-type: none"> <li>ECNI Itinerary Winner - USA</li> </ul>	Zealong Tea Estate
<b>Travel Trade – Explore Central North Island Alliance</b>	HWT are part of the Central North Island RTO alliance known as ‘Explore Central North Island’ which includes the two touring routes – The Thermal Explorer Highway and the Pacific Coast Highway <ul style="list-style-type: none"> <li>ECNI USA / Canada Roadshow, Oct 14–21, 2017 (Frontline Agent Training)</li> <li>ECNI Representation for Waikato region at Kiwilink China and South East Asia (Philippines, Indonesia, Malaysia – Oct 2017 (Frontline Agent Training)</li> </ul>	Internationally Trade-Ready Product: Zealong Tea Estate, Raglan Surf School

Target market	Campaign or activity	Waikato experiences profiled
<b>Domestic – consumer</b>	Waikato District was profiled as part of regional promotions in the following publications: <ul style="list-style-type: none"> <li>• Go Travel Magazine</li> <li>• Kia Ora Magazine</li> <li>• Arrivals Magazine</li> <li>• Stuff Weekend Getaway</li> <li>• NZ Surfing Magazine</li> <li>• Inspo Magazine – September</li> <li>• Inspo Magazine – November</li> <li>• Tempo Magazine</li> <li>• Hamilton Press</li> </ul>	Zealong Tea Estate, Raglan Rock, Raglan Roast, Raglan Surf School, Wahine Moe, Hakarimata Summit Track, Mt Karioi, Wairēinga/Bridal Veil Falls, Karioi Loop Cycleway, Raglan Mountain Bike Park, Soundsplash, Go Skydive, Hampton Downs, Raglan Kayak & Paddleboard, Raglan Rock
<b>Domestic consumer – Auckland, Bay of Plenty &amp; Taranaki, Wellington, Rotorua, Christchurch</b>	‘Short Escapes’ campaign – October 16	Raglan Surfing School, Raglan Kayak & Paddleboard, Raglan Rock, Hampton Downs, Waikato 100, Karioi Trail Run, Raglan Arts Weekend, Soundsplash, Hakarimata Walkway, Zealong Tea Estate
<b>Domestic consumer - local, Hamilton &amp; Waikato</b>	‘Explore Your Own Backyard’ campaign, Dec 16 – Jan 17	Raglan Surfing School, Raglan Kayak & Paddleboard, Raglan Rock, Hampton Downs, Hakarimata Walkway, Raglan Arts weekend, Soundsplash, Zealong Tea Estate
<b>Domestic consumer – Chinese New Zealanders</b>	Ongoing campaign activity has continued through our Weibo social media channel, blogs, forums, etc	Bridal Veil Falls, Soundsplash, Te Toto Gorge
<b>Domestic &amp; International – consumer and trade</b>	Our annual Hamilton & Waikato regional visitor guide was produced and distributed through NZ i-SITEs, airports, national and international trade shows, Tourism NZ off-shore offices and conference delegate packs	Waikato District profiled in ‘Regional Highlights’ section and through the ‘Raglan’ and ‘North Waikato’ sections
<b>Domestic &amp; international consumer, travel trade and media</b>	Quarterly e-newsletters are distributed to our consumer, trade and media databases	Raglan Surf School, Waikato 100, WaiCliff Tours, Soundsplash, Raglan Rock, Raglan Kayak & Paddleboard, Hampton Downs, Hakarimata Summit Track, Hampton Downs 500, Hampton Downs Go Karts, Raglan, Zealong Tea Estate

Target market	Campaign or activity	Waikato experiences profiled
<b>Domestic &amp; International consumer</b>	Waikato District profiled through HWT's various online and social profiles including hamiltonwaikato.com, Facebook, Instagram, Twitter and YouTube.	Raglan Surfing School, Raglan Kayak & Paddleboard, Raglan Rock, Raglan Township, Hakarimata Rail Trail, Hakarimata Summit, Te Toto Gorge, Soundsplash, Solscape, Surfing in Raglan, Waikato War Driving Tour, Mt Karioi, Wairēinga/Bridal Veil Falls, Raglan Harbour, Port Waikato, Te Awa River Ride & Perry Bridge, Karakariki Track, Karamu Walkway, Ruapuke Beach, Karioi Classic, Matariki Lantern Festival, Hampton Downs, Tony Sly, Tough Mudder, Huntly Speedway (Fireworks Display), Karioi Trail Run, Zealong Tea Estate
<b>Domestic &amp; International consumer</b>	HWT conducted a photo shoot at key locations for use in various marketing activities	Raglan Kayaking, Raglan Paddleboarding, Raglan Sunset, Ngarunui Beach, Raglan surfing, Te Toto Gorge

## Conventions & Business Events

The Hamilton & Waikato region remains the third largest region behind Auckland and Wellington for conventions, meetings and business events for the year ending December 2017. Our region has secured a 10.6% market share of total events of this lucrative market.

Every conference we can secure for Hamilton and Waikato is significant for the region, regardless of the sector or size. Conference delegates are also influenced to return for a future holiday based on their positive Waikato experiences.

A delegate attending a business event was worth twice as much of a leisure traveller to the region, with an average delegate per night value of \$350 per night for international delegates and \$509 per night for domestic delegates.

In July 2017, HWT supported by Tourism New Zealand, represented the region at the Get Global trade show in Sydney, alongside a couple of key regional operators.

Our main marketing engagement for the year, the Business Events Waikato Showcase, was held in August 2017. This was our second Business Events Showcase had more than 50 venues and suppliers from throughout the Waikato region exhibiting with more than 140 conference and business event organisers through the doors, an increase from the inaugural event last year. Students from the New Zealand School of Tourism also attended to learn more about the conference and business events industry.

This year's showcase also included The Speaker Showcase with Tourism New Zealand sponsoring the panel discussion "Redefining Hamilton & Waikato as a Leading Business Events Destination" led by speakers University of Waikato Associate Professor Ryan Ko; Hamilton & Waikato Tourism chief executive officer Jason Dawson; and SparkTank Director Rachel Kelly.

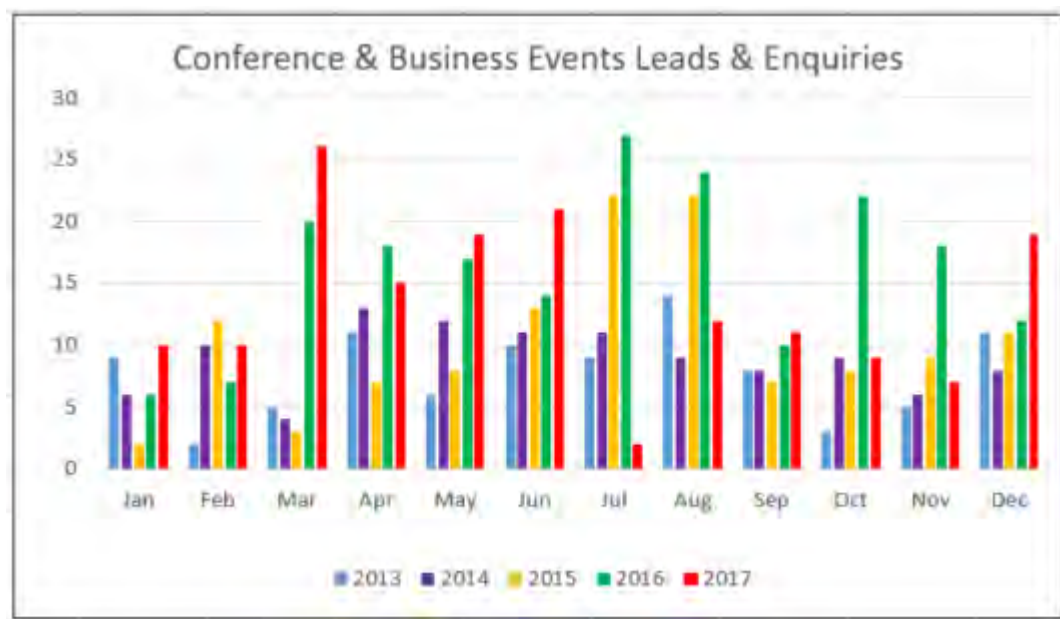
Guest speakers drew good crowds, with television and radio host Duncan Garner, and endurance athlete Rob Hamill speaking to a packed room. Speakers were sponsored by Essential Talent.

A hosted buyer programme for 15 buyers from throughout New Zealand was also introduced this year. A two-day famil programme of venues and suppliers followed their attendance at the Showcase.

In December 2017, HWT hosted a multiday famil for 13 national buyers around our region. This is the third multiday famil offered by the Convention Bureau this year.

## ENQUIRIES

69 enquiries managed by the Convention Bureau from 1 July to 31 December.



## INTERNATIONAL CONFERENCE BIDS – in conjunction with Tourism New Zealand's Conference Activity Programme (CAP)

Bidding for international conferences has become a key activity of the Hamilton & Waikato Convention Bureau, with the support of the Conference Assistance Programme from Tourism New Zealand (TNZ).

### Conference bid activity – July to December 2017

Wins:	Two
Loses:	Nil
Under consideration:	Four

The following international conferences have been secured with the Conference Assistance Programme during the 2017-18 financial year to 31 December 2017:

Conference name	Date	PAX	Value (\$)
International Conference on Asian Digital Libraries – ICADL (won August 2017)	Nov/Dec 2018	230	\$496,960
Association of Australasian Engineering Educators – AAEE 2019 (won November 2017)	Dec 2019	TBA	TBA
<b>TOTAL ESTIMATED VALUE TO THE REGION:</b>			<b>\$496,960</b>

## Product development

Development that furthers the Tourism Opportunities Plan (adopted 2016) continues to be a focus. The key focus of the Plan is based around five game-changers:

1. Waikato River
2. Brand Strategy
3. Hamilton City Riverfront
4. Kiingitanga Story
5. Regional Events Strategy

## Activating tourism opportunities in Waikato District

Opportunities and development supported in Waikato over the last six months include:

Programme	HWT role	Waikato District activity
<b>Game Changer:</b> Regional Events Strategy	Lead	Discovery phase & events audit completed. Consultation with event promoters and venues/facilities completed. First draft available by April 2018.
<b>Game Changer:</b> Regional Brand Strategy	Lead	Regional brand audit completed; visitor proposition workshops held; regional story development completed. MBIE co-funding provided to deliver next phase by June 2018.
<b>Game Changer:</b> Activating the Waikato River	Support	Te Awa Lakes water adventure park proposal Waikato River Festival Turangawaewae regatta

Programme	HWT role	Waikato District activity
<b>Game Changer:</b> Story of Kiingitanga - Maori tourism	Support	Waikato-Tainui Tourism Symposium held Sept 17; Maori tourism product & experiences being piloted
<b>Product development:</b> Support for new tourism products, experiences and marketing across the district	Support	The Monastery, Tamahere Hampton Downs development Open Up Ngaruawahia Tourism Group Hakarimata App Soft Leaf Glamping, Mercer River Riders NZ, Ngaruawahia Taniwha Ventures, Tuakau Waikato Tainui College, Hopuhopu Raglan Destination Management Organisation Franklin Tourism Group

To find out more and download a copy of the Tourism Opportunities Plan:  
[www.hamiltonwaikato.com/TOP](http://www.hamiltonwaikato.com/TOP)

## Conclusion

The Provincial Growth Fund (PGF) has now been announced by the Government and wishes to target investment to lift productivity, create jobs and provide economic benefits to communities. The Fund has three investment tiers which will deliver these priorities:

1. **Regional projects and capability:**  
Support of economic development projects, feasibility studies and capability building identified by the regions.
2. **Sector investment (including One Billion Trees programme):**  
Investment in initiatives targeted at priority and/or high value economic opportunities.
3. **Enabling infrastructure projects:**  
Investment in regional infrastructure projects that will lift productivity and grow jobs.

The first funding announcement of the PGF targeted the 'surge' regions of Northland, Bay of Plenty, East Coast, Hawke's Bay, Manawatu-Whanganui and West Coast for early investment. Tourism has been identified as a key enabler for regional economic benefit with a number of new initiatives attracting funding in the 'surge' regions.

Hamilton & Waikato Tourism are keen to coordinate tourism opportunities which require funding for feasibility studies or development projects across the region. We are keen to advise and support Expressions of Interest or Application Forms from Waikato District Council to ensure our region attracts funding from the PGF.

According to advice from Ministry officials, the Tourism Infrastructure Fund (TIF) will be maintained and remain separate from the PGF. During round one of the Tourism Infrastructure Fund (TIF) in December 2017, Waikato District successfully attracted funding with Matamata-Piako District:

- Matamata-Piako District Council (\$221,000 for Wairere Falls carpark); and
- Waikato District Council (\$868,000 for new toilet and rubbish facilities at Raglan).

We will continue to work with our seven local councils to actively pursue any tourism infrastructure funding to help develop your local communities.

Finally, we would like to thank Waikato District Council, our local government partners and the industry for their continued support of Hamilton & Waikato Tourism.

**Jason Dawson**

**Chief Executive**

Hamilton & Waikato Tourism

March 2017



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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	16 March 2018
<b>Chief Executive Approved</b>	Y
<b>Ref #</b>	GOV1318
<b>Report Title</b>	Financial Review of Key Projects

## **1. EXECUTIVE SUMMARY**

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To update the Committee on the monitoring and process that has been undertaken during 2017/2018 to ensure that the financial implications of projects are known at an early stage.

## **2. RECOMMENDATION**

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

## **3. BACKGROUND**

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The Chief Executive, on an annual basis, provides details on a range of projects to be monitored and reported to the Strategy & Finance Committee. The projects are selected based on value, level of risk and other factors. A series of projects were identified for particular scrutiny during 2017/2018. Regular reports are provided on progress.

## **4. DISCUSSION AND ANALYSIS OF OPTIONS**

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### **4.1 DISCUSSION**

Council has been kept fully informed of the financial consequences of the key projects that were identified at the start of the financial year. This is an interim report for the 2017/2018 financial year and supplements monthly reports to the Infrastructure Committee on the detailed projects.

The table attached to this report gives an update on the specific projects that Council wished to be given special consideration. The list was based on the major non-roading projects which Council planned to undertake for 2017/2018, including carry forwards.

Council has chosen not to reduce the upfront risk. This could have been done by investing in advance design work or other scoping work in advance of setting budgets.

It should also be noted that the nature of a number of these projects is that problems are only uncovered when Council undertakes the project. Reticulation issues, for example, are hidden until the pipes are exposed. Topographical and geotechnical issues can also arise in relation to a number of projects.

Some of the projects are delayed for strategic reasons. An example is where we are awaiting direction on our Housing Infrastructure Fund application. This impacts the upgrade of our Huntly Wastewater Plant.

Councillors should also note that the purpose of this report is to identify progress with key projects from a financial perspective. This simply means that issues are identified earlier so that Council can make decisions before committing Council funds. It does not give certainty around the tender process as this is driven often by market forces, not by the project itself.

## 4.2 OPTIONS

This report is largely for information only. It is to update Councillors on progress with the financial implications of the key projects identified for the 2017/2018 financial year.

The report contains the latest forecast cost and a comparison to the budget allocation.

Council may consider that other actions should be taken to control costs. The emphasis of the report and the requirement was to identify potential issues and to advise Council so that cost implication could be considered before work proceeds.

Any technical questions about the projects or infrastructure requirements should be addressed at the Infrastructure Committee meeting, not as part of this report.

The following is the list of agreed projects for 2017/2018:

- Ngaruawahia Council office upgrade construction (carry forward)
- Tamahere recreation reserve project
- Raglan stormwater reticulation extensions (carry forward)
- Ngaruawahia Kent Street / George Street stormwater network upgrades (carry forward)
- New reservoirs for Huntly, Central District and Hopuhopu and Pokeno reservoir sites (carry forward)
- Land purchases for Pokeno, Central District and Hopuhopu reservoir sites (carry forward)
- Tuakau water supply reticulation extensions
- Pokeno wastewater scheme construction - Stage 2 (carry forward)
- Huntly wastewater treatment plant upgrade (carry forward)
- Meremere wastewater treatment plant upgrade
- Raglan wastewater treatment plant upgrade
- Pokeno stormwater reticulation extensions
- SCADA improvements

It should be noted that upgrades on the Huntly Wastewater Treatment Plant and Meremere Wastewater Treatment Plant are deferred until we progress our Housing Infrastructure Fund detailed business case.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

All of the projects included in the list form part of the Annual Plan for 2017/2018 or are carry forwards.

### 5.2 LEGAL

As part of undertaking the work, Council needs to ensure that the approach taken is consistent with the Purpose of Local Government.

Under this Act, good quality in relation to local infrastructure, local public services and performance of regulatory functions means infrastructure, services and performance that are efficient, effective and appropriate to present and anticipated future circumstances.

In other words, to meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.

### 5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The report is concerned with the community outcome of Thriving Waikato in relation to the economic importance of a number of the projects.

The report is also concerned with the economic wellbeing of residents in the district. If costs exceed budgets then alternative funding sources need to be found or elements of the project reviewed.

Projects such as water and wastewater schemes that impact on the Waikato River are of particular significance to Tangata Whenua. For example, discussions are ongoing with Iwi around wastewater and reservoir projects.

In the future we will need to ensure alignment with Council's vision of 'Liveable, Thriving and Connected Communities'.

### 5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Councillors will review the list of key projects and identify any change in significance, where appropriate.

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	This report is an update on progress. It is to inform.				

State below which external stakeholders have been or will be engaged with:

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

## **6. CONCLUSION**

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Staff believe that appropriate systems are in place to identify the cost implications of the various key projects that Council wished to ensure were given additional monitoring during the year. Council has been kept informed of cost implications as they arise. This report provides an update on progress with the key projects for 2017/2018.

## **7. ATTACHMENTS**

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Financial Review of Key Projects

## KEY PROJECTS

Team	Project Description	Project Owner	Full Year Budget	YTD Actual	Remaining Budget	Full Year Forecast	Expected Completion Date	Progress & Risk Comment
Programme Delivery	Ngaruawahia council office upgrade construction	Paul White	424,138	233,513	190,625	424,138	May-18	Construction works completed. Furniture for the front counter space will be decided on and ordered in March. The human resource and call centre staff have been moved. There is potentially more work to be completed on the front counter.
Programme Delivery	Tamahere Recreation Reserve Project	Richard Clark	2,451,919	66,497	2,385,422	1,481,335	Multi year project	Contract works of \$3.677m have been awarded to Fosters Construction for the development of the recreation reserve and includes playground, cycle paths, landscaping, piazza, cricket pitch, skate park, basketball courts, wastewater and water systems for future toilet facilities and provision for carparks and associated bus shelter and furniture. Work is expected to commence at the start of April and is to be completed by early August 2018. Stage 3 works are still to be determined.
Programme Delivery	Raglan stormwater reticulation extensions	Reuben Rink	365,576	86,336	279,240	365,576	Jun-18	Currently reviewing daylighting options. For Stewart Street and Wainui Road, an alternative solution utilising existing pipework, extending and upsizing is underway. A Registration of Interest process has been completed resulting in a shortlist of three parties to tender for the work.
Programme Delivery	Ngaruawahia, Kent St/George St Stormwater Network upgrades	Reuben Rink	471,728	439,060	32,668	471,728	Apr-18	Works are progressing along Kent and George Streets with final completion expected within the next month.
Programme Delivery	New Reservoirs for Huntly, Central District, Hopuhopu and Pokeno	Richard Clark	3,538,699	1,256,401	2,282,298	1,350,800	May-18	Pokeno - Initial reservoir fill, monitoring and testing complete with no obvious issues identified. Reservoir is now empty and is programmed for refilling, chlorination and final commissioning during March. Power supply completed. Huntly – Reservoir is fully operational and has been handed over to Operations. Final electrical quality checks are underway. Central District – Sealant remedial works completed and in its curing period. Power installation scheduled for late March. Hopuhopu – Exterior perimeter roof panels that sustained storm damage and require replacement are being manufactured overseas and sea freighted (expected arrival mid-April). The existing fastening system will be upgraded to a higher wind rating to avoid a repetition of the damage. These repairs are at the Contractors' expense. The reservoir is full, chlorinated and undergoing testing/monitoring. The old reservoir is planned to be decommissioned and demolished by the end of April.
Programme Delivery	Land Purchases for Pokeno, Central District and Hopuhopu Reservoir Sites	Elton Parata	204,905	783	204,122	91,736	Mar-18	All sites now secured and works underway. Hopuhopu long term agreement is with Waikato Tainui for consideration but struggling to get traction on having agreement signed. The Chief Executive has followed this up.
Waters	Tuakau water supply reticulation extensions	Karl Pavlovich	1,639,774	0	1,639,774	53,700	2018/19	To finalise priorities following completion of the proposed District and Structure Plans. Based on demand, this work will not be required until 2018/19 or later.
Programme Delivery	Pokeno Wastewater scheme construction - Stage 2	Paul White	1,905,401	1,574,516	330,885	1,740,922	Mar-18	Partial practical completion certificate expected to be issued in March with final completion certification pending remedial work required on one remaining line. Are working with contractor to agree a position for variation work.
Waters	Huntly wastewater treatment plant upgrade	Stephen Howard	1,628,112	0	1,628,112	0	TBA	This project was being considered in conjunction with the Housing Infrastructure Fund detailed business case but has recently been detached with a localised treatment plant being the preferred option for wastewater treatment. For Huntly we have engaged a consultant to review the plant to identify what plant improvements are required to achieve full resource consent compliance along with a timetable and cost estimate.
Waters	Meremere wastewater treatment plant upgrade	Stephen Howard	2,175,854	325	2,175,529	325	TBA	Underway with planning.
Waters	Raglan wastewater treatment plant upgrade	Mark Curtis	1,196,719	15,514	1,181,205	15,514	On Hold	Project is on hold to ensure any proposed solution is in keeping with changes that may occur as part of the upcoming resource consent renewal. The long term solution will be developed during the consent renewal phase. While the project is on hold, Council is currently at risk of further non compliance implications.
Waters	Pokeno stormwater reticulation extensions	Karl Pavlovich	1,102,912	0	1,102,912	359,326	Jun-19	Dependent on developer schedule, pipeline from Winstones catchment to Pond expected in 2017/18 with remaining works pushed out to 2018/19.
Waters	SCADA Improvements	Robert Ball	1,300,000	84,239	1,215,761	140,816	Multi year project	Tender evaluation complete for procurement of radio telemetry units and report circulating for approval to award contract. From favourable tender pricing, we anticipate being able to replace all radio telemetry units in our District. Installation of equipment still to be tendered.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	13 March 2018
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1911920
<b>Report Title</b>	Waikato Local Authority Shared Services Limited Draft Statement of Intent

## **I. EXECUTIVE SUMMARY**

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The Waikato Local Authority Shared Services Limited (“WCLASS”) draft Statement of Intent for 2018/19 is attached for the Strategy & Finance Committee’s consideration. The Council has two months to approve, request changes or reject the Statement of Intent (“SOI”) as a shareholder, with the final SOI due on or before the 30 June 2018.

The Strategy & Finance Committee is responsible for monitoring WCLASS operations and making recommendations to Council for any proposed amendments to their activities.

The proposed direction is in line with the previous SOI approved for the current financial year, with emphasis on new business transformation initiatives, including: a regional asset valuation approach; complete the strategic review of WCLASS; development of a Digital Strategy; and regional GIS Data Portal. Projects completed or significant progress made during the last year include: appointment of a part time procurement specialist; introducing aligned resource consent planning; Regional Infrastructure Technical Specifications; and Local Government Contractor Health & Safety Pre-Qualification. Additional funding will be required as the scope of activities, and related workload, increases.

## **2. RECOMMENDATION**

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**THAT** the report from the **General Manager Strategy & Support** be received;

**AND THAT** pursuant to section 64 of the **Local Government Act 2002** the **Strategy & Finance Committee** will provide feedback on the **Waikato Local Authority Shared Services Limited** draft **Statement of Intent for 2018/19** no later than **30 April 2018**.

### **3. BACKGROUND**

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The SOI is attached and sets out the Boards intentions for the company for 2018/19, 2019/20 and 2020/21.

### **4. DISCUSSION AND ANALYSIS OF OPTIONS**

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#### **4.1 DISCUSSION**

The strategic intent of WLASS remains unchanged from the 2017/18 SOI. The priority is to work collaboratively across the region to achieve efficiency and effectiveness gains with customer experience in mind.

#### **4.2 OPTIONS**

The Strategy & Finance Committee can:

- a) Recommend approval of the current draft SOI to Council; or
- b) Request amendments; or
- c) Reject the draft SOI.

Any feedback must be provided to WLASS before 30 April.

### **5. CONSIDERATION**

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#### **5.1 FINANCIAL**

The overall net financial position for the 2018/19 year and beyond is expected to breakeven. Respective councils contribute to projects and initiatives as required.

#### **5.2 LEGAL**

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

### **6. CONCLUSION**

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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**

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Waikato Local Authority Shared Services Limited draft Statement of Intent 2018/19



**STATEMENT OF INTENT  
FOR 2018/19**

**30 June 2018**



## Table of Contents

Introduction.....	3
Objectives of WLASS .....	3
Nature and Scope of Current Activities.....	4
Work in Progress.....	6
Additional Costs.....	8
Waikato Mayoral Forum .....	8
Governance.....	8
Activities for which the Board seeks Compensation.....	9
Performance Targets.....	9
Policy Statements.....	14
Statement of Accounting Principles.....	14
Specific Accounting Principles .....	14
Intangible Assets .....	14
Impairment Testing .....	14
Balance Sheet Ratios .....	14
Procedures for the Purchase and Acquisition of Shares .....	14
Inventories.....	14
Taxation .....	15
Value of Shareholders' Investment.....	15
Distributions to Shareholders .....	15
Compensation.....	15
Information Provided to Shareholders .....	15
Review of Statement of Intent.....	15
Financials .....	16
Company Summary .....	16
Company Administration .....	17
Procurement.....	18
Information Technology.....	19
Energy Management .....	19
Shared Valuation Data Service (SVDS) .....	20
Road Asset Technical Accord (RATA).....	21
Waikato Regional Transport Model (WRTM).....	22
Waikato Building Consent Group.....	23
Future Proof .....	24
Waikato Mayoral Forum .....	25
Balance Sheet.....	26
Statement of Cashflows .....	26

# Waikato Local Authority Shared Services Limited

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## Introduction

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This Statement of Intent is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Limited (WLASS). The statement outlines the proposed work plan for 2018/19 and the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS) on the 4th day of April 2016. WLASS is owned by the 12 Waikato local authorities, with each shareholder owning an equal number of shares and having an equal say in its development. WLASS 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. WLASS contracts are available to be joined by any shareholder that so chooses.

Much of the work of WLASS 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 WLASS CEO provides facilitation and co-ordination of the Working Parties, and is an ex officio member of the Advisory Groups.

WLASS also provides support to the Waikato Mayoral Forum and its work streams, including acting as the legal entity to manage all of the contracts arising from the work of the Mayoral Forum and making all contract payments.

## Objectives of WLASS

The objectives of WLASS are to:

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

## Nature and Scope of Current Activities

There are currently 12 major initiatives operating under the WLASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.

- 1 **Shared Valuation Data Service (SVDS).** This service provides timely and accurate valuation data to the 10 member Councils (Waikato Regional, Hamilton City, Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils). The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to the participating councils.
- 2 **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 activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

Waipa District Council currently acts as the host council for RATA, providing accommodation and overheads (which are fully recovered from the participating councils), and managing the employment agreements/relationships with the three staff members. This activity is fully funded by the nine participating councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils, supported by the NZ Transport Agency) and operates as a separate cost centre.

- 3 **Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. It provides accurate information to Councils and to 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 assessments in relation to the development of Ruakura. The activity is fully funded by the seven participating councils (Waikato Regional, Hamilton City, Matamata Piako, Taupo, Thames Coromandel, Waikato, and Waipa District Councils, supported by the NZ Transport Agency), and operates as a separate cost centre. The WRTM has been managed by RATA since 1 July 2016.
- 4 **Waikato Building Consent Group (WBCG).** The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The WBCG 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).

Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG members), and managing the employment agreements/relationships with the two staff members

and any contractors. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.

- 5 Future Proof.** This is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the New Zealand Transport Agency. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region (Future Proof sub-region), which was adopted by the partners on 30 June 2009.

The accommodation, overhead and employment arrangements of the Future Proof Planner are managed by Hamilton City Council. The activity is fully funded by the participating councils, and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.

- 6 Energy Management.** WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement is estimated to bring in up to \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the 11 participating councils (Matamata Piako was not eligible, as it has previously received EECA funding), and operates as a separate cost centre.

- 7 Joint Procurement Initiatives.** WLASS is a party to numerous 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, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services). A part-time procurement specialist was engaged in February 2018 for a period of one year, to:

- Assist all councils to utilise the existing WLASS contracts, AoG contracts and syndicated contracts that are appropriate for each council, to ensure that opportunities for savings are being maximised
- Develop standard regional procurement policies, templates and procedures and provide training in each council
- Manage the existing WLASS contracts to improve relationship management and ensure that their value is being maximised.

The contractor is working directly with staff in each council to ensure that contract savings are being maximised and that good procurement systems and processes are in place.

- 8 Historic Aerial Photos.** In May 2015, WLASS 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. The project is running ahead of schedule and is now expected to be completed by the end of 2018. The information is now freely available to the public on a website (<http://www.retrolens.nz/map/>), which acknowledges the participation of WLASS.

- 9 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 five WRAPS contracts – 2002, 2007, 2012, and 2016. The current WRAPS contract is scheduled for completion by June 2018. Consideration

is currently being given to changing the frequency of coverage to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the 12 participating councils.

- 10 Aligned Resource Consent Planning.** The toolkit developed last financial year to provide regional consistency and best practice processes in the administration of resource consenting has now been implemented, and is being used by 10 councils (Taupo and Otorohanga are not participating). WLASS controls the documentation on the WLASS website, and a Steering Group manages the process for making updates and amendments to the templates and documents in the toolkit.
- 11 Regional Infrastructure Technical Specifications (RITS).** The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure in the eight participating councils' areas (Hamilton City, Hauraki, Waikato, Waipa, Matamata-Piako, Otorohanga, Waitomo, and South Waikato District Councils). Prior to developing RITS, each council had its own Infrastructure Technical Specifications, which resulted in different standards having to be met across the Waikato region. The purpose of RITS is to provide a single regional guide and specifications for building public infrastructure.

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

- 12 Local Government Contractor Health & Safety Pre-qualification Scheme.** The contract with SHE Assure to manage the Local Government Health & Safety Contractor Pre-qualification Scheme, which was developed by WLASS, continues to operate well. Twenty councils and one CCO are now using the scheme and over 1,500 contractors have registered, which enables them to be pre-qualified to work for any of the participating councils.

## Work in Progress

### Asset Valuation

The Asset Valuation Working Party has developed a regional asset valuation template and is currently preparing a schedule of regional asset classes, components, lives and unit rates. A methodology for calculating regional Unit Rates and Base Lives from the collated data is also in preparation. This information will be vital to ensure regional consistency in asset revaluations.

Once the template has been finalised, it is proposed to send it to Audit NZ for review and sign off as an approved document for Asset Valuations. This will enable all participating councils to use the same template with confidence that it meets audit requirements, as well as improving regional consistency in the approach to asset valuation, which should have flow-on insurance benefits. Ongoing maintenance of the regional asset valuation template will become the responsibility of WLASS.

### Shared Valuation Data Service (SVDS)

The contract with InterGen for SVDS support and hosting services expires on 1 February 2018. Over the past few months, a project team comprising members of the SVDS Advisory Group has been looking at the ongoing provisioning of SVDS, and assessing options. In late September, the project team recommended a change from SVDS to a "Software as a Service" (SaaS) option. If implemented, there would be a significantly improved application, reduced risks, reduced operational costs, and a potentially large capital expenditure would be avoided.

A decision to change from SVDS to SaaS is contingent on the proposed new product being successfully used for Auckland's revaluation. However, it has recently emerged that there have been some issues with that, and it will take some time for Auckland to sort these issues out and to identify the cause of their problems - which may or may not lie with the product that the SVDS Advisory Group currently prefer.

Therefore a recommendation on the preferred solution to replace SVDS has been delayed to allow the team to gain a clearer picture of Auckland's experiences. Once that information is available, the team will assess the next steps. That determination will probably be made in the first quarter of 2018. If the decision is to continue with replacing SVDS with the chosen product, development of the detailed business case will then be undertaken, and presented to the Board. It is anticipated that this decision will be made prior to finalisation of the 2018/19 SOI, and that the financial implications will be fully costed and included in the final budget.

### RATA

It is being proposed that Taupo District Council will join RATA from 1 July 2018. However, as Taupo won't be participating in the Data Collection contracts for a couple of years, the impacts are not significant in terms of additional expenses, but their participation will reduce the contribution required from each council to fund RATA's overheads.

## **Proposed New Activities**

In response to the challenge set in the 2016/17 SOI (to "*investigate business transformation opportunities which will improve customer experiences and provide added value, particularly within the digital field of operation*"), a number of projects commenced in the 2017/18 financial year which are likely to result in new work streams for WLASS.

The projects currently being investigated are:

### Strategic Review of WLASS

The Board is currently investigating the advantages and disadvantages of expanding the role of WLASS to provide additional services to shareholders (and potentially to markets outside the Waikato). Discussions are underway with BOPLASS to identify potential synergies that might arise from amalgamating the two LASS's, and to understand the capability that would be required to take on this new role – including the governance structure, the design of a contracting model, the design of specific services, managing risk, separating the roles of director and the purchaser of services, indicative costs and establishment timelines.

As the current CEO is retiring in April 2018, an interim CEO is being appointed for a period of a year, while this review is being carried out.

### Waikato Data Portal

Geographic Information Systems (GIS) in the Waikato region are characterised by a wide range of systems and software and are at varying levels of maturity. A business case is in preparation for a proposed Waikato Data Portal, which would underpin a regional approach to the provision of spatial information and open data, and enhance the customer experience by providing a single site where customers could access spatial information and other types of data from councils across the Waikato region. The business case will include details of the financial

implications for each council associated with implementing the project (if the proposal is to “Go”). It is anticipated that a decision will be made prior to finalisation of the 2018/19 SOI, and that, if the decision is to proceed, the financial implications will be fully costed and included in the final budget.

#### Digital Strategy

Work is in progress to define the scope for the development of a WLASS Digital Strategy, what the challenges are, what success would look like, and to make recommendations to the Board on the next steps.

#### **Additional Costs**

Apart from the projects discussed above (under Proposed New Activities), no new costs have been included in this draft Statement of Intent.

#### **Waikato Mayoral Forum**

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, focussing on reducing the number and standardising the format of Council policies and bylaws, and developing RITS.

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. New funding to implement the Waikato Plan over the coming three years has been included, noting that funding from external parties is expected to contribute to the cost of this project in Years 2 and 3.

The two-waters project is no longer an active Mayoral Forum project. Hamilton City, Waipa District and Waikato District councils have all been considering options for the future delivery of water services as a result of the Mayoral Forum project. As noted above, the roading work stream (RATA) transferred into WLASS on 1 July 2016. 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. The work of the Policy and Bylaws work stream is in abeyance.

The Mayoral Forum are considering potential new work streams for the new triennium, and there may be a further role for WLASS, which already provides administrative and financial support both to the Mayoral Forum and its work streams. A review of Future Regional Strategic Collaboration Opportunities is currently underway, which may identify new initiatives.

#### **Governance**

WLASS 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.

WLASS 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 WLASS policies.

## Directors

The current Directors of WLASS are:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Blair Bowcott	Executive Director, Special Projects, Hamilton City Council	Hamilton City Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Don McLeod	Chief Executive, Matamata-Piako District Council	Matamata-Piako District Council
Dave Clibbery	Chief Executive, Otorohanga District Council	Otorohanga District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Craig Hobbs	Chief Executive, South Waikato District Council	South Waikato District Council
Gareth Green	Chief Executive, Taupo District Council	Taupo District Council
Rob Williams	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Chris Ryan	Chief Executive, Waitomo District Council	Waitomo 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 WLASS after the Directors have agreed that the proposed new service meets the objectives of WLASS.

Shareholders will continue to contribute to the operational costs of the WLASS 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 2018/19 are as follows:

TARGET	METHOD	MEASURE
<b>Procurement</b> Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.  New suppliers are awarded



		contracts through a competitive tender process.
<b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum.  If considered of value, business cases are developed for approval by the Board, and the projects are implemented.
<b>Existing WLASS Contracts</b> Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.  Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.
<b>Cashflow</b> The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.	The WLASS Board reviews the financial statements at least quarterly.
<b>Cost Control</b> Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.
<b>Reporting</b> Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS 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 WLASS to the shareholders every six months.  Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.
<b>Waikato Mayoral Forum</b> The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20 <sup>th</sup> of the month following their receipt.
<b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.  The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	The SVDS is available to users at least 99% of normal working hours.  The SVDS Advisory Group meets at least 6-monthly.

	<p>Risks associated with the SVDS are well managed.</p> <p>The long-term provision of SVDS services is achieved.</p>	<p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.</p> <p>The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.</p>
<p><b>Insurance</b> Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>
<p><b>RATA</b> Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p>Lead engagement and increase capability within the sector</p>	<p>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p> <p>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</p> <p>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	<p>Reports are presented to stakeholders in October/January/April and July each year.</p> <p>Reports on progress presented to WLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p> <p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p>

<p><b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of the participating councils, 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 WLASS 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><b>Waikato Building Consent Group</b> Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> <li>• Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons.</li> <li>• People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 - 11.</li> <li>• Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</li> <li>• Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.</li> <li>• Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.</li> </ul>

	Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ol style="list-style-type: none"> <li>i. Full participation in WBCG projects and programmes</li> <li>ii. Audits demonstrating implementation and compliance with the agreed QA systems</li> <li>iii. Consistency in service delivery, measured by customer surveys.</li> </ol> <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>
<p><b>Future Proof</b> Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p>The Future Proof budget is well managed and monitored.</p> <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p>	<p>Joint preparation and input into Phase 2 of the Strategy update.</p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.</p> <p>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p> <p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>
<p><b>Shareholder Survey</b> Shareholders are satisfied with the performance of WLASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>
<p><b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p>	<p>The benefits of WLASS (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 WLASS are included in the 6-monthly and Annual Report to shareholders.</p>

		The WLASS website is regularly maintained and updated.
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## Policy Statements

### 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.

WLASS is budgeted to have an accumulated shareholders fund of \$435,903 at 30 June 2018, which relates to 55.6% of total assets. The only liabilities of WLASS are trade creditors.

The Forecast Financial Statements for 2017/18 are included as part of this Statement of Intent.

### Procedures for the Purchase and Acquisition of Shares

The Board will give approval before WLASS 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 WLASS 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**

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

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

## **Information 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.


## **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 receipt of the document. The Directors must consider all comments that are received, and shall deliver the completed Statement of Intent to the shareholders by 30 June.

## Financials

## Company Summary

Waikato Local Authority Shared Services Company Summary For the Year Ended 30 June 2019					
	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>					
Company Administration	301,788	298,284	(3,503)	300,294	306,742
Procurement	599,655	419,166	(180,489)	309,166	319,166
Information Technology	43,600	37,577	(6,023)	37,577	37,577
Energy Management	124,200	136,500	12,300	0	0
Shared Valuation Data Service (SVDS)	649,648	683,685	34,037	698,726	609,122
Road Asset Technical Accord (RATA)	930,621	978,560	47,939	1,765,754	965,453
Waikato Regional Transport Model (WRTM)	102,299	103,542	1,243	103,752	104,778
Waikato Building Consent Group	316,105	318,385	2,280	325,390	332,548
Future Proof	580,977	544,091	(36,886)	409,091	384,091
Waikato Mayoral Forum	471,672	525,000	53,328	500,000	500,000
<b>Total Income</b>	<b>4,120,565</b>	<b>4,044,790</b>	<b>(75,775)</b>	<b>4,449,749</b>	<b>3,559,477</b>
<b>Operating Expenditure</b>					
Company Administration	301,788	298,284	(3,503)	300,294	306,742
Procurement	572,655	505,166	(67,489)	309,166	319,166
Information Technology	43,600	37,577	(6,023)	37,577	37,577
Energy Management	124,200	136,500	12,300	0	0
Shared Valuation Data Service (SVDS)	684,864	635,635	(49,229)	494,970	435,021
Road Asset Technical Accord (RATA)	951,598	1,015,800	64,202	1,800,380	959,968
Waikato Regional Transport Model (WRTM)	102,299	103,542	1,243	103,752	104,778
Waikato Building Consent Group	316,105	562,010	245,905	325,390	332,548
Future Proof	580,977	544,091	(36,886)	409,091	384,091
Waikato Mayoral Forum	471,672	571,439	99,767	500,000	500,000
<b>Total Operating Expenditure</b>	<b>4,149,757</b>	<b>4,410,044</b>	<b>260,286</b>	<b>4,280,619</b>	<b>3,379,891</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>	<b>(29,193)</b>	<b>(365,254)</b>	<b>(336,061)</b>	<b>169,130</b>	<b>179,587</b>
<b>Non-Cash Operating Expenditure</b>					
Company Admin Non-Cash Expenditure	171	256	85	0	0
SVDS Non-Cash Expenditure	91,223	90,444	(779)	45,000	112,222
WRTM Non-Cash Expenditure	72,916	72,916	0	0	0
<b>Total Non-Cash Operating Expenditure</b>	<b>164,310</b>	<b>163,616</b>	<b>(694)</b>	<b>45,000</b>	<b>112,222</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>(193,503)</b>	<b>(528,870)</b>	<b>(335,367)</b>	<b>124,130</b>	<b>67,365</b>
<b>Net Surplus (Deficit) before tax</b>	<b>(193,503)</b>	<b>(528,870)</b>	<b>(335,367)</b>	<b>124,130</b>	<b>67,365</b>
Company Admin Net Surplus (Deficit) before tax	(171)	(256)	(85)	0	0
Procurement Net Surplus (Deficit) before tax	27,000	(86,000)	(113,000)	0	0
IT Net Surplus (Deficit) before tax	0	0	0	0	0
Energy Mgmt Net Surplus (Deficit) before tax	0	0	0	0	0
SVDS Net Surplus (Deficit) before tax	(126,439)	(42,394)	84,045	158,756	61,880
RATA Net Surplus (Deficit) before tax	(20,977)	(37,240)	(16,263)	(34,626)	5,485
WRTM Net Surplus (Deficit) before tax	(72,916)	(72,916)	0	0	0
Building Net Surplus (Deficit) before tax	0	(243,625)	(243,625)	0	0
Future Proof (Deficit) before tax	0	0	0	0	0
Mayoral Forum Net Surplus (Deficit) before tax	0	(46,439)	(46,439)	0	0
<b>Net Surplus (Deficit) before tax</b>	<b>(193,503)</b>	<b>(528,870)</b>	<b>(335,367)</b>	<b>124,130</b>	<b>67,365</b>
<b>Capital Expenditure</b>					
SVDS Enhancements	10,384	0	(10,384)	0	0
SaaS provision Implementation & Mods	0	250,000	250,000	200,000	100,000
<b>Total Capital Expenditure</b>	<b>10,384</b>	<b>250,000</b>	<b>239,616</b>	<b>200,000</b>	<b>100,000</b>

## Company Administration

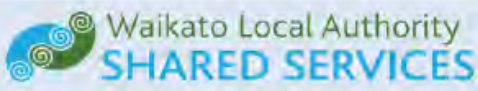
Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
		213,531	213,802	271	213,808	218,512
		78,256	70,482	(7,774)	72,178	73,608
	1	10,000	14,000	4,000	14,308	14,623
		<b>301,788</b>	<b>298,284</b>	<b>(3,503)</b>	<b>300,294</b>	<b>306,742</b>
<b>Expenses</b>						
	1	48,000	43,500	(4,500)	44,457	45,435
	1	5,095	5,600	505	5,723	5,849
		20,600	20,600	0	20,910	21,220
		94	96	2	98	100
	1	510	400	(110)	409	418
		2,548	2,500	(48)	2,555	2,611
		2,784	2,784	0	2,845	2,907
		1,325	1,351	26	1,381	1,411
		2,548	2,598	51	2,656	2,714
		2,768	2,739	(29)	2,799	2,861
	2	199,724	150,000	(49,724)	200,000	204,400
		5,605	5,717	112	5,842	5,971
	2	10,190	10,000	(190)	10,220	10,445
	3	0	50,000	50,000	0	0
		0	400	400	400	400
		<b>301,788</b>	<b>298,284</b>	<b>(3,503)</b>	<b>300,294</b>	<b>306,742</b>
		<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Non-Cash Expenses</b>						
	4	171	256	85	0	0
		(171)	(256)	(85)	0	0
		<b>(171)</b>	<b>(256)</b>	<b>(85)</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
<p>1) Based on 2017/18 actual costs.</p> <p>2) The budget has been reduced by \$50K in 2018/19 to reflect actual costs in 2017/18. An allowance of \$50K has been added in years 2 and 3 for additional resources to be engaged to progress new work streams, following completion of the strategic review of WLASS.</p> <p>3) Proposed new budget for continuation of strategic review.</p> <p>4) MoneyWorks to be full amortised by 30 June 2019. Financial system under review.</p>						




## Procurement

Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
1	Procurement Member Charges	20,000	80,000	60,000	20,000	20,000
	N3 Membership Fee Recovery	18,000	18,000	0	18,000	18,000
2	Value Financials Fee Recovery	30,946	30,946	0	30,946	30,946
3	Insurance Brokerage Fee Recovery	150,300	200,300	50,000	150,300	160,300
4	Infometrics Fee Recovery	69,920	69,920	0	69,920	69,920
	Health and Safety Working Party	5,000	5,000	0	5,000	5,000
5	WRAPS Recovery	153,489	0	(153,489)	0	0
6	Regional Infrastructure Tech Spec Co-ordinator	0	15,000	15,000	15,000	15,000
	Historical Aerial Photos Recovery	77,000	0	(77,000)	0	0
	Aligned Resource Consent Planning	75,000	0	(75,000)	0	0
	<b>Total Income</b>	<b>599,655</b>	<b>419,166</b>	<b>(180,489)</b>	<b>309,166</b>	<b>319,166</b>
<b>Expenses</b>						
1	Professional Services	20,000	80,000	60,000	20,000	20,000
	N3 Membership Fee Recovery	18,000	18,000	0	18,000	18,000
2	Value Financial Fees	30,946	30,946	0	30,946	30,946
3	Insurance Brokerage Fee Payable	150,300	200,300	50,000	150,300	160,300
4	Infometrics	69,920	69,920	0	69,920	69,920
	Health and Safety Working Party	5,000	5,000	0	5,000	5,000
5	WRAPS Services	153,489	0	(153,489)	0	0
6	Regional Infrastructure Tech Spec Co-ordinator	0	15,000	15,000	15,000	15,000
	Historical Aerial Photos Services	50,000	31,000	(19,000)	0	0
	Aligned Resource Consent Planning	75,000	0	(75,000)	0	0
7	Procurement Advisor	0	55,000	55,000	0	0
	<b>Total Expenses</b>	<b>572,655</b>	<b>505,166</b>	<b>(67,489)</b>	<b>309,166</b>	<b>319,166</b>
7	<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>	<b>27,000</b>	<b>(86,000)</b>	<b>(113,000)</b>	<b>0</b>	<b>0</b>
	Earnings before interest and tax	27,000	(86,000)	(113,000)	0	0
	<b>Net Surplus (Deficit) before tax</b>	<b>27,000</b>	<b>(86,000)</b>	<b>(113,000)</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
<p>1) Increase in 2018/19 to provide for new Professional Services Panel (PSP) tender and legal review process.</p> <p>2) The councils involved are Taupo including two CCO's, Waitomo District, Waikato Regional Council and WLASS.</p> <p>3) Provision of \$10k every second year to meet with London Underwriters. Note: The brokerage contract will be re-tendered in 2018/19, and new rates will apply from 2019/20. An additional \$40k has also been budgeted in 2018/19, to engage Lion Partnership to undertake a review as part of the brokerage contract tender</p> <p>4) The councils involved are Hamilton City, Hauraki, Matamata-Piako, South Waikato, Thames Coromandel, Waikato District and Waikato Regional Councils.</p> <p>5) Next WRAPS contract will be in 2020/21, but budget is not yet known.</p> <p>6) To fund a contractor to manage and review requests for changes/improvements/updates to the document. Funded only by those Councils using RITS (all of the shareholding Councils, excluding Rotorua, Taupo, Thames Coromandel and Waikato Regional).</p> <p>7) Funds transferred from revenue in advance.</p>						

## Information Technology

Waikato Local Authority Shared Services Information Technology (IT) For the Year Ended 30 June 2019						
	Notes	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
IT Initiative Contributions		43,600	35,000	(8,600)	35,000	35,000
Waikato Data Portal Project	1	0	0	0	0	0
Collaboration Portal Additional Licences		0	1,577	1,577	1,577	1,577
Meeting Expenses		0	1,000	1,000	1,000	1,000
<b>Total Income</b>		<b>43,600</b>	<b>37,577</b>	<b>(6,023)</b>	<b>37,577</b>	<b>37,577</b>
<b>Expenses</b>						
Waikato Data Portal Project	1	0	0	0	0	0
GIS Shared Data Portal	2	7,600	0	(7,600)	0	0
Collaboration Portal	3	35,000	36,577	1,577	36,577	36,577
Meeting Expenses		1,000	1,000	0	1,000	1,000
<b>Total Expenses</b>		<b>43,600</b>	<b>37,577</b>	<b>(6,023)</b>	<b>37,577</b>	<b>37,577</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Earnings before interest and tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Surplus (Deficit) before tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
1) Business case will determine cost of project.						
2) This project is now included as part of the Waikato Data Portal project.						
3) All councils are involved except Rotorua and Taupo, who are participating via BOPLASS.						

## Energy Management

Waikato Local Authority Shared Services Energy Management For the Year Ended 30 June 2019						
	Notes	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
EECA Collaboration - Council Contributions	1	89,200	101,500	12,300	0	0
EECA Revenue		35,000	35,000	0	0	0
<b>Total Income</b>		<b>124,200</b>	<b>136,500</b>	<b>12,300</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
EECA Collaboration		89,200	101,500	12,300	0	0
Professional Services Costs		35,000	35,000	0	0	0
<b>Total Expenses</b>		<b>124,200</b>	<b>136,500</b>	<b>12,300</b>	<b>0</b>	<b>0</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Earnings before interest and tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Surplus (Deficit) before tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
1) All councils are involved, except Matamata-Piako, who were not eligible. The Agreement expires on 30 April 2019.						

## Shared Valuation Data Service (SVDS)

Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
		206,980	211,120	4,140	215,764	115,764
		80,189	80,189	0	81,953	83,718
	1	10,414	0	(10,414)	0	0
		352,065	392,376	40,311	401,008	409,641
		<b>649,648</b>	<b>683,685</b>	<b>34,037</b>	<b>698,726</b>	<b>609,122</b>
<b>Expenses</b>						
		49,592	0	(49,592)	0	0
		107,470	0	(107,470)	0	0
	2	0	86,700	86,700	22,152	0
		288,568	294,339	5,771	73,585	0
		79,954	81,553	1,599	83,347	85,181
	3	0	31,000	31,000	200,000	256,000
	3	0	25,000	25,000	25,000	25,000
		24,192	24,192	0	24,724	25,268
		45,000	45,000	0	20,000	0
		6,369	15,000	8,631	15,000	15,000
		50,000	0	(50,000)	0	0
		300	300	0	307	0
	4	1,385	4,309	2,923	4,339	1,465
	5	8,000	8,000	0	4,176	4,268
		3,057	3,118	61	3,187	3,257
		20,977	17,124	(3,853)	19,154	19,582
		<b>684,864</b>	<b>635,635</b>	<b>(49,229)</b>	<b>494,970</b>	<b>435,021</b>
		<b>(35,216)</b>	<b>48,050</b>	<b>83,266</b>	<b>203,756</b>	<b>174,102</b>
<b>Non-Cash Expenses</b>						
	6,7	91,223	90,444	(779)	45,000	112,222
		<b>(126,439)</b>	<b>(42,394)</b>	<b>84,045</b>	<b>158,756</b>	<b>61,880</b>
		<b>(126,439)</b>	<b>(42,394)</b>	<b>84,045</b>	<b>158,756</b>	<b>61,880</b>
<b>Capital Expenditure</b>						
	1	10,384	0	(10,384)	0	0
	8	0	250,000	250,000	200,000	100,000
		<b>10,384</b>	<b>250,000</b>	<b>239,616</b>	<b>200,000</b>	<b>100,000</b>
	8	<b>(45,599)</b>	<b>(201,950)</b>	<b>(156,350)</b>	<b>3,756</b>	<b>74,102</b>
<b>Notes</b>						
<p>1) No further enhancement work to be done on the SVDS asset.</p> <p>2) Hosting and Software contracts to be combined into Hosting &amp; Application support contract. Finishing in 2019/20.</p> <p>3) Estimated costs for new service provider. Cost to increase as Councils switch from SVDS.</p> <p>4) Professional indemnity and technology liability insurance finishing 2019/20.</p> <p>5) Provision in 2017/18 to tie in with contract review.</p> <p>6) SVDS Asset to be fully depreciated by 30 June 2019.</p> <p>7) Depreciation to begin on the new asset after implementation project finishes in December 2019.</p> <p>8) Cash surplus is allocated to the cost for implementation of new asset; total \$550,000 spread over three years.</p>						


## Road Asset Technical Accord (RATA)

Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21	
<b>Income</b>							
	Data Collection	1	320,985	321,300	315	1,062,880	202,356
	Member Charges	2	591,636	600,500	8,864	645,261	704,217
	Project Management (WRTM)		18,000	18,000	0	18,000	18,000
	IDS licence fees	3	0	38,760	38,760	39,613	40,880
	<b>Total Income</b>		<b>930,621</b>	<b>978,560</b>	<b>47,939</b>	<b>1,765,754</b>	<b>965,453</b>
<b>Expenses</b>							
	Data Collection	1	320,985	321,300	315	1,062,880	202,356
	IDS licence fees	3	0	38,760	38,760	39,613	40,880
	Forward Works Programme Tours		5,095	3,000	(2,095)	3,066	3,133
	Waikato RATA Forum	4	3,057	1,500	(1,557)	1,533	1,567
	Benchmarking of Reg Road Outcomes		20,380	20,000	(380)	20,440	22,484
	Deterioration Modelling		47,893	30,000	(17,893)	30,660	31,335
	Staff and Contractor Services	5	361,000	434,000	73,000	456,834	470,631
	External Contractor (Data Collection)		7,133	0	(7,133)	0	0
	On charge of WLASS Admin Costs		20,977	21,240	263	19,154	19,582
	Overheads	6	165,078	146,000	(19,078)	166,200	168,000
	<b>Total Expenses</b>		<b>951,598</b>	<b>1,015,800</b>	<b>64,202</b>	<b>1,800,380</b>	<b>959,968</b>
	<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>	7	<b>(20,977)</b>	<b>(37,240)</b>	<b>(16,263)</b>	<b>(34,626)</b>	<b>5,485</b>
	Earnings before interest and tax		(20,977)	(37,240)	(16,263)	(34,626)	5,485
	<b>Net Surplus (Deficit) before tax</b>		<b>(20,977)</b>	<b>(37,240)</b>	<b>(16,263)</b>	<b>(34,626)</b>	<b>5,485</b>
<b>Notes</b>							
<p>1) Data collection is charged monthly in arrears based on actual work done. Discussions for commitment by Councils to begin in 2018.</p> <p>2) Member charges are calculated on the basis of each council's participation, as detailed in the RATA Business Plan, with the expected addition of Taupo District Council from 1 July 2018.</p> <p>3) IDS licences are charged to participating Councils based on actual fees.</p> <p>4) Formerly Asset Managers' Forum.</p> <p>5) Recruited new staff member in Asset Information Engineer position.</p> <p>6) Waipa District Council provides RATA with full support services, including vehicles, staff training/development, IT/phones, stationery, accommodation, communications and Group Manager support.</p> <p>7) Revenue in advance to offset deficit.</p>							


## Waikato Regional Transport Model (WRTM)

Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
		90,299	91,542	1,243	91,752	92,778
		12,000	12,000	0	12,000	12,000
		<b>102,299</b>	<b>103,542</b>	<b>1,243</b>	<b>103,752</b>	<b>104,778</b>
<b>Expenses</b>						
		18,000	18,000	0	18,000	18,000
		30,570	31,181	611	31,867	32,568
		5,095	5,197	102	5,311	5,428
		4,586	4,678	92	4,781	4,886
		1,385	1,403	18	1,433	1,465
		10,000	10,000	0	10,000	10,000
	1	25,000	25,000	0	25,000	25,000
		7,663	8,083	420	7,359	7,430
		<b>102,299</b>	<b>103,542</b>	<b>1,243</b>	<b>103,752</b>	<b>104,778</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Non-Cash Expenses</b>						
	2	72,916	72,916	0	0	0
		(72,916)	(72,916)	(0)	0	0
<b>Net Surplus (Deficit) before tax</b>		<b>(72,916)</b>	<b>(72,916)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
1) Provisional Sum - HIS research topic with NZTA at present. Assumes input into national survey. Actual costs to be scoped with MOT.						
2) The WRTM asset will be fully depreciated by 30 June 2019. The model will be substantially reviewed during 2018/19 with new census data and a software platform review.						

## Waikato Building Consent Group

Waikato Local Authority Shared Services Waikato Building Consent Group For the Year Ended 30 June 2019						
	Notes	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
Member Charges	1	276,105	318,385	42,280	325,390	332,548
Accumulated Fund	2	40,000	0	(40,000)	0	0
<b>Total Income</b>		<b>316,105</b>	<b>318,385</b>	<b>2,280</b>	<b>325,390</b>	<b>332,548</b>
<b>Expenses</b>						
Salaries		220,600	180,600	(40,000)	184,573	188,634
Contracted Services		0	40,000	40,000	40,880	41,779
Strategic Review / Work Plan	3	0	243,625	243,625	0	0
Vehicle Expenses		20,389	20,389	0	20,838	21,296
Training / Professional Fees		6,400	6,400	0	6,541	6,685
Operating Costs		653	653	0	667	682
Communications / IT Costs		3,000	3,000	0	3,066	3,133
Annual Subscriptions		400	400	0	409	418
On charge of WLASS Admin Costs		7,663	9,943	2,280	10,162	10,386
Overheads	4	57,000	57,000	0	58,254	59,536
<b>Total Expenses</b>		<b>316,105</b>	<b>562,010</b>	<b>245,905</b>	<b>325,390</b>	<b>332,548</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>	3	<b>0</b>	<b>(243,625)</b>	<b>(243,625)</b>	<b>0</b>	<b>0</b>
Earnings before interest and tax		0	(243,625)	(243,625)	0	0
<b>Net Surplus (Deficit) before tax</b>		<b>0</b>	<b>(243,625)</b>	<b>(243,625)</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
<p>1) Participating councils are Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo District councils.</p> <p>2) The Accumulated Fund relates to the original five councils (Hamilton, Matamata-Piako, Otorohanga, Waikato and Waipa) and has now been fully expended.</p> <p>3) Revenue received in advance to offset deficit.</p> <p>4) Waikato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.</p>						

## Future Proof


<b>Waikato Local Authority Shared Services</b> <b>Future Proof</b> <b>For the Year Ended 30 June 2019</b>						
	Notes	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
Member Charges	1	580,977	544,091	(36,886)	409,091	384,091
<b>Total Income</b>		<b>580,977</b>	<b>544,091</b>	<b>(36,886)</b>	<b>409,091</b>	<b>384,091</b>
<b>Expenses</b>						
Implementation Advice		110,000	110,000	0	110,000	110,000
Tāngata Whenua Implementation Advice		15,000	10,000	(5,000)	10,000	10,000
Independent Chair		45,000	45,000	0	25,000	25,000
Tāngata Whenua Forum (NKAOTW)		15,000	20,000	5,000	15,000	15,000
Future Proof Planner		65,000	70,000	5,000	70,000	70,000
Future Proof & Waikato Plan Administrator		0	15,000	15,000	15,000	15,000
On charge of WLASS Admin Costs		20,977	14,091	(6,886)	14,091	14,091
Office Support / Services / Mileage	2	15,000	15,000	0	15,000	15,000
<b>Future Proof Implementation Projects</b>						
Waikato DP Review		15,000	10,000	(5,000)	0	0
General Submissions		20,000	25,000	5,000	25,000	15,000
Cross-Boundary issues with Auckland Council		5,000	5,000	0	5,000	5,000
Data for Monitoring		5,000	5,000	0	10,000	10,000
Strategy Actions - Implementation		20,000	30,000	10,000	70,000	70,000
Water Policy Group Projects	3	10,000	10,000	0	10,000	10,000
<b>Future Proof Strategy Update - Phase 1</b>						
Future Proof Strategy Update 1		25,000	0	(25,000)	0	0
Publishing		15,000	0	(15,000)	0	0
Consultation		45,000	0	(45,000)	0	0
<b>Future Proof Strategy Update - Phase 2</b>						
Future Proof Strategy Update 2	4	50,000	50,000	0	0	0
NPS Assessments incl. Data Requirements		50,000	25,000	(25,000)	0	0
Consultation		0	30,000	30,000	0	0
Publishing		0	15,000	15,000	0	0
RPS and DP Changes to Implement NPS		15,000	20,000	5,000	15,000	0
Update Future Proof website		20,000	20,000	0	0	0
<b>Total Expenses</b>		<b>580,977</b>	<b>544,091</b>	<b>(36,886)</b>	<b>409,091</b>	<b>384,091</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Earnings before interest and tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Surplus (Deficit) before tax</b>						
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
1) Participating councils are Hamilton City, Waikato and Waipa Districts and Waikato Regional Council. 2) Hamilton City Council provides the support services for Future Proof, including accommodation and operational costs. 3) Implementing Three Waters Action Plan and other Water Policy Group projects. 4) Update to meet the requirements of the NPS.						

## Waikato Mayoral Forum


Notes		Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Income</b>						
Waikato Plan Implementation	1	466,672	0	(466,672)	0	0
External Funding		0	130,000	130,000	247,500	247,500
Contributing Councils		0	390,000	390,000	247,500	247,500
Meeting Expenses Recovery		5,000	5,000	0	5,000	5,000
<b>Total Income</b>		<b>471,672</b>	<b>525,000</b>	<b>53,328</b>	<b>500,000</b>	<b>500,000</b>
<b>Expenses</b>						
Waikato Plan Implementation		466,672	520,000	53,328	495,000	495,000
Strategic Collaboration	2	0	46,439	46,439	0	0
Meeting Expenses		5,000	5,000	0	5,000	5,000
<b>Total Expenses</b>		<b>471,672</b>	<b>571,439</b>	<b>99,767</b>	<b>500,000</b>	<b>500,000</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>						
		<b>0</b>	<b>(46,439)</b>	<b>(46,439)</b>	<b>0</b>	<b>0</b>
Earnings before interest and tax						
		0	(46,439)	(46,439)	0	0
<b>Net Surplus (Deficit) before tax</b>						
	2	<b>0</b>	<b>(46,439)</b>	<b>(46,439)</b>	<b>0</b>	<b>0</b>
<b>Notes</b>						
1) External funding of \$130,000 is expected to contribute to income in 2018/19, and \$247,500 (50%) is expected from external sources thereafter. The budget assumes that the Waikato Plan project continues over the next 3 years. However, if one or more of the participating councils decides not to continue funding their share of the project, the project may not continue.						
2) Funds transferred from 2017/18 revenue in advance.						



## Balance Sheet

Waikato Local Authority Shared Services Balance Sheet For the Year Ended 30 June 2019					
	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>CAPITAL</b>					
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	(2,328,930)	(2,367,172)	(38,242)	(2,896,042)	(2,771,911)
Plus Current Year Operating Surplus/(Deficit)	(38,242)	(528,870)	(490,628)	124,130	67,365
<b>TOTAL CAPITAL FUNDS</b>	<b>589,829</b>	<b>60,959</b>	<b>(528,870)</b>	<b>185,090</b>	<b>252,455</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Prepayments	2,692	1,554	(1,138)	3,272	3,344
Accounts Receivable	3,394	36,617	33,223	36,701	37,111
RWT On Interest	1,820	3,920	2,100	4,006	4,094
Local Authority Shared Services 00	0	0	0	0	0
Local Authority Shared Services On-Call	623,031	282,239	(340,792)	479,952	636,505
GST Paid	(48,066)	(3,295)	44,770	(45,937)	(109,561)
<b>TOTAL CURRENT ASSETS</b>	<b>582,871</b>	<b>321,035</b>	<b>(261,837)</b>	<b>477,994</b>	<b>571,493</b>
<b>NON-CURRENT ASSETS</b>					
SVDS - Intangible Asset	3,085,506	3,085,506	0	3,085,506	3,085,506
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	(5,041,294)	(5,205,604)	(164,310)	(5,250,604)	(5,362,826)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>342,262</b>	<b>177,952</b>	<b>(164,310)</b>	<b>132,952</b>	<b>20,730</b>
<b>NET ASSETS</b>	<b>925,134</b>	<b>498,987</b>	<b>(426,147)</b>	<b>610,946</b>	<b>592,223</b>
<b>LESS CURRENT LIABILITIES</b>					
Accounts Payable	323,831	422,629	98,798	410,226	323,906
Accounts Payable Accrual	11,473	15,399	3,925	15,630	15,862
<b>TOTAL CURRENT LIABILITIES</b>	<b>335,305</b>	<b>438,028</b>	<b>102,723</b>	<b>425,856</b>	<b>339,768</b>
<b>NET WORKING CAPITAL</b>	<b>589,829</b>	<b>60,959</b>	<b>(528,870)</b>	<b>185,090</b>	<b>252,455</b>

## Statement of Cashflows

Waikato Local Authority Shared Services Statement of Cashflows For the Year Ended 30 June 2019					
	Budget 2017/18	Budget 2018/19	Variance	Budget 2019/20	Budget 2020/21
<b>Cashflows from Operating Activities</b>					
Interest Received	10,000	14,000	4,000	14,308	14,623
Receipts from Other Revenue	4,077,839	4,044,790	(33,049)	4,449,749	3,559,477
Payments to Suppliers	(4,085,276)	(4,406,124)	(320,848)	(4,276,613)	(3,375,796)
Taxes Paid	(1,260)	3,920	5,180	4,006	4,094
Goods & Services tax (net)	6,679	(5,166)	(11,845)	6,261	(45,845)
<b>Net cash from operating activities</b>	<b>7,982</b>	<b>(348,580)</b>	<b>(356,562)</b>	<b>197,712</b>	<b>156,553</b>
<b>Capital Enhancements</b>					
Capital Enhancements	(10,384)	0	10,384	0	0
<b>Net cash from investing activities</b>	<b>(10,384)</b>	<b>0</b>	<b>10,384</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash, cash equivalents and bank accounts</b>	<b>(2,401)</b>	<b>(348,580)</b>	<b>(346,179)</b>	<b>197,712</b>	<b>156,553</b>
Opening cash and cash equivalents and bank overdrafts	633,221	630,820	(2,401)	282,239	479,952
<b>Closing cash, cash equivalents and bank accounts</b>	<b>630,820</b>	<b>282,240</b>	<b>(348,580)</b>	<b>479,952</b>	<b>636,505</b>
<b>Summary of Bank Accounts</b>					
BNZ - Call a/c	630,820	282,239	(348,581)	479,952	636,505
<b>Closing Balance of Bank</b>	<b>630,820</b>	<b>282,239</b>	<b>(348,581)</b>	<b>479,952</b>	<b>636,505</b>

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	16 March 2018
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1917726
<b>Report Title</b>	Waikato Local Authority Shared Services Limited six monthly report

## **I. EXECUTIVE SUMMARY**

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The six monthly accounts from Waikato Local Authority Shared Services Limited (“WLASS”) are presented to the Strategy & Finance Committee in accordance with the requirements of section 66 of the Local Government Act 2002.

WLASS has made sound progress against stipulated Statement of Intent targets in the first half of the financial year. Of the 32 non-financial measures agreed, 9 have been achieved (28%), 21 are in progress, partly achieved or on track (66%), with 2 targets not delivered but in accordance with timeframes but will be completed (6%). This assumes those targets on an annual measurement basis are on track and will be delivered.

Revenue is higher than budgeted and expenditure is lower than anticipated for the period. Expenditure is lower in most cost centres other than RATA. The RATA expenditure is related to an increase in the cost of the Data Collection contracts and is more than covered by increased revenue. Revenue has exceeded budget by \$938k mainly due to a delay in completing the Waikato Regional Aerial Photography Service (“WRAPS”) project and funding of \$100k for a new Procurement Advisor, which was approved by the Board after the Statement of Intent was adopted, additional revenue from the Data Portal project, and higher Waikato Building Consent Group income due to the strategic review and new work programme. The net impact of these movements is approximately \$1m more favourable than the budgeted position. This is simply a timing difference.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Strategy & Support be received.**

## **3. ATTACHMENTS**

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Waikato Local Authority Shared Services Limited six monthly report to shareholders



# **SIX MONTHLY REPORT TO SHAREHOLDERS**

1 July 2017 to 31 December 2017

## Table of Contents

### Contents

.....	1
Introduction .....	2
Objectives of WLASS .....	2
Nature and Scope of Current Activities .....	3
Performance Measures .....	10
WLASS Financial Position .....	16
Directors .....	17
Appendix 1 .....	18
Management Accounts for Period ended 31 December 2017 .....	18
Company Summary .....	18
Company Administration .....	19
Procurement .....	20
Information Technology .....	21
Energy Management .....	21
Shared Valuation Data Service (SVDS) .....	22
Road Asset Technical Accord (RATA) .....	23
Waikato Regional Transport Model (WRTM) .....	24
Balance Sheet .....	28
Statement of Cashflows .....	29
<b>Appendix 2 .....</b>	<b>30</b>
<b>Changes to NZ Accounting Standards .....</b>	<b>30</b>
<b>Accounting Principles .....</b>	<b>30</b>
<b>Specific Accounting Principles .....</b>	<b>30</b>
<b>Intangible Assets .....</b>	<b>30</b>
<b>Inventories .....</b>	<b>30</b>
<b>Taxation .....</b>	<b>30</b>
<b>Audit .....</b>	<b>30</b>
<b>Dividend Payments .....</b>	<b>31</b>
<b>Consolidated Shareholders' Funds .....</b>	<b>31</b>
<b>Assets .....</b>	<b>31</b>

## Introduction

Local Authority Shared Services Limited was incorporated in December 2005. At the time, it was the first shared services CCO to be established in New Zealand. Since then, a number of other shared services have been established, each branded with the name of their region (e.g. BOPLASS, MWLASS). On 4 April 2016, the name registered with the Companies Office was changed to Waikato Local Authority Shared Services Ltd. (WLASS) to distinguish it from the other local authority shared services companies around New Zealand.

The Company continues to operate cost effectively with the services of a part-time contracted CEO, a part-time contracted Company Secretary, and a part-time contracted Financial Accountant.

Each of the 12 Waikato local authorities owns an equal number of shares in WLASS and as such has an equal say in its development. This report covers the 6-month period from 1 July to 31 December 2017, as required by Section 66 of the Local Government Act 2002.

## Objectives of WLASS

WLASS was established principally to provide the local authorities 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.

The objectives of WLASS 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, and 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.

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.

The ability of WLASS 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. WLASS provides financial support services to the Waikato Mayoral Forum, acting as the legal entity to manage all of the contracts arising from the work of the Mayoral Forum and making all contract payments, to enable the successful implementation of Mayoral Forum initiated projects.

The WLASS Directors continue to seek new opportunities, either from internal investigations or from Council or CEO initiatives that are presented to the Board with a sound business case. This may involve resourcing and funding a range of initiatives that will potentially extend the services currently offered by WLASS.

New services that are intended to be initiated under the WLASS umbrella will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include the development of intellectual property through new business services, protection of Council data, improved levels of service and/or reduced costs. All proposals will be presented to the Shareholders for approval prior to their implementation.

## Nature and Scope of Current Activities

### Working Parties

The WLASS Chief Executive chairs and facilitates a number of Working Parties of council staff. The standing Working Parties of WLASS are the:

- **Shared Services Working Party**, which comprises the GM Corporate (or equivalent) from all of the shareholding councils, and considers and evaluates new shared services opportunities
- **Waikato IT Managers' Working Party**, which comprises the IT Managers from all of the shareholding councils, and investigates collaboration opportunities in the technology space
- **Health & Safety Working Party**, which comprises the H&S managers (or equivalent) from all of the shareholding councils, and identifies areas where regional Health and Safety policy, procedures or guidelines need to be developed
- **Procurement Managers' Working Party**, which comprises the Procurement Managers from Hamilton City, Waikato Regional and Waikato District councils, and manages all of the WLASS procurement initiatives
- **Asset Valuation Working Party**, which comprises representatives from four of the shareholding councils, and is developing a regional asset valuation template and recommendations for transitioning to standard or consistent asset lives.

In addition, there are three further working parties, each with their own chairs, which manage the following activities:

- Shared Valuation Data Services (SVDS) Advisory Group
- Insurance Advisory Group
- Waikato Building Consent Advisory Group.

## Services

### [Shared Valuation Data Service \(SVDS\)](#)

The **SVDS Advisory Group** is currently undertaking a review to investigate options for the future provision of the SVDS service. A business case and recommendation are scheduled for presentation to the WLASS Board early in 2018, to ensure that there is no disruption to services when the current InterGen contract expires at the end of February 2018. External revenue from data sales now exceeds \$350,000 per annum and is fully funding the investigation and analysis of future options, as well as continuing to offset the cost of operating the SVDS.

### [Waikato Regional Transport Model \(WRTM\)](#)

**WRTM** (now managed by RATA) has continued to be challenging this year, due to ongoing delays in reaching agreement on land use and population data from the shareholding councils. As a result, no modelling work was undertaken during the first six months of this financial year, and the model has not yet been submitted to the peer reviewer. It is anticipated that these issues will be resolved early in 2018, and the model will become operational again.

### Insurance

AON continues to provide strategic and operational support and advice to the **Insurance Advisory Group** and the 2017 insurance renewal programme was completed satisfactorily with no major issues raised by any Council. The brokerage services contract with Aon has been extended to 30 June 2019.

### 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. There have been three WRAPS contracts – in 2002, 2007 and 2012, with the 2017 contract being let in August 2016. However, due to unsuitable weather conditions for aerial photography over the (wet and cloudy) 2015/16 summer, the contract was not completed. Approximately 65% of rural imagery and 94% of the urban imagery had been completed as at 4 May 2017. A contract variation has now been issued, which provides for the contract to be completed by 30 June 2018. With costs reducing, it is now being proposed that WRAPS will be undertaken again in 2020/21 and 4-yearly thereafter (not 5 yearly), to improve the quality of the data.

### Waikato Historic Aerial Photos

In May 2015, WLASS 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, and is invaluable for showing the changes that have occurred across New Zealand. The scanning project is scheduled for completion by the end of 2018. As the images become available, they are being loaded onto a public website (<http://www.retrolens.nz/map/>), which acknowledges the participation of WLASS.

### Local Government Health and Safety Contractor Pre-qualification Scheme

The contract with SHE Software to manage the **Local Government Health & Safety Contractor Pre-qualification Scheme**, which was developed by WLASS, is progressing well. Twenty councils and one CCO from around New Zealand are now using the scheme and over 1,500 contractors have registered, which enables them to be pre-qualified to work for any of the participating councils.

WLASS was a finalist in the NZ Workplace Health & Safety Award for the “ACC Best Leadership of an Industry Sector or Region” category for this project. An application to the SOLGM Local Government Excellence Awards is currently in preparation, and will be submitted in February 2018.

### WLASS Website

A new **website** has now been developed for WLASS (<http://www.waikatolass.co.nz/>) which enables all shareholding councils and the general public to gain an overview of the work of WLASS. The site was successfully used for public consultation on the draft Regional Infrastructure Technical Specifications (see below), and will be further developed over time.

### Energy Management

This is the second year of the 3-year **Collaboration Agreement with EECA**, which finishes on 30 April 2019. Subsidies of \$83,234 (excl. GST) had been received from EECA as at 31 December 2017. Four energy audits have been undertaken and savings of \$129,000 and 1.2 GWh of energy have been achieved so far. Four more audits have been proposed, but the respective councils have decided not to proceed.

### Aligned Resource Consent Planning

The purpose of this project is to make the processing of resource consents more efficient, effective and user friendly from the perspective of all parties involved. The project aims to make business in the Waikato easier by:

- delivering better services to customers
- creating more efficient and effective 'best practice' processes for the administration of resource consenting
- delivering 'best practice' administration of resource consenting
- ensuring regional consistency wherever possible in the administration of resource consenting.

The consultant and team appointed to manage this project have completed preparing the draft toolkit, and it is currently being legally reviewed for compliance with the legislation. The toolkit includes:

- Resource consent application forms
- Minor activity forms
- Written approval forms
- Resource consent application guidance
- Best practice material, e.g. condition writing, pre-application meetings
- Application checklists
- Alignment principles
- Resource consent forum terms of reference
- Resource consent correspondence letters.

It is anticipated that the toolkit will be implemented across the region during the first half of 2018. Ongoing maintenance of the toolkit will be the responsibility of WLASS.

#### Asset Valuation

The **Asset Valuation Working Party** has developed a regional asset valuation template and is currently preparing a schedule of regional asset classes, components, lives and unit rates. A methodology for calculating regional Unit Rates and Base Lives from the collated data is in preparation. This information will be vital to ensure regional consistency in asset revaluations.

Once the template has been finalised, it is proposed to send it to Audit NZ for review and sign off as an approved document for Asset Valuations. This will enable all participating councils to use the same template with confidence that it meets audit requirements, as well as improving regional consistency in the approach to asset valuation, which should have flow-on insurance benefits. Ongoing maintenance of the regional asset valuation template and updating of the unit rates and base life data will become the responsibility of WLASS.

#### Regional Infrastructure Technical Specifications (RITS)

This project was initiated by the Waikato Mayoral Forum, and is close to reaching completion, at which time it will be managed by WLASS. The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure in the participating councils' areas. Prior to developing RITS, each council had its own Infrastructure Technical Specifications, which resulted in different standards having to be met across the Waikato region. The purpose of RITS is to provide a single regional guide and specifications for building public infrastructure.

The RITS has been out for public consultation, and the feedback received is currently being analysed and the document finalised. RITS is expected to be published by March 2018, and will be available on the WLASS website. Ongoing maintenance of the document will become the responsibility of WLASS.



Three new services became part of WLASS on 1 July 2015 and are now fully integrated into the business.

### [RATA](#)

**RATA** is continuing to support better roading asset management across the Waikato and is steadily working towards achieving its vision:

*“By 2020, RATA will evolve from its current focus on data and evidence for asset management, to a local government trusted partner to deliver roading asset management services to the Waikato Region.”*

The savings achieved by RATA for the period 1 July 2014 to 31 March 2017 were \$1,263,503.

The RATA data collection strategy has been reviewed and a new delivery model is proposed. RATA has extended the three current contracts from 1 November 2017 to 30 June 2018, while a new specialised data collection contract and new visual road rating, visual footpath rating and traffic counting contracts will be publicly tendered and let separately in 2018.

Regional Pavement Deterioration Modelling (dTIMS) for Otorohanga, Waitomo, Matamata Piako and South Waikato District Councils has been completed. Further modelling for Hauraki, Thames Coromandel and Waipa commenced in December 2017.

RATA now administers two new contracts for Bridge and Structures Inspections, servicing six of the RATA councils, and this work is proceeding well.

The forward works programme tour was completed in October 2017, focusing on assessing the right treatments, at the right time. Unfortunately RATA's Economic Evaluation Guideline was again found not to have been extensively used for site evaluations for the 2017/18 programmes. Intensive follow up work is needed to ensure that this work is completed, as it is a compliance requirement of the NZTA.

### [Waikato Building Consent Group](#)

This group comprises representatives from eight of the shareholding councils, and fosters co-operation and consistency in building control functions, processes, and documentation, to provide excellent and consistent customer service across the Waikato region.

A strategic planning workshop to develop a 10 year vision for the **Waikato Building Consent Group** was held in May 2017. A key outcome was the decision to move all of the participating Building Consent Authorities (BCAs) to an online, digital, end-to-end building consent process. This project is about to get underway. If the majority of BCAs move to the same online system there will be consistency in the areas of customer experience, staff training and business reporting, and it will also aid compliance auditing.

The BCAs continue to struggle to recruit and retain technical officers within a highly competitive market place and high numbers of building consent applications (see table below). Most BCAs have been, or are using contractors to cover the shortfall, which is expensive and has its own challenges. A part time audit assistant is in the process of being recruited by the WBCG, which will reduce each BCA's requirement to assist with audits.

**TABLE.** Number of Building Consent Applications by Council, 2014 – 2017.

Council	2014/15	2015/16	2016/17
Hamilton	1,542	1,823	1,885
Hauraki	370	354	436
Matamata-Piako	730	708	822
Otorohanga	208	218	220
Thames-Coromandel	983	984	1,186
Waikato	1,643	1,861	1,970
Waipa	1,065	1,263	1,266
Waitomo	146	165	138

The transition to the new mandatory BCA accreditation criteria has been implemented. MBIE staff attended assessments to check that the mandatory criteria were appropriate. This resulted in further changes to the documentation, which was amended in mid-October.

#### Future Proof

**Future Proof** has been working on a number of on-going projects, including an update of the Future Proof Strategy, collaboration on the National Policy Statement on Urban Development Capacity (NPS-UDC), submissions to various agencies advocating Future Proof's position, raising cross-boundary issues with Auckland, and supporting key waters and transport projects.

The draft Future Proof Strategy 2017 was publicly notified on 12 June 2017 for a six week period and 45 submissions were received. The Future Proof Strategy 2017 is expected to have been adopted by all of the partner councils by early 2018. The Strategy will be refreshed again during 2018 to address the requirements of the NPS-UDC, but no significant changes are anticipated.

Future Proof and the Mayoral Forum's Waikato Plan team are working towards building a closer working relationship. A first step in this process has been to combine the Chief Executives group. The Waikato Plan and Future Proof Chief Executive's Advisory Group had its first meeting on 20 November 2017, and Future Proof has also joined the Waikato Plan Strategic Partners' Forum.

## Procurement

WLASS is a party to numerous **Procurement Contracts** which provide value to the participating councils. Current 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 **IT Professional Services Panel**; **Internal Audit Services**; **Postal and Courier Services**; an **Accommodation** provider; **Laboratory Services** for water testing; **water and wastewater treatment plant chemicals**; a **Financial Reporting** tool; a **Fleet Management** system; a **GPS tracking** system; an **Economic profiler**; a **Health and Safety Training** provider; as well as access to **N3** (previously the Government Stores Board), **All of Government** contracts, and **Syndicated contracts**.

In addition, Hamilton City Council has entered into three contracts which include provision for any WLASS shareholding council to enter into a Joining Agreement at no cost, which enables

shareholders to secure the HCC contract rates for: **Library book purchasing, water and wastewater pipe supply**, and an **HR Panel**.

Three new shared services contracts have been implemented over the past 6 months: **On-line Driver Assessment and Training Services, Vehicle Fleet Management and Maintenance**, and **Occupational Health Services**.

### N3

For the 12 months ending 31 December 2017, 10 of the WLASS councils (excluding Taupo and Rotorua) spent \$2,215,667 on N3 services, with estimated savings of \$631,531 (22%). However, these savings are measured against the recommended retail price of services by N3, and so are likely to be over-estimated.

### All of Government Contracts (AoG)

For the financial year 2016/17, the 12 shareholding councils spent 18,441,067 on various AoG contracts (ranging from between 4 – 18 suppliers across the councils), and achieved savings of 1,641,294 (an average of 8.9%). The results to 31 December 2017 are not yet available.

### BP Fuel Savings

For the 12 months ending 31 December 2017, eight of the WLASS councils (excluding Hauraki, Matamata-Piako, Otorohanga and Thames-Coromandel, who have not joined this contract) spent \$1,388,284 on fuel, and achieved savings of \$374,137 (21%) – an average of 27 cents per litre.

## Work in Progress

Five new projects have been initiated since the 2017/18 Statement of Intent was adopted.

### Procurement Review

The procurement review undertaken by ArcBlue last financial year has been completed and was reported to the Shared Services Working Party in July 2017. A business case to employ a dedicated resource to progress the recommendations in the report was presented to the Board and approved in September 2017. A part-time procurement specialist has recently been engaged (beginning in February 2018) for a period of up to one year to:

- Assist all councils to utilise the existing WLASS contracts, AoG contracts and syndicated contracts that are appropriate for each council, to ensure that opportunities for savings are being maximised
- Develop standard regional procurement policies, templates and procedures and provide training in each council
- Manage the existing WLASS contracts to improve relationship management and ensure that their value is being maximised.

The contractor will work directly with staff in each council to ensure that contract savings are being maximised and that good procurement systems and processes are in place.

### Waikato Data Portal

In September 2017, the Shared Services Working Party considered a report and draft business case from the WLASS Data Portal Steering Group for a proposed Waikato Data Portal. The proposed Data Portal would underpin a regional approach to the provision of spatial information and open data, and enhance the customer experience by providing a single site where consumers could access spatial information and other types of data from councils across the Waikato region.

In Canterbury, a similar product called “Canterbury Maps” (<https://canterburymaps.govt.nz>) provides an operative case study of what a Waikato Data Portal could achieve. A review of Canterbury Maps has been completed, which identified that “*Canterbury Maps provides the public unprecedented free access to detailed maps and background data drawn from across the*

*Canterbury region including detailed land and property information, data on the region's water and air quality, council services and local attractions."* The project is co-ordinated by staff at Environment Canterbury, who work with staff from 10 other councils (including Christchurch City). Canterbury Maps users gain efficiencies through having access to data from all parties in one place instead of having to ask multiple partners to supply data. Previously, customers would have to make requests from multiple councils to gain a regional view.

Funding of up to \$120,000 was approved by the Board for the Steering Group to prepare a final business case (to be presented initially to the Shared Services Working Party and then to the Board later in the first half of 2018, with a specific recommendation about whether or not to proceed). The business case will include details of the financial implications associated with implementing the project for each council, if the recommendation is to "Go".

### WLASS Digital Strategy

A WLASS Digital Strategy working group has been established (including staff from Waikato Regional Council, Hamilton City Council, South Waikato District Council, Waipa District Council and Waikato District Council). The following decisions have been made to date:

- The digital strategy will focus on transforming service delivery through collaboration on tactical projects which will be used as proof of concept for driving more aspirational step- change.
- These tactical projects will be customer-centric, improve transactional processes and add value for money.
- The purpose of the digital strategy is not to mandate solutions; it will outline how the participants will work effectively together to achieve common goals.
- The strategy requires agreement and buy-in from both the Shared Services Working Party and the WLASS Board to be successful.
- Projects will be implemented through a coalition of the willing that will lead by example, and be guided by agreed principles.

The Digital Strategy will evolve as the working party continues to learn more about each other's priorities, understands where value can be added by working collaboratively, and builds strong foundations. Regular updates are being provided to the Shared Services Working Party and the Board.

### Joint Solid Waste Project with BOPLASS

Since 2016, BOPLASS has been investigating opportunities to work collaboratively on solid waste initiatives. The opportunities identified ranged from small financial and resource gains through immediate collaboration, to potentially much larger gains which would require a greater investment in time and resources from BOPLASS and the councils.

BOPLASS has developed business cases for:

- a regional or cross-regional approach to licensing and data collection for waste operators
- diverting putrescible wastes from landfill
- a regional facilities strategy.

In December, the Board approved supporting Stage 1 (Scoping) of the Licensing and Data Collection project, and committed funding of \$7,350 for the WLASS share. A workshop with the Waikato and BOP Waste Liaison Group is scheduled for February 2018 to initiate this project and to consider whether or not WLASS will support either of the other two projects.

### Strategic Review of WLASS

In July 2017, the Board initiated a review of WLASS to explore:

- the current role, structure and achievements of WLASS
- the current and future issues and opportunities that WLASS and the shareholding councils face
- the development of thumbnail outlines of alternative business strategies designed to address the issues faced by shareholding councils, where each strategic direction

represents a different approach to the future scale, role and nature of WLASS (including continuing the status quo).

Following the receipt of the Stage 1 report in September 2017, the Board requested the consultant to develop a business case to address:

- the most likely initial candidates for the provision of services to councils, and a discussion of the markets for those services beyond the Waikato, and the potential for other services to be offered
- the potential scale, capacity and capability that would be required of the company in order for it to provide those services – including what would be required of a chief executive
- a staged approach to establishing the capability to take on this new role – including the design of a contracting model, the design of specific services, managing risk, separating the roles of director and the purchaser of services, indicative costs and establishment timelines
- options for changes to the Board of WLASS to reflect the new role for the company.

The report was considered at the December Board meeting, when it was agreed that further work should be undertaken to explore the possibility of collaborating with BOPLASS to provide shared services. A joint meeting with the BOPLASS Board is planned in 2018, to explore options for collaborating to provide a shared service delivery agent. A decision on the governance structure of WLASS has been deferred until after the BOPLASS meeting has been held.

## WLASS Chief Executive

Sally Davis completed three years in the role of CEO in July 2017. The Board has been pleased with the contribution that Sally has made and the progress forward under her direction. Sally's contract has been extended for a further ten months, until 30 April 2018, at which time she is retiring. It is proposed that an interim CEO be appointed for a period of one year, while the Board completes the strategic review noted above.

## Other Benefits Secured for WLASS Stakeholders


Two workshops have been provided free of charge as part of current WLASS contracts.





Aon organised a workshop on environmental liability risk, the exposure to local authorities and the application/costs of risk transfer on 9 August 2017. The workshop was led by an Australasian expert from Sydney.






On 6 September 2017, KPMG held its Annual Insights Panel Workshop. The theme for this year's session was leveraging emerging technology opportunities in local government.








## Performance Measures

The following performance measures were included in the Statement of Intent for the 2017/18 financial year. An update on their status as at 31 December 2017 is shown in the table below.









TARGET	METHOD	MEASURE	ACTUAL OUTCOME	
<b>Procurement</b> Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for	Implement the recommendations of the Procurement review, as approved by the Board.	<b>On Track</b> A procurement specialist has been engaged to assist all 12 councils to participate in the	








	integration.		<p>existing WLASS contracts, relevant All of Government contracts and other syndicated contracts that are appropriate for each council, to ensure that opportunities for savings are being maximised; and to develop standard regional procurement policies, templates and procedures and provide training in each council.</p> <p><b>On Track</b> New contracts have been procured with Waikato Occupational Health (staff health-related services); Fleetcoach (on-line driver training); FleetSmart (vehicle fleet management and maintenance).</p>	
<p><b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	The focus is on shared services which will benefit all councils.	<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><b>Achieved</b> New projects being investigated are a regional Data Portal, a WLASS Digital Strategy, and shared waste projects with BOPLASS.</p> <p><b>On Track</b> Preparation of a business case for a regional Data Portal is in progress. A business case for the expansion of WLASS's shared services has been completed.</p>	 
<p><b>Existing WLASS Contracts</b> Existing contracts are managed and renegotiated as required.</p>	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	<p><b>On Track</b> The Contracts Register has been updated and document numbers added to all contracts.</p>	

		Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.	<b>On Track</b> Contract extensions have been put in place with all of the Professional Services Panel members; Infometrics (provision of economic data); and Aon (insurance brokerage services).	
<b>Cashflow</b> The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly.	The WLASS Board reviews the financial statements quarterly.	<b>On Track</b> Financial management accounts were presented to the July, August, September and December Board meetings.	
<b>Cost Control</b> Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	<b>Achieved</b> Administration expenditure has not exceeded budget.	
<b>Reporting</b> Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.	<b>Achieved</b> This is the 6-monthly report.	
	One 6-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	<b>Achieved</b> The signed copy of the Annual Report was sent to all shareholders on 11 October 2017.	

<b>Waikato Mayoral Forum</b> The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20 <sup>th</sup> of the month following their receipt.	<b>On Track</b> All approved invoices have been paid by the 20 <sup>th</sup> of the month following their receipt.	
<b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.  The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	The SVDS is available to users at least 99% of normal working hours.  All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.  The SVDS Advisory Group meets at least 6-monthly.	<b>Achieved</b> Availability to 31 December 2017 was 99.9%.  <b>N/A</b> No capital enhancement work has been undertaken.  <b>Achieved</b> The Advisory Group met on 31 August and 9 November 2017.	      
<b>Insurance</b> Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.  The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<b>N/A</b> Shareholders' survey is scheduled for March 2018.  <b>N/A</b> Shareholders' survey is scheduled for March 2018.	         
<b>RATA</b> All stakeholders are kept informed about RATA's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	<b>On Track</b> 6-monthly report presented to the December Board meeting and provided to stakeholders.	



<p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Annual Forward Works 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>Reports include a summary of savings and achievements.</p> <p>All RATA councils 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><b>Achieved</b> A summary of savings and achievements was included in the 6-monthly report.</p> <p><b>Partially Achieved</b> The tours were undertaken in August/September 2017 and 8 of the 9 councils participated.</p> <p><b>Not Achieved</b> Report was in preparation in December and was sent out by the end of January 2018.</p> <p><b>On track</b> Contracts are due to be tendered in 2018.</p> <p><b>Achieved</b> All performance criteria in the contracts have been met.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>
<p><b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of the participating councils, 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 WCLASS 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),</p>	<p><b>N/A</b> No modelling reports have been requested.</p> <p><b>On Track</b> 6-monthly report presented to the December Board meeting.</p> <p><b>N/A</b> Peer review has yet to be commissioned.</p>	<p></p> <p></p> <p></p>

		and is independently peer reviewed each time the model is updated.		
<b>Waikato Building Consent Group</b> Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	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.	Internal audits are completed annually for each Group member.  Group members are provided with a joint quality assurance system that meets statutory compliance.  Report at least six monthly to the WLASS Board on the Group's activities.	<b>On Track</b> Annual audits are in progress.  <b>On Track</b> Regulation 17 Audit and Review is in progress.  <b>On Track</b> 6-monthly report presented to the December Board meeting.	    
<b>Future Proof</b> All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	<b>On Track</b> 6-monthly report presented to the December Board meeting.	
<b>Shareholder Survey</b> Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	<b>N/A</b> Shareholders' survey is scheduled for March 2018.	
<b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.  The "Collaboration in Action" document, which summarises the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.	<b>Achieved</b> Information has been included in the 6-monthly and Annual reports.  <b>Not Achieved</b> An update of the document summarising the achievements of WLASS is still in progress. However, a WLASS website has been developed and implemented: <a href="http://www.waikatolass.co.nz">www.waikatolass.co.nz</a>	  

## WLASS Financial Position

Expenditure for the WLASS Company has been assessed on the basis of the direct cost of management and services. The Directors require that the management costs be kept to a minimum.

The WLASS Company expenditure for this period was \$2,071,563, against a budget of \$2,141,927. The small positive variance is due to under-expenditure in most of the cost centres, except for minor over-expenditure in Procurement (\$26,870) and Information Technology (\$27,892), but significant over-expenditure in RATA (\$229,856). The RATA expenditure is related to an increase in the cost of the Data Collection contracts (see below), and is more than covered by additional revenue.

Revenue has also exceeded budget at \$3,769,283, compared to a budget of \$2,831,744. The main contributors were:

- 1) Procurement – revenue has increased by \$354,399, primarily due to the delay in completing the WRAPS project and funding of \$100,000 for a new Procurement Advisor, which was approved by the Board after the SOI was adopted.
2. Information Technology - revenue has increased by \$120,814 due to the new Data Portal project, which was approved by the Board after the SOI was adopted.
3. RATA - revenue has increased by \$308,615, primarily due to increased costs associated with the Data Collection contracts, which were approved by the participating councils and by the Board, after the SOI was adopted.
- 4) Waikato Building Consent Group - revenue to date has increased by \$299,600, primarily due to the strategic review and new work plan which was developed after the SOI was adopted. The additional budget was approved at the July Board meeting.

Overall, revenue exceeded expenditure by \$1,615,912, compared with a budget of revenue exceeding expenditure by \$607,692.

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

### Outcome of 2017 Audit

Audit New Zealand issued an unmodified audit opinion on 5 October 2017. No issues were raised by the auditor, which was a very pleasing result.

## Directors


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

<b>Director</b>	<b>Position</b>	<b>Director Appointed By</b>
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Blair Bowcott	Executive Director, Hamilton City Council	Hamilton City Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Don McLeod	Chief Executive, Matamata-Piako District Council	Matamata-Piako District Council
Dave Clibbery	Chief Executive, Otorohanga District Council	Otorohanga District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Craig Hobbs	Chief Executive, South Waikato District Council	South Waikato District Council
Gareth Green	Chief Executive, Taupo District Council	Taupo District Council
Rob Williams	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Chris Ryan	Chief Executive, Waitomo District Council	Waitomo District Council

## Appendix 1

### Management Accounts for Period ended 31 December 2017

#### Company Summary

Notes		Actual YTD	Budget	Year to Date Variance	Budget	Full Year Forecast	Last Year
<b>Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2017 Company Summary</b>							
							
<b>Income</b>							
Company Administration		258,334	257,660	673	301,788	307,688	270,833
Procurement		905,108	550,709	354,399	599,655	962,052	814,504
Information Technology		164,414	43,600	120,814	43,600	164,414	53,600
Energy Management		111,916	106,700	5,216	124,200	124,200	59,868
Shared Valuation Data Service (SVDS)		363,380	359,712	3,669	649,648	639,234	721,220
Road Asset Technical Accord (RATA)		1,069,743	761,129	308,615	930,621	1,295,108	1,107,321
Waikato Regional Transport Model (WRTM)		31,032	28,575	2,457	102,299	102,299	113,538
Waikato Building Consent Group		437,652	138,053	299,600	316,105	572,105	336,862
Future Proof		321,354	290,489	30,866	580,977	535,751	630,830
Waikato Mayoral Forum		106,351	295,149	(188,798)	471,672	474,886	462,407
<b>Total Income</b>		<b>3,769,283</b>	<b>2,831,774</b>	<b>937,509</b>	<b>4,120,565</b>	<b>5,177,737</b>	<b>4,570,982</b>
<b>Operating Expenditure</b>							
Company Administration		136,170	157,930	21,760	317,788	288,093	219,653
Procurement		371,834	344,965	(26,870)	572,655	695,606	782,512
Information Technology		49,692	21,800	(27,892)	43,600	195,177	63,075
Energy Management		58,884	62,100	3,216	124,200	124,200	96,822
Shared Valuation Data Service (SVDS)		268,105	343,125	75,020	684,864	655,570	570,696
Road Asset Technical Accord (RATA)		705,655	475,799	(229,856)	951,598	1,241,565	1,168,385
Waikato Regional Transport Model (WRTM)		27,299	51,832	24,534	102,299	102,289	109,721
Waikato Building Consent Group		117,891	158,053	40,162	316,105	572,105	265,325
Future Proof		229,683	290,489	60,806	580,977	592,810	572,419
Waikato Mayoral Forum		106,351	235,836	129,485	471,672	413,339	462,407
<b>Total Operating Expenditure</b>		<b>2,071,563</b>	<b>2,141,927</b>	<b>70,364</b>	<b>4,165,758</b>	<b>4,880,754</b>	<b>4,311,016</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>1,697,720</b>	<b>689,847</b>	<b>1,007,873</b>	<b>(45,193)</b>	<b>296,983</b>	<b>259,966</b>
<b>Non-Cash Operating Expenditure</b>							
Company Admin Non-Cash Expenditure		128	86	(43)	171	256	171
SVDS Non-Cash Expenditure		45,222	45,612	390	91,223	90,444	91,199
WRTM Non-Cash Expenditure		36,458	36,458	0	72,916	72,916	72,916
<b>Total Non-Cash Operating Expenditure</b>		<b>81,808</b>	<b>82,155</b>	<b>347</b>	<b>164,310</b>	<b>163,616</b>	<b>164,286</b>
Earnings before interest and tax		1,615,912	607,692	1,008,220	(209,503)	133,368	95,680
<b>Net Surplus (Deficit) before tax</b>		<b>1,615,912</b>	<b>607,692</b>	<b>1,008,220</b>	<b>(209,503)</b>	<b>133,368</b>	<b>95,680</b>
CA Net Surplus (Deficit) before tax		122,036	99,645	22,391	(16,171)	19,339	51,009
Procurement Net Surplus (Deficit) before tax		533,274	205,745	327,529	27,000	266,446	31,993
IT Net Surplus (Deficit) before tax		114,722	21,800	92,922	0	(30,763)	(9,475)
Energy Mgmt. Net Surplus (Deficit) before tax		53,032	44,600	8,432	0	0	(36,954)
SVDS Net Surplus (Deficit) before tax		50,053	(29,025)	79,078	(126,439)	(106,780)	59,325
RATA Net Surplus (Deficit) before tax		364,088	285,330	78,759	(20,977)	53,543	(61,065)
WRTM Net Surplus (Deficit) before tax		(32,725)	(59,715)	26,991	(72,916)	(72,906)	(69,100)
WBCG Net Surplus (Deficit) before tax		319,762	(20,000)	339,762	0	0	71,537
Future Proof Net Surplus (Deficit) before tax		91,671	0	91,671	0	(57,059)	58,411
MF Net Surplus (Deficit) before tax		0	59,313	(59,313)	0	61,547	(0)
<b>Net Surplus (Deficit) before tax</b>		<b>1,615,912</b>	<b>607,692</b>	<b>1,008,220</b>	<b>(209,503)</b>	<b>133,368</b>	<b>95,680</b>
<b>Capital Expenditure</b>							
SVDS Enhancements		0	0	0	10,384	0	0
<b>Total Cash Expenditure (Opex, Interest &amp; Capital)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>10,384</b>	<b>0</b>	<b>0</b>

## Company Administration

Notes		Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Company Admin</b>							
<b>Income</b>							
		213,532	213,532	(0)	213,531	213,532	209,550
		39,128	39,128	(0)	78,256	78,256	55,068
	1	5,674	5,000	674	10,000	15,900	6,215
		<b>258,334</b>	<b>257,660</b>	<b>673</b>	<b>301,788</b>	<b>307,688</b>	<b>270,833</b>
<b>Expenses</b>							
		21,180	24,000	2,820	48,000	48,000	30,909
	2	3,350	2,547	(803)	5,095	5,600	4,500
		0	0	0	20,600	20,910	20,600
		0	47	47	94	94	36
		0	1,274	1,274	2,548	2,548	0
		160	255	95	510	320	320
		0	1,274	1,274	2,548	2,548	0
		0	1,392	1,392	2,784	2,784	7,616
		73	662	589	1,325	1,325	1,302
		2,720	2,720	0	2,768	2,720	2,720
		67,600	99,862	32,262	199,724	150,000	123,441
		0	0	0	0	0	5,139
		0	0	0	0	0	3,000
		0	2,803	2,803	5,605	5,605	8,832
		5,636	5,095	(541)	10,190	10,190	11,238
	3	34,991	16,000	(18,991)	16,000	34,991	0
	4	460	0	(460)	0	460	0
		<b>136,170</b>	<b>157,930</b>	<b>21,760</b>	<b>317,788</b>	<b>288,093</b>	<b>219,653</b>
		<b>122,164</b>	<b>99,730</b>	<b>22,433</b>	<b>(16,000)</b>	<b>19,595</b>	<b>51,180</b>
<b>Non-Cash Expenses</b>							
	5	128	86	43	171	256	171
		<b>122,036</b>	<b>99,645</b>	<b>22,391</b>	<b>(16,171)</b>	<b>19,339</b>	<b>51,009</b>
		<b>122,036</b>	<b>99,645</b>	<b>22,391</b>	<b>(16,171)</b>	<b>19,339</b>	<b>51,009</b>
<b>Cash Surplus</b>							
		126,653	-	-	-	126,653	78,482
	5,7	(33,232)	-	-	-	(33,232)	(3,009)
		<b>122,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,595</b>	<b>51,180</b>
		<b>215,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,016</b>	<b>126,653</b>
<b>Notes</b>							
1) New Term Deposits to bring in additional interest.							
2) Forecast adjusted to show fees as quoted by PWC; Tax disclosure to be up to \$2,850 and Income tax return up to \$2,750.							
3) Funded from 2016/17 cash surplus, as approved by the Board at the May and September 2017 meetings.							
4) Approved by the Board at the July 2017 meeting.							
5) MoneyWorks to be fully amortised by 30 June 2019. Financial system under review.							
6) \$15,000 transferred to Procurement for Asset Valuation Working Party. Approved by the Board at the June 2017 meeting.							
7) \$18,232 transferred to IT for Geospatial Data Project. Approved by the Board at the August 2017 meeting.							

## Procurement



**Waikato Local Authority Shared Services**  
**Management Accounts for the Period Ended 31 December 2017**  
**Procurement of Shared Services**

	Notes	Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Income</b>							
Procurement Member Charges		20,000	20,000	0	20,000	20,000	20,000
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financials Fee Recovery	1	0	0	0	30,946	30,946	31,006
Insurance Brokerage Fee Recovery		150,303	150,300	3	150,300	150,303	152,586
Infometrics Fee Recovery	2	82,584	69,920	12,664	69,920	82,584	69,920
Health and Safety Working Party		5,000	5,000	0	5,000	5,000	7,500
Elected Member Health and Safety Training		0	0	0	0	0	4,382
WRAPS Recovery	3	340,708	153,489	187,219	153,489	348,708	434,110
Regional Infrastructure Technical Specification	4	46,934	0	46,934	0	46,934	0
Aligned Planning Project		75,000	75,000	0	75,000	75,000	0
Historical Aerial Photos Recovery		77,227	77,000	227	77,000	77,227	77,000
Procurement Advisor	5	100,000	0	100,000	0	100,000	0
Solid Waste	6	7,351	0	7,351	0	7,350	0
<b>Total Income</b>		<b>905,108</b>	<b>550,709</b>	<b>354,399</b>	<b>599,655</b>	<b>962,052</b>	<b>814,504</b>
<b>Expenses</b>							
Professional Services (Procurement Review)		8,000	8,000	0	20,000	8,000	12,000
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,000
Value Financial Fees	1	0	0	0	30,946	30,946	31,006
Insurance Brokerage Fee Payable		150,303	150,300	(3)	150,300	150,303	152,586
Infometrics	2	82,584	69,920	(12,664)	69,920	82,584	69,920
Asset Valuation Services	7	10,133	0	(10,133)	0	15,000	1,943
Health and Safety Working Party		0	2,500	2,500	5,000	5,000	8,566
Elected Member Health and Safety Training		0	0	0	0	0	4,382
WRAPS Services		52,614	76,745	24,131	153,489	161,489	434,110
Regional Infrastructure Technical Specification	4	32,375	0	(32,375)	0	46,934	0
Aligned Planning Project		35,825	37,500	1,675	75,000	75,000	0
Historical Aerial Photos Services		0	0	0	50,000	50,000	50,000
Procurement Advisor	5	0	0	0	0	45,000	0
Solid Waste	6	0	0	0	0	7,350	0
<b>Total Expenses</b>		<b>371,834</b>	<b>344,965</b>	<b>(26,870)</b>	<b>572,655</b>	<b>695,606</b>	<b>782,512</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>533,274</b>	<b>205,745</b>	<b>327,529</b>	<b>27,000</b>	<b>266,446</b>	<b>31,992</b>
Earnings before interest and tax		533,274	205,745	327,529	27,000	266,446	31,992
<b>Net Surplus (Deficit) before tax</b>		<b>533,274</b>	<b>205,745</b>	<b>327,529</b>	<b>27,000</b>	<b>266,446</b>	<b>31,992</b>
Movement from revenue in advance	3	(143,045)	-	-	-	(143,045)	143,045
<b>Cash Surplus</b>							
Cash opening balance		70,516	-	-	-	70,516	35,515
plus /(less) transfers	7	15,000	-	-	-	15,000	3,009
Cash movement for year		518,274	-	-	-	266,446	31,992
<b>Total Surplus / (Deficit)</b>		<b>603,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,962</b>	<b>213,561</b>

**Notes**

- 1) The councils involved are Taupo including two CCO's, Waitomo District, Waikato Regional Council and WLASS.
- 2) The councils involved are Hamilton City, Hauraki, Matamata Piako, South Waikato and Waikato Districts, and Waikato Regional councils.
- 3) Funds released from RIA. Forecasted extra \$8,000 from LINZ
- 4) Transferred from the Mayoral Forum cost centre.
- 5) Approved by the Board at the September meeting.
- 6) Approved by the Board at the December meeting.
- 7) \$15,000 transferred from Company Admin 2016/17 cash surplus, as approved by the Board at their 7th June 2017 meeting.

## Information Technology


Notes		Actual YTD	Year to Date Budget	Variance	Full Year		
Notes		Actual YTD	Year to Date Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Information Technology (IT)</b>							
<b>Income</b>							
		1,000	1,000	0	1,000	1,000	1,000
		42,600	42,600	0	42,600	42,600	52,600
	1	814	0	814	0	814	0
	2	120,000	0	120,000	0	120,000	0
		<b>164,414</b>	<b>43,600</b>	<b>120,814</b>	<b>43,600</b>	<b>164,414</b>	<b>53,600</b>
<b>Expenses</b>							
		362	500	138	1,000	1,000	917
	3	700	3,800	3,100	7,600	7,600	11,799
	3	36,577	17,500	(19,077)	35,000	36,577	37,883
		0	0	0	0	0	12,476
	2	12,053	0	(12,053)	0	150,000	0
		<b>49,692</b>	<b>21,800</b>	<b>(27,892)</b>	<b>43,600</b>	<b>195,177</b>	<b>63,075</b>
		<b>114,722</b>	<b>21,800</b>	<b>92,922</b>	<b>0</b>	<b>(30,763)</b>	<b>(9,475)</b>
		114,722	21,800	92,922	0	(30,763)	(9,475)
		<b>114,722</b>	<b>21,800</b>	<b>92,922</b>	<b>0</b>	<b>(30,763)</b>	<b>(9,475)</b>
<b>Cash Surplus</b>							
		11,768	-	-	-	11,768	21,243
		18,232	-	-	-	18,232	0
		114,722	-	-	-	(30,763)	(9,475)
		144,722	-	-	-	(763)	11,768
<b>Notes</b>							
1) Revenue from purchase of additional Collaboration Portal Licences.							
2) Funding transferred from IT and Company Admin 2016/17 cash surpluses (\$30,000) and additional project funding from all shareholders (\$120,000). Approved by the Board at the August and September 2017 meetings.							
3) All councils are involved except Rotorua and Taupo, who are participating via BOPLASS.							

## Energy Management


Notes		Actual YTD	Year to Date Budget	Variance	Full Year		
Notes		Actual YTD	Year to Date Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Energy Management</b>							
<b>Income</b>							
	1	89,200	89,200	0	89,200	89,200	0
		22,716	17,500	5,216	35,000	35,000	59,868
		<b>111,916</b>	<b>106,700</b>	<b>5,216</b>	<b>124,200</b>	<b>124,200</b>	<b>59,868</b>
<b>Expenses</b>							
		54,578	44,600	(9,978)	89,200	89,200	81,137
		4,306	17,500	13,194	35,000	35,000	15,685
		<b>58,884</b>	<b>62,100</b>	<b>3,216</b>	<b>124,200</b>	<b>124,200</b>	<b>96,822</b>
		<b>53,032</b>	<b>44,600</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>(36,954)</b>
		53,032	44,600	8,432	0	0	(36,954)
		<b>53,032</b>	<b>44,600</b>	<b>8,432</b>	<b>0</b>	<b>0</b>	<b>(36,954)</b>
<b>Cash Surplus</b>							
		19,362	-	-	-	19,362	56,316
		0	-	-	-	0	0
		53,032	-	-	-	0	(36,954)
		72,394	-	-	-	19,362	19,362
<b>Notes</b>							
1) All councils are involved, except Matamata Piako who were not eligible.							



## Shared Valuation Data Service (SVDS)

Notes		Actual YTD	Year to Date Budget	Variance	Full Year		
					Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Shared Valuation Data Service (SVDS)</b>							
							
<b>Income</b>							
		103,490	103,490	0	206,980	206,980	267,985
		80,189	80,189	0	80,189	80,189	78,463
	1	0	0	0	10,414	0	0
		179,701	176,033	3,669	352,065	352,065	374,772
		<b>363,380</b>	<b>359,712</b>	<b>3,669</b>	<b>649,648</b>	<b>639,234</b>	<b>721,220</b>
<b>Expenses</b>							
		23,966	24,796	830	49,592	49,592	48,668
	2	24,150	53,735	29,585	107,470	75,270	98,900
		136,501	144,284	7,783	288,568	288,568	273,002
		38,499	39,977	1,478	79,954	79,954	76,998
		6,510	12,096	5,586	24,192	24,192	24,821
	3	20,916	22,500	1,584	45,000	45,000	12,432
		0	3,185	3,185	6,369	6,369	0
		2,016	25,000	22,984	50,000	50,000	0
		0	150	150	300	300	230
	4	4,291	1,385	(2,906)	1,385	4,291	4,325
		0	4,000	4,000	8,000	8,000	329
		768	1,529	761	3,057	3,057	3,458
		10,488	10,489	1	20,977	20,977	27,533
		<b>268,105</b>	<b>343,125</b>	<b>75,020</b>	<b>684,864</b>	<b>655,570</b>	<b>570,696</b>
		<b>95,275</b>	<b>16,587</b>	<b>78,688</b>	<b>(35,216)</b>	<b>(16,336)</b>	<b>150,524</b>
<b>Non-Cash Expenses</b>							
	5	45,222	45,612	390	91,223	90,444	91,199
		<b>50,053</b>	<b>(29,025)</b>	<b>79,078</b>	<b>(126,439)</b>	<b>(106,780)</b>	<b>59,325</b>
		<b>50,053</b>	<b>(29,025)</b>	<b>79,078</b>	<b>(126,439)</b>	<b>(106,780)</b>	<b>59,325</b>
<b>Capital Expenditure</b>							
	1	0	0	0	10,384	0	0
		<b>268,105</b>	<b>343,125</b>	<b>75,020</b>	<b>695,248</b>	<b>655,570</b>	<b>570,696</b>
<b>Cash Surplus</b>							
		185,354	-	-	-	185,354	34,830
		0	-	-	-	0	0
		95,275	-	-	-	(16,336)	150,524
	6	280,629	-	-	-	169,018	185,354
<b>Notes</b>							
1) No further enhancements to the current product are planned.							
2) Contracted hours with Interger have reduced from 75 to 35 hours per month, saving \$32,200 for the year.							
3) Project approved by the Board in March 2017, funded from 2016/17 cash surplus.							
4) Insurance forecast includes the professional indemnity and technology liability insurance for RVSL .							
5) SVDS Asset to be fully depreciated by 30 June 2019.							
6) Cash surplus being held to provide for future SVDS services. Business case will be presented to the Board once analysis completed.							

## Road Asset Technical Accord (RATA)

Notes		Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Road Asset Technical Accord (RATA)</b>							
							
<b>Income</b>							
	1	337,215	160,493	176,723	320,985	553,580	467,638
		591,636	591,636	0	591,636	591,636	599,000
		37,400	0	37,400	0	37,400	0
		0	0	0	0	0	40,683
		9,000	9,000	0	18,000	18,000	0
	2	94,492	0	94,492	0	94,492	0
<b>Total Income</b>		<b>1,069,743</b>	<b>761,129</b>	<b>308,615</b>	<b>930,621</b>	<b>1,295,108</b>	<b>1,107,321</b>
<b>Expenses</b>							
	1	352,521	160,493	(192,029)	320,985	553,580	459,014
		2,548	2,548	(1)	5,095	5,095	0
		600	1,529	929	3,057	1,400	0
		9,427	10,190	763	20,380	20,380	22,201
		37,400	23,947	(13,454)	47,893	47,893	39,430
		233,670	180,500	(53,170)	361,000	467,140	355,000
		0	3,567	3,567	7,133	7,100	24,790
	3	59,000	82,539	23,539	165,078	118,000	237,500
		10,489	10,489	(1)	20,977	20,977	0
		0	0	0	0	0	30,450
<b>Total Expenses</b>		<b>705,655</b>	<b>475,799</b>	<b>(229,856)</b>	<b>951,598</b>	<b>1,241,565</b>	<b>1,168,385</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>364,088</b>	<b>285,330</b>	<b>78,759</b>	<b>(20,977)</b>	<b>53,543</b>	<b>(61,065)</b>
Earnings before interest and tax		364,088	285,330	78,759	(20,977)	53,543	(61,065)
<b>Net Surplus (Deficit) before tax</b>		<b>364,088</b>	<b>285,330</b>	<b>78,759</b>	<b>(20,977)</b>	<b>53,543</b>	<b>(61,065)</b>
Movement from revenue in advance	2	(94,492)	-	-	-	(94,492)	139,988
<b>Cash Surplus</b>		<b>(57,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(57,615)</b>	<b>3,450</b>
Cash opening balance		(57,615)	-	-	-	(57,615)	3,450
plus / (less) transfers		0	-	-	-	0	0
Cash movement for year		364,088	-	-	-	53,543	(61,065)
<b>Total Surplus / (Deficit)</b>		<b>306,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(98,564)</b>	<b>(57,615)</b>
<b>Notes</b>							
1) A number of Councils have increased data collection requirements in the transition to the implementation of the RATA Data Collection Strategy.							
2) Revenue in advance funds released, \$94,492 into current year income and \$45,496 was refunded to Otorohanga, Waipa and Waikato District Councils.							
3) Waipa District Council provides RATA with full support services, including vehicles, staff training/development, IT/phones, stationery, accommodation, communications and Group Manager support.							

## Waikato Regional Transport Model (WRTM)

Notes		Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Waikato Regional Transport Model (WRTM)</b>							
<b>Income</b>							
		28,257	22,575	5,682	90,299	90,299	110,190
		2,775	6,000	(3,225)	12,000	12,000	3,348
		<b>31,032</b>	<b>28,575</b>	<b>2,457</b>	<b>102,299</b>	<b>102,299</b>	<b>113,538</b>
<b>Expenses</b>							
		9,000	9,000	0	18,000	18,000	18,000
		8,039	15,285	7,246	30,570	30,570	18,051
		1,363	2,548	1,185	5,095	5,095	4,494
		589	2,293	1,704	4,586	4,586	1,529
		0	5,000	5,000	10,000	10,000	98
		0	0	0	0	0	38,640
		3,101	12,500	9,399	25,000	25,000	0
		1,375	1,375	0	1,385	1,375	1,375
		3,832	3,832	0	7,663	7,663	27,534
		<b>27,299</b>	<b>51,832</b>	<b>(24,534)</b>	<b>102,299</b>	<b>102,289</b>	<b>109,721</b>
		<b>3,734</b>	<b>(23,257)</b>	<b>26,991</b>	<b>0</b>	<b>10</b>	<b>3,816</b>
<b>Non-Cash Expenses</b>							
	1	36,458	36,458	0	72,916	72,916	72,916
		(32,725)	(59,715)	26,991	(72,916)	(72,906)	(69,100)
		<b>(32,725)</b>	<b>(59,715)</b>	<b>26,991</b>	<b>(72,916)</b>	<b>(72,906)</b>	<b>(69,100)</b>
<b>Cash Surplus</b>							
		15,631	-	-	-	15,631	11,815
		0	-	-	-	0	0
		3,734	-	-	-	10	3,816
		<b>19,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,641</b>	<b>15,631</b>
<b>Notes</b>							
1) The WRTM asset will be fully depreciated by 30 June 2019. The model will be substantially reviewed during 2018/19 with new census data and a software platform review.							

## Waikato Building Consent Group

		Year to Date			Full Year		
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Waikato Building Consent Group (WBCG)</b>							
<b>Income</b>							
Member Charges	1	134,453	138,053	(3,600)	276,105	268,906	265,456
Strategic Review / Work Plan	2	256,000	0	256,000	0	256,000	20,500
Accumulated Fund Released	3	47,199	0	47,199	40,000	47,199	50,906
<b>Total Income</b>		<b>437,652</b>	<b>138,053</b>	<b>299,600</b>	<b>316,105</b>	<b>572,105</b>	<b>336,862</b>
<b>Expenses</b>							
Salaries		57,765	110,300	52,535	220,600	180,600	179,926
Contractor for Audits		14,712	0	(14,712)	0	40,000	15,664
Vehicle Expenses		6,713	10,195	3,482	20,389	20,389	15,664
Training / Professional Fees		1,632	3,200	1,568	6,400	6,400	2,801
Operating Costs		473	327	(147)	653	653	0
Communications / IT Costs		1,068	1,500	432	3,000	3,000	2,402
Annual Subscriptions		29	200	171	400	400	175
Overheads	4	31,667	28,500	(3,167)	57,000	57,000	38,096
On charge of WLASS Admin Costs		3,832	3,832	0	7,663	7,663	0
Special Projects		0	0	0	0	0	5,762
Strategic Review / Work Plan	2	0	0	0	0	256,000	20,500
<b>Total Expenses</b>		<b>117,891</b>	<b>158,053</b>	<b>40,162</b>	<b>316,105</b>	<b>572,105</b>	<b>280,989</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>319,762</b>	<b>(20,000)</b>	<b>339,762</b>	<b>0</b>	<b>0</b>	<b>55,873</b>
Earnings before interest and tax		319,762	(20,000)	339,762	0	0	55,873
<b>Net Surplus (Deficit) before tax</b>		<b>319,762</b>	<b>(20,000)</b>	<b>339,762</b>	<b>0</b>	<b>0</b>	<b>55,873</b>
Movement from revenue in advance		3 (47,199)	-	-	-	(47,199)	47,199
<b>Cash Surplus</b>							
Cash opening balance		55,873	-	-	-	55,873	0
plus / (less) transfers		0	-	-	-	0	0
Cash movement for year		319,762	-	-	-	0	55,873
Total Surplus / (Deficit)		<b>375,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,873</b>	<b>103,072</b>
<b>Notes</b>							
1) Participating councils are Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo District councils.							
2) New budget, approved by the Board at the July meeting.							
3) Release of accumulated funds from revenue in advance. The accumulated fund relates to the original five councils (Hamilton, Matamata Piako, Otorohanga, Waikato and Waipa) and is used to offset their member charge.							
4) Waikato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.							


## Future Proof

Notes		Year to Date			Full Year		
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year
<b>Waikato Local Authority Shared Services</b>							
<b>Management Accounts for the Period Ended 31 December 2017</b>							
<b>Future Proof</b>							
<b>Income</b>							
Member Charges	1	290,489	290,489	0	580,977	504,886	330,000
Capacity & Demand Assessment Project	2	30,865	0	30,865	0	30,865	50,640
Accumulated Fund		0	0	0	0	0	265,225
<b>Total Income</b>		<b>321,354</b>	<b>290,489</b>	<b>30,865</b>	<b>580,977</b>	<b>535,751</b>	<b>645,865</b>
<b>Expenses</b>							
Implementation Advice		44,235	55,000	10,765	110,000	110,000	160,372
Tangata Whenua Implementation Advice		0	7,500	7,500	15,000	15,000	7,505
Independent Chair		28,392	22,500	(5,892)	45,000	45,000	30,083
Tangata Whenua forum (NKAOTW)		11,531	7,500	(4,031)	15,000	20,000	23,589
Future Proof Co-Ordinator		30,000	32,500	2,500	65,000	60,000	60,000
Overheads	3	12,408	7,500	(4,908)	15,000	15,000	15,816
On charge of WLASS Admin Costs		10,488	10,489	1	20,977	20,977	0
<b>Future Proof Implementation Projects</b>							
Waikato DP Review		0	7,500	7,500	15,000	15,000	0
Hamilton DP Appeals & Changes		0	0	0	0	0	6,600
General Submissions		16,650	10,000	(6,650)	20,000	16,650	13,386
Cross-Boundary issues with Auckland Council		0	2,500	2,500	5,000	5,000	0
Data Monitoring		0	2,500	2,500	5,000	5,000	0
Strategy Actions - Implementation		0	10,000	10,000	20,000	20,000	0
Water Policy Group Projects		0	5,000	5,000	10,000	10,000	0
NIDEA and WISE refinements		0	0	0	0	0	86,108
Independent Assessment of Growth Projections		0	0	0	0	0	17,250
<b>Future Proof Strategy Update - Phase 1</b>							
Future Proof Strategy Update 1	4	34,318	12,500	(21,818)	25,000	34,318	85,474
Publishing		1,510	7,500	5,990	15,000	10,000	0
Consultation		29,776	22,500	(7,276)	45,000	45,000	0
Communications Advice for Strategy Update		0	0	0	0	0	15,596
Capacity & Demand Assessment Project	2	0	0	0	0	30,865	50,640
<b>Future Proof Strategy Update - Phase 2</b>							
Future Proof Strategy Update 2		10,375	25,000	14,625	50,000	50,000	0
NPS Assessments incl. Data Requirements		0	25,000	25,000	50,000	50,000	0
RPS and DP Changes to Implement NPS		0	7,500	7,500	15,000	15,000	0
Update Future Proof Website		0	10,000	10,000	20,000	0	0
<b>Total Expenses</b>		<b>229,683</b>	<b>290,489</b>	<b>60,806</b>	<b>580,977</b>	<b>592,810</b>	<b>572,419</b>
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		<b>91,671</b>	<b>0</b>	<b>91,671</b>	<b>0</b>	<b>(57,059)</b>	<b>73,446</b>
Earnings before interest and tax		91,671	0	91,671	0	(57,059)	73,446
<b>Net Surplus (Deficit) before tax</b>		<b>91,671</b>	<b>0</b>	<b>91,671</b>	<b>0</b>	<b>(57,059)</b>	<b>73,446</b>
Movement from revenue in advance	2	(30,865)	-	-	-	(30,865)	30,865
<b>Cash Surplus</b>							
Cash opening balance		58,411	-	-	-	58,411	0
plus /(less) transfers		0	-	-	-	0	0
Cash movement for year		91,671	-	-	-	(57,059)	58,411
<b>Total Surplus / (Deficit)</b>		<b>150,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,352</b>	<b>89,276</b>
<b>Notes</b>							
1) Participating councils are Hamilton City, Waikato and Waipa Districts and Waikato Regional Council.							
2) Revenue in advance for the Capacity & Demand Assessment Project. Funds received in 2016/17.							
3) Hamilton City Council provides the support services for Future Proof, including accommodation and operational costs.							
4) Project near completion; est. November 2017.							


## Waikato Mayoral Forum

Notes		Year to Date			Full Year			Project to date
		Actual YTD	Budget	Variance	Budget	Forecast	Last Year	
<b>Income</b>								
	1,2	290,149	290,149	0	466,672	408,339	150,000	1,636,389
		0	0	0	0	0	0	77,000
		0	0	0	0	0	68,400	130,000
		0	0	0	0	0	7,000	24,656
		5,000	5,000	0	5,000	5,000	7,000	24,385
		0	0	0	0	0	28,000	28,000
	3	0	0	0	0	46,439	0	0
		295,149	295,149	0	471,672	459,778	260,400	1,920,430
		(188,798)	0	(188,798)	0	15,108	202,007	(271,496)
		106,351	295,149	(188,798)	471,672	474,886	462,407	1,648,933
<b>Expenses</b>								
	1	105,406	233,336	127,930	466,672	408,339	346,489	1,442,645
		0	0	0	0	0	0	37,068
	4	0	0	0	0	0	83,997	109,066
		0	0	0	0	0	3,126	20,782
		945	2,500	1,555	5,000	5,000	3,428	14,005
		0	0	0	0	0	25,367	25,367
	3	0	0	0	0	0	0	0
		106,351	235,836	129,485	471,672	413,339	462,407	1,648,933
<b>Earnings before interest, tax and depreciation/ amortisation (EBITA)</b>		0	59,313	(59,313)	0	61,547	0	0
Earnings before interest and tax		0	59,313	(59,313)	0	61,547	0	
<b>Net Surplus (Deficit) before tax</b>		0	59,313	(59,313)	0	61,547	0	
<b>Notes</b>								
1) Hamilton City Council pays directly for Senior Technical Support (Value = \$58,334).								
2) Waikato Regional Council portion is being invoiced by instalments; \$50,000 initially, then as required.								
3) 2016/17 surplus transferred to new Strategic Collaboration project. Approved by the Board at the August 2017 meeting.								
4) RITS transferred to Procurement.								
		Revenue	Expenditure	Transfers	Available Funds			
Administration		24,385	14,005	0	10,380			
Waikato Plan		1,636,389	1,442,645	0	193,744			
Policy & Bylaws		77,000	37,068	(39,932)	-			
Regional Infrastructure Tech. Specs.		130,000	109,066	(20,934)	-			
Section 17a Review		24,656	20,782	(3,874)	-			
Future Regional Strategic Collaboration		28,000	25,367	(2,633)	-			
Strategic Collaboration		0	0	46,439	46,439			
		<b>Revenue in Advance total</b>			<b>250,563</b>			

## Balance Sheet

Notes		Year to Date			Full Year	
		Actual YTD	Budget FY	Variance	Budget	Last Year
<b>Waikato Local Authority Shared Services</b>						
<b>Balance Sheet</b>						
<b>As at 31 December 2017</b>						
						
<b>CAPITAL</b>						
		1,607,001	1,607,001	0	1,607,001	1,607,001
		1,350,000	1,350,000	0	1,350,000	1,350,000
		(2,121,722)	(2,367,172)	245,451	(2,367,172)	(2,273,720)
		1,615,913	(209,502)	1,825,415	(209,502)	151,998
		<b>2,451,193</b>	<b>380,327</b>	<b>2,070,867</b>	<b>380,327</b>	<b>835,280</b>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
		0	1,523	(1,523)	1,523	147,500
		614,625	36,119	578,506	36,119	469,262
		54,942	0	54,942	0	0
		4,610	0	4,610	0	97
		2,031	2,800	(769)	2,800	1,923
		240,916	0	240,916	0	266,651
		377,824	630,820	(252,996)	630,820	637,297
	1	1,631,000	0	1,631,000	0	131,000
		3,618	(54,465)	58,083	(54,465)	14,706
		<b>2,929,566</b>	<b>616,798</b>	<b>2,312,768</b>	<b>616,798</b>	<b>1,668,436</b>
<b>NON-CURRENT ASSETS</b>						
		3,065,316	3,085,700	(20,384)	3,085,700	3,065,316
		2,296,855	2,296,855	0	2,296,855	2,296,855
		1,195	1,195	0	1,195	1,195
		(5,117,943)	(5,205,604)	87,662	(5,205,604)	(5,036,158)
		<b>245,424</b>	<b>178,146</b>	<b>67,278</b>	<b>178,146</b>	<b>327,208</b>
		<b>3,174,990</b>	<b>794,944</b>	<b>2,380,046</b>	<b>794,944</b>	<b>1,995,644</b>
<b>LESS CURRENT LIABILITIES</b>						
		162,739	399,218	(236,480)	399,218	447,492
		309,757	15,399	294,358	15,399	263,958
		0	0	0	0	0
		739	0	739	0	1,606
	2	250,562	0	250,562	0	447,309
		<b>723,797</b>	<b>414,617</b>	<b>309,179</b>	<b>414,617</b>	<b>1,160,365</b>
		<b>2,451,193</b>	<b>380,327</b>	<b>2,070,867</b>	<b>380,327</b>	<b>835,280</b>
<b>Notes</b>						
1) Available cash flow arranged as a term deposits, maturing when required for 20th payment schedules.						
2) Revenue in advance is not budgeted for as it results from revenue received not yet spent on expenses.						

## Statement of Cashflows

<b>Waikato Local Authority Shared Services</b> <b>Statement of Cash Flows</b> <b>As at 31 December 2017</b>				
	Actual YTD	Full Year Budget	Last YTD	
<b>Cashflows from Operating Activities</b>				
Interest Received	5,674	10,000	6,215	
Receipts from Other Revenue	3,366,557	4,077,839	4,425,595	
Payments to Suppliers	(2,163,040)	(4,085,276)	(4,101,175)	
Taxes Paid	(5,487)	(1,260)	2,509	
Goods & Services tax (net)	11,089	6,679	19,131	
<b>Net cash from operating activities</b>	<b>1,214,793</b>	<b>7,982</b>	<b>352,274</b>	
Purchase of Intangible Assets	0	(10,384)	0	
<b>Net cash from investing activities</b>	<b>0</b>	<b>(10,384)</b>	<b>0</b>	
<b>Net increase in cash, cash equivalents and bank accounts</b>	<b>1,214,793</b>	<b>(2,402)</b>	<b>352,274</b>	
Opening cash and cash equivalents and bank overdrafts	1,034,948	633,221	682,673	
<b>Closing cash, cash equivalents and bank accounts</b>	<b>2,249,741</b>	<b>630,820</b>	<b>1,034,948</b>	
<b>Summary of Bank Accounts</b>				
BNZ - Cheque a/c	240,916	0	266,651	
BNZ - Call a/c	377,824	630,820	637,297	
Term Deposit	1,631,000	0	131,000	
<b>Closing Balance of Bank</b>	<b>2,249,741</b>	<b>630,820</b>	<b>1,034,948</b>	



## Appendix 2

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

### Changes to NZ Accounting Standards

WLASS transitioned to the new Public Sector Public Benefit Entities (PBE) accounting standards for the year ended 30 June 2015. WLASS 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.

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	12 March 2018
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1910902
<b>Report Title</b>	Waikato Regional Airport Limited Draft Statement of Intent 2018/19

## **I. EXECUTIVE SUMMARY**

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The Waikato Regional Airport Limited (“WRAL”) Draft Statement of Intent for 2018/19 is attached for the consideration of the Strategy & Finance Committee (“the Committee”). The Committee is responsible for monitoring WRAL’s operations and making recommendations to Council for any proposed amendments to their activities.

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 2018.

## **2. RECOMMENDATION**

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**THAT** the report from the **General Manager Strategy & Support** be received;

**AND THAT** pursuant to section 64 of the **Local Government Act 2002** the **Strategy & Finance Committee** will provide feedback on the **Waikato Regional Airport Limited** draft **Statement of Intent for 2018/19** no later than **30 April 2018**.

## **3. BACKGROUND**

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WRAL met with shareholders to present their six monthly results and the draft Statement of Intent (“SOI”). The SOI is attached and sets out the Boards intentions for the company for 2018/19, 2019/20 and 2020/21.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

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### 4.1 DISCUSSION

The strategic activities of WRAL are consistent with the prior year, subject to the purchase of the Hamilton Airport Hotel (“the Hotel”). The focus continues to be implementation of the comprehensive property business plan which has required additional funding. Recent successful property sales and the purchase of the Hotel has changed the financial forecasts relative to last years SOI. The dividend policy change last year is expected to continue to support payment of a dividend.

### 4.2 OPTIONS

The Committee can:

- a) Recommend approval of the current draft SOI to Council, or
- b) Request further information of WRAL, or
- c) Suggest changes to the draft SOI,

Any feedback must be provided to WRAL before 30 April.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

The financial performance targets take into account the upwards trend in passenger numbers, the implementation of the property business plan, diversification of revenue and drive for operational efficiencies. The comparative position between the 2017/18 SOI and the draft 2018/19 SOI is presented in the table below:

Targets	2017/18 SOI			2018/19 draft SOI		
	2018	2019	2020	2019	2020	2021
Earnings before interest, taxation and depreciation (EBITDA)	\$2.374m	\$2.495m	\$2.550m	\$3.000m	\$3.200m	\$3.400m
Net surplus after tax	\$-366k	\$-342k	\$-350k	\$75k	\$150k	\$200k
Net profit after tax to average shareholders' funds	-1%	-1%	-1%	.1%	.1%	.1%
Net profit after tax to total assets	0%	0%	0%	.08%	.1%	.1%
Net cashflow (operating and investing)	\$200k	\$830k	\$250k	\$1.650m	\$100k	\$150k
Total liabilities/shareholders' funds (debt/equity ratio)	35:65	35:65	35:65	35:65	35:65	35:65
Percentage of non-landing charges revenue	76%	74%	74%	74%	74%	74%
Interest cover	6.00	6.00	6.00	4.00	4.00	4.00

## **5.2 NON-FINANCIAL**

The SOI includes three measures to support health and safety practices, three operational measures relating to compliance with Civil Aviation Authority requirements and continued operations for passengers as well as a noise management compliance target.

## **5.3 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**

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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**

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Waikato Regional Airport Limited draft Statement of Intent 2018/19



# Waikato Regional Airport Limited

## Statement of Intent

### 2018/2019

June 2018



## 1.0 Introduction

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2019 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 of Waikato Regional Airport Limited

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.

### Key Objectives of the Group (*incorporating Titanium Park Limited & Hamilton Waikato Tourism Limited*)

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.
5. Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified property portfolio.
6. To promote the Hamilton & Waikato region as an appealing destination to international and domestic visitors.

## 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 by its subsidiary Titanium Park Limited (TPL).

TPL will identify and market for sale or development all available surplus airport-owned land in a planned and co-ordinated approach.

Look to develop, design and build opportunities and additional non-aeronautical revenue streams.

Land sales and property development are always subject to volatility dependent on regional and national economic conditions. Therefore, this presents a degree of risk for the Group that will be carefully managed.

### (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 three-year forecast is:

2019	\$1.1m
2020	\$1.4m
2021	\$1.5m



## Strategic Activities

Key activities for the 2018/19 year are:

- Optimise domestic passenger services and the customer experience;
- Maximise property lease income.
- Continue to implement the comprehensive property business plan that will address development and investment opportunities to grow long term property income for the Group.
- Finalise the most appropriate future operating model for the hotel.
- Review zoning and master planning for the WRAL farm.

## 5.0 Performance Targets

The following annual performance targets are for Waikato Regional Airport Limited (Parent).

Years ending 30 June	2019	2020	2021
5.1 Shareholders' funds to total assets <i>a minimum of</i>	65%	65%	65%

### 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.

	Year Ending 30 June		
	2019	2020	2021
<b><i>Based on the company forecasts</i></b>			
5.2 Earnings before interest, taxation & depreciation (EBITDA) <i>of at least</i>	\$3,000,000	\$3,200,000	\$3,400,000
5.3 Net profit after tax <i>of no less than</i>	\$75,000	\$150,000	\$200,000
5.4 Net cash flow (operating & investing)			
Net operating cash flow	\$1,600,000	\$1,800,000	\$2,000,000
Net investing cash flow (excl TPL)	(\$3,050,000)	(\$1,800,000)	(\$1,950,000)
Funding Titanium Park Limited	<u>(\$200,000)</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total net cash flow (operating & investing) <i>at least</i>	(\$1,650,000)	\$100,000	\$150,000
Net debt <i>a maximum of</i>	\$18,000,000	\$18,000,000	\$18,000,000
5.5 Total liabilities/shareholders' funds (debt/equity ratio) <i>a maximum of</i>	35:65	35:65	35:65

5.6	Percentage of non-landing charges revenue <i>of at least</i>	74%	74%	74%
5.7	Interest cover <i>of at least</i>  <i>(The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt.)</i>	4.0x	4.0x	4.0x
5.8	Net profit before tax, interest, revaluations to total assets	0.5%	0.5%	0.5%
5.9	Net profit before tax, interest, revaluations to shareholder funds	0.5%	0.5%	0.5%
5.10	Net profit after tax, interest, revaluations to total assets	0.08%	0.1%	0.1%
5.11	Net profit after tax, interest, revaluations to shareholder funds	0.1%	0.1%	0.1%
<b>Non-financial performance targets</b>				
<b>5.12</b>	<b>Health &amp; Safety</b>			
5.12.1	Facilitate Health & Safety meetings every 2 months with representatives from each company department			
5.12.2	Zero Work Safe notifiable accidents/injuries			
5.12.3	Independently review and audit the Health and Safety system each year.			
<b>5.13</b>	<b>Operational Compliance</b>			
5.13.1	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports			
5.13.2	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)			
5.13.3	Facilitate noise management meetings every 4 months in accordance with the Noise Management Plan			
<b>5.14</b>	<b>Customer Satisfaction</b>			
5.14.1	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			

## 6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2019 and succeeding 2 years are those as adopted in the 2017 Annual Report prepared under Tier 2 of the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

## 7.0 Dividend Policy

WRAL will review payment of an ordinary annual dividend based on the forecast Cash Flow for the year 2018–19 and propose to make a decision in the last quarter of the financial year ending 2019-20.

## 8.0 Information to be provided to Shareholders

- 9.1 The Annual Report of the Company.
- 9.2 An Interim Report circulated to Shareholders each half-year including a Chair's Report, Consolidated Income Statement, Consolidated Balance Sheet and progress against Financial Performance Targets.
- 9.3 Shareholder Briefings.

## 9.0 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.

## 10.0 Commercial Value of the Shareholders Investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2017 shows shareholder equity of \$82m. Company Property, Plant & Equipment is based upon a 2016 valuation and land which was revalued as at 30 June 2017. Company assets such as runways, aprons, taxiways and the terminal building are based upon depreciated replacement cost.

## 11.0 Compensation from Local Authorities

There are no activities of the Company for which the Directorate would seek compensation from any local authority.

## 12.0 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 10% 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 10% 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 10% 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 10% of 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.

### **13.0 Health and Safety**

The Board and Management will ensure that all requirements to the Health and Safety at Work Act 2015 are maintained. This will be achieved by the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practise processes. At all times the Company will continue to monitor and review health and safety requirements via monthly reporting.

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	14 March 2018
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1917478
<b>Report Title</b>	Waikato Regional Airport Interim Report

## **I. EXECUTIVE SUMMARY**

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The Waikato Regional Airport Limited (“WRAL”) interim report is presented in accordance with the requirements of section 66 of the Local Government Act 2002.

The attached report indicates that the performance measures stipulated within WRAL’s Statement of Intent (“SOI”) for 2017/18 are likely to be met and in most instances exceeded for the year. When compared against prior period results, performance has been reasonably stable, with an operating surplus reduction of \$12,000 principally due to an increase in depreciation of \$30,000.

The attached overview from the Chair provides a clear summary of highlights, including Titanium Park sales and the purchase of the Hamilton Airport Hotel.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Strategy & Support be received.**

## **3. ATTACHMENTS**

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Waikato Regional Airport Limited interim report for the six months ended 31 December 2017

# Waikato Regional Airport Group



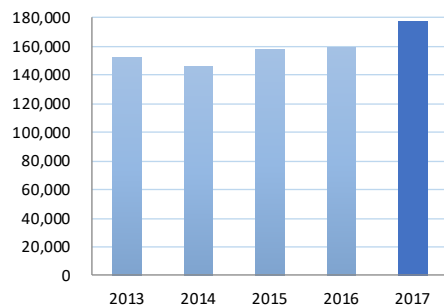
## Interim Report

For the six months ended 31 December 2017

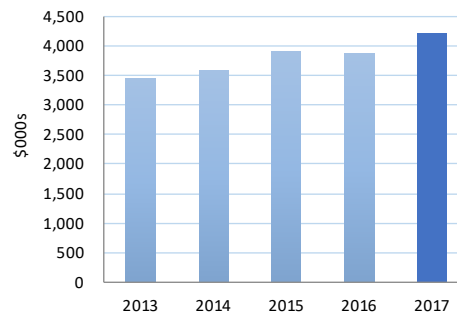
<b>Domestic Passenger Numbers</b>	<b>178,000</b>
<i>up on prior period by 19k or 12%</i>	
<b>Air Movements</b>	<b>74,000</b>
<i>up on prior period by 6k or 9%</i>	
<b>Operating Revenue</b>	<b>\$4,204,000</b>
<i>up on prior period by \$332k or 9%</i>	
<b>Operating Expenses</b>	<b>\$1,302,000</b>
<i>up on prior period by \$96k or 8%</i>	
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>\$1,584,000</b>
<i>up on prior period by \$106k or 7%</i>	
<b>Surplus After Tax</b>	<b>\$86,000</b>
<i>down on prior period by \$12k or 12%</i>	

Note: Results are rounded to the nearest thousand and compared to the six months ended 31 December 2016 unless otherwise stated.

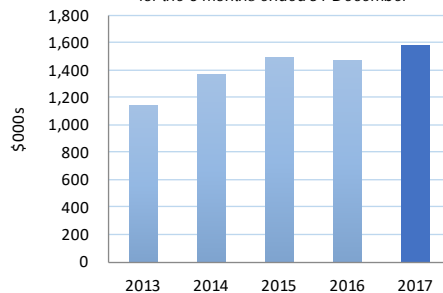
**DOMESTIC PASSENGER MOVEMENTS**  
for the 6 months ended 31 December



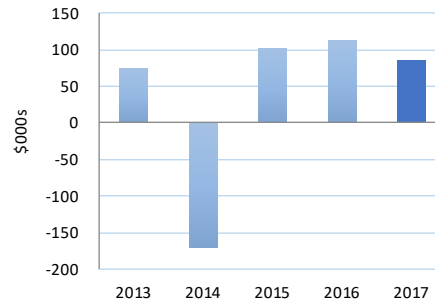
**OPERATING REVENUE**  
for the 6 months ended 31 December



**EBITDA**  
for the 6 months ended 31 December



**SURPLUS/LOSS AFTERTAX**  
for the 6 months ended 31 December



## OVERVIEW OF THE HALF YEAR

WRAL Board and Management are pleased to report a solid financial performance for the six months ended December 2017. This was primarily driven by strong growth in passenger numbers delivering an increase in aeronautical (landing and terminal charges) and carpark revenue. An increase in depreciation of \$30,000 resulted in a surplus after tax of \$86,000, being \$12,000 down on the prior period.

The primary focus of the management team from an aeronautical perspective over the first half of the financial year was to ensure efficient and compliant operation of the Airport and the establishment of conference facilities within the terminal building. The new conference facilities enable the airport to host up to 200 delegates across five room configurations.

Air New Zealand's newly refurbished check in facilities have contributed to an improved customer experience within the terminal. In addition, we have been delighted with the success of the new Mavis Lounge Café which not only serves the travelling public but has also become a destination café.

Titanium Park Limited has received considerable land sale enquiries during the reporting period resulting in \$1.1m of unconditional land sales and \$1.1m of conditional land sales. During December, construction started on an extension to Ossie James Drive which will open further land for development. Consultation is underway with NZTA and surrounding land owners to review the access to the Airport and Titanium Park from SH21.

As of 31 December 2017, 178,000 passengers have used the airport which is a 12% increase on the same period last year. All three routes have experienced passenger growth with Christchurch in particular, seeing significant growth of 24%.

Capital works to date have focused on the establishment of conference facilities, a new water filtration plant on the WRAL Farm and the ongoing operational improvements and general maintenance to the aerodrome. In the second half of the year, we are preparing for upgrade works to the carpark and to the air conditioning system within the main terminal.

WRAL has an unconditional sale of land on the Aviation Precinct of 6,600m<sup>2</sup> with settlement due in January 2018.

On 19 January 2018, WRAL settled on the purchase of the Hamilton Airport Hotel and Conference Centre. The purchase includes the acquisition of all buildings and the ground lease as well as the existing hotel and conference business. Current operators, Hamilton Airport Hotel Limited, will lease back and continue to operate the hotel and conference centre for at least 12 months from the date of purchase. The acquisition is in line with WRAL's strategic objective to grow non-aeronautical revenue and the hotel provides an opportunity for the company to further develop and enhance the range of services offered within the airport precinct.

A major focus remains on Health & Safety. Independent expertise has been engaged to oversee compliance and employee welfare for the Group ensuring obligations are met. There have been no notifiable Health & Safety events and an independent audit is scheduled to be undertaken in the first quarter of 2018.



## FINANCIAL RESULTS

The surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) for the six months ended 31 December 2017 is \$86,000, down on the prior period by \$12,000 (12%).

Total revenue for the Group of \$4.2m is up on prior period showing a growth of \$332,000 (9%) due predominately to increased passenger numbers.

The Group's total expenditure for the period of \$4.1m is up 9% on the prior year, due to increased depreciation and operating expenditure.

Term loans have increased by \$4.2m (net) which is a reflection of the 98-hectare farm purchase.

## OPERATIONS

Due to poor weather conditions in the first three months of the financial year, flight training activity was lower than the same period last year. Recent fine weather during the last two months of 2017 has resulted in a countervailing increase. The net impact has resulted in total air movements for the six months to December 2017 of 68,000 compared to the prior year of 65,000.

In November CAA undertook a Civil Aviation Part 139 holder aerodrome audit. These audits are designed to assess the relevant level of compliance with civil aviation legislation and the degree of adherence to the conditions attached to the airport's operational exposition documents. The audit identified no findings.

## TITANIUM PARK LIMITED (TPL)

A solid start to the first six months of the financial year, across all parts of the TPL portfolio, with the company on track to meet all SOI targets by 30 June 2018.

Interest remains positive with the sale of a further three lots in the Central Precinct. Work continues to enable further sub division of Central Precinct land with the extension of Ossie James Drive.

Significant planning and consultation continues on the access strategy for SH21 which includes reviewing the primary entrance for the Airport and the entrance to both the Central and Southern Precincts.

There has been limited demand for design build. This will be a key focus for management in the second half of the year.

In addition to the business as usual activities of continuing to build the sales pipeline, the focus for Board and Management will be on the completion of the roading and services on the Central Precinct along with the finalisation of the SH21 access strategy. TPL will continue to work on delivering the outcomes from the Hotel and Farm acquisitions.

**HAMILTON & WAIKATO TOURISM LIMITED (HWT)**

For the first time, the Hamilton & Waikato region has surpassed \$1.45 billion in visitor expenditure (for the year ended October 2017). This is a 6% growth on the same period last year.

The strong results have also continued in the business events sector with our region claiming third behind Auckland and Wellington for conferences with 11% market share.

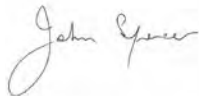
Two key game-changer projects are progressing well.

The Major Events Strategy will look to develop existing events which are unique to our region, while growing an events programme for the shoulder seasons. The draft strategy is expected to be completed during Quarter 1 2018.

The Regional Brand Strategy is intended to help address the Waikato's domestic perceptions, plus create reasons to visit our region and drive economic, social and cultural benefits for the region.

**GROUP OUTLOOK**

The ongoing focus for the Board and Management during the second half of the financial year will be to prudently control operating expenses, complete the capital works programme and maintain the momentum on land sales and finalise the longer term operating structure of the Airport Hotel.



John Spencer  
**Chair**

 **CONSOLIDATED INCOME STATEMENT**  
For the Six Months Ended 31 December 2017

	<b>GROUP</b>	
	<b>\$000</b>	
	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Operating revenue	4,204	3,872
Land Sales	32	-
Finance Revenue	-	-
Other gains/(losses)	-	-
<b>Total Revenue</b>	<b>4,236</b>	<b>3,872</b>
<b>EXPENSES</b>		
Cost of land sales	41	(8)
Employee benefit expenses	1,134	1,055
Depreciation and amortisation expense	1,210	1,180
Operating expenses	1,302	1,206
Directors' fees	130	96
Bad debts written off	-	-
Audit fees	45	45
Finance costs	235	142
<b>Total Expenses</b>	<b>4,097</b>	<b>3,716</b>
<b>Surplus Before Tax</b>	<b>139</b>	<b>156</b>
Income tax expense	53	58
<b>Surplus After Tax</b>	<b>86</b>	<b>98</b>
<b>Other Comprehensive Revenue</b>		
Gain on property revaluation	-	-
<b>Total Other Comprehensive Revenue and Expense</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>86</b>	<b>98</b>

*The above results have not been audited.*


**CONSOLIDATED BALANCE SHEET**

As at 31 December 2017

	GROUP	
	\$000	
	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	77	118
Receivables	449	515
Inventories	95	88
Prepayments	77	114
Development property	8,620	10,620
<b>Total Current Assets</b>	<b>9,319</b>	<b>11,456</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	76,571	63,982
Intangible assets	979	1,145
Investment property	15,307	3,750
Other non-current assets	69	78
<b>Total Non-Current Assets</b>	<b>92,926</b>	<b>68,955</b>
<b>Total Assets</b>	<b>102,245</b>	<b>80,412</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables and accruals	812	1,100
Employee benefit liabilities	238	274
Revenue in advance	195	205
<b>Total Current Liabilities</b>	<b>1,245</b>	<b>1,579</b>
<b>Non-Current Liabilities</b>		
Term loans	11,248	7,049
Deferred tax liabilities	7,783	7,989
<b>Total Current Liabilities</b>	<b>19,031</b>	<b>15,038</b>
<b>Total Liabilities</b>	<b>20,276</b>	<b>16,618</b>
<b>Net Assets</b>	<b>81,969</b>	<b>63,794</b>
<b>Equity</b>		
Share capital	14,860	14,860
Retained earnings	20,375	15,856
Dividend to shareholders	(200)	-
Other reserves	46,934	33,078
<b>Total Equity</b>	<b>81,969</b>	<b>63,794</b>

*The above results have not been audited.*


**FINANCIAL PERFORMANCE TARGETS**

For the Six Months Ended 31 December 2017

<b>MEASURES (Parent)</b>	<b>Actual 31 Dec 2017</b>	<b>Forecast 30 Jun 2018</b>	<b>SOI 30 Jun 2018</b>
Earnings before interest, taxation & depreciation (EBITDA)	\$1,583k	\$3,075k	\$2,374k
Net surplus/(deficit) after tax	\$189k	\$70k	\$(366k)
Net operating cash flow	\$821k	\$1,594k	\$1,700k
Net investing cash flow*	\$(548k)	\$(4,043k)	\$(1,500k)
Funding Titanium Park Limited	\$(413k)	\$742k	\$0k
Total net cash flow (operating & investing)	\$(140k)	\$(1,707k)	\$200k
Total debt	\$11,248k	\$12,826k	\$13,000k
Total liabilities/shareholders' funds (debt/equity ratio)	16:84	15:85	35:65
Shareholders' funds to total assets	84%	85%	76%
Percentage of non-landing charges revenue to total revenue	77%	77%	76%
Interest cover	6.75x	5.73x	5.0x

\* The significant change in net investing cash flow between December 2017 and June 2018 is due to the hotel purchase for \$2.85m in January 2018.

The above results have not been audited.

 **CORPORATE DIRECTORY**

For the Six Months Ended 31 December 2017

<b>Board of Directors</b>	John Spencer CNZM (Chair) Annabel Cotton Carlos da Silva Margaret Devlin
<b>Chief Executive</b>	Mark Morgan
<b>General Manager Operations</b>	Simon Hollinger
<b>Finance Manager</b>	Nikki Orange
<b>Registered Office</b>	Hamilton Airport Terminal Building Hamilton Airport Airport Road, R D 2 Hamilton 3282
<b>Telephone</b>	07 848 9027
<b>E-mail</b>	wral@hamiltonairport.co.nz
<b>Auditors</b>	Audit New Zealand, Tauranga on behalf of the Controller and Auditor-General
<b>Solicitors</b>	Ellice Tanner Hart, Hamilton
<b>Bankers</b>	Bank of New Zealand
<b>Website address</b>	<a href="http://www.hamiltonairport.co.nz">www.hamiltonairport.co.nz</a>

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	14 March 2018
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 1917483
<b>Report Title</b>	Civic Financial Services Limited Annual General Meeting

## **I. EXECUTIVE SUMMARY**

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The Annual General Meeting (“AGM”) of Civic Financial Services Limited will be held on 14 June 2018.

Council as a shareholder member is entitled to nominate persons to be put forward for election to the Board. The election will take place at the Annual General Meeting in June. Council will be able to vote on the candidates by proxy or by attendance at the Annual General Meeting. Clause 15.6 of the company’s constitution (as attached) has specific requirements of the process.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Strategy & Support be received;**

**AND THAT Council considers whether it wishes to nominate an individual(s) for the position of Director.**

## **3. BACKGROUND**

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The constitution of the company provides for at least two directors retiring by rotation each year. The two retirees have both offered themselves for re-election. Council can nominate persons for the available positions.

## **4. CONCLUSION**

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It is recommended that Council signal their preference of directors before 14 April 2018.

**5. ATTACHMENTS**

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Civic Financial Services Limited letter dated 13 March 2018 and nomination form



13 March 2018

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

### **Civic Financial Services Ltd Annual General Meeting**

The Annual General Meeting of Civic Financial Services Limited will be held in Wellington on Thursday 14 June 2018 commencing at 11.30am. The formal notice for the Annual General Meeting will be circulated at a later date.

The Constitution of the Company provides for at least two Directors retiring by rotation each year.

The Directors retiring at this year's Annual General Meeting are Messrs John Melville and Basil Morrison. Staying on the Board are Messrs Mark Butcher, Tony Marryatt, Tony Gray and Mike Hannan. Messrs Melville and Morrison will be offering themselves for re-election.

#### **Nominations**

Clause 15.6 of the Company's Constitution provides:

"No person may be elected as a director at an annual meeting (other than a director retiring at that meeting) unless that person has been nominated:

- a) By a shareholder not more than three months nor less than two months before that meeting, by written notice to the company, accompanied by the consent of that person to the nomination; or
- b) Being neither a member nor an employee of a local authority, has been nominated by the Board, not less than one month before that meeting."

All nominations for the office of a Director of the Company by shareholders must be received by the Company at the Company's address before 14 April 2018. Nominations received at any other time are invalid.

The nomination must be in writing, accompanied by the consent of that person to the nomination. Nominees are asked to provide a brief resume which will be forwarded to Shareholders with the formal Notice of Meeting assuming the Nominee meets the Company's 'Fit and Proper' requirements (see below).

Nominations are unable to be made from the floor of the meeting.

The Company anticipates that all persons who are nominated by shareholders will have been nominated with the authority of the council of the shareholder, and that the nomination will be signed by a person to whom the council has delegated authority for the purpose.

The Company will accept a signed nomination provided there is no irregularity apparent from the face of the document or any circumstance which leads the Company to believe the nomination may have been made without the authority of the shareholder or the nominee.

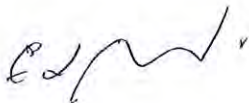
#### **Fit & Proper Policy requirements:**

The Company has adopted a Fit & Proper Policy as required by the Companies Act 1993. The Policy applies to all Directors and relevant officers of the Company. To ensure compliance with the Policy, nominees need to be aware that the Risk and Audit Committee and ultimately the Board of the Company is required to ensure there will be a broad set of skills and experience represented at the Board. If a nominee, in the Board's assessment, does not meet the Policy the nominee will be advised and their name will not go forward for the election.

The Fit and Proper Policy requires various checks including criminal history and credit reference checks to be undertaken. Further, the nominees must advise if they have been adjudged bankrupt or involved with, in NZ or overseas, the management of a company that has failed, been put into liquidation, receivership, voluntary administration, wound up, dissolved, subject to statutory administration or judicial management. If elected the nominee will be required to sign a statutory declaration certifying that in their opinion they are a Fit & Proper person to hold the position of Director of the Company.

#### **Voting**

Shareholders will be advised in May of the names of the eligible nominees with the formal Notice of the Annual General Meeting where the election of Directors will take place.



Caroline Bedford  
Chief Operating Officer  
Civic Financial Services Ltd  
Phone: 04 978 1264  
Fax: 04 978 1260  
Email: [caroline.bedford@civicfs.co.nz](mailto:caroline.bedford@civicfs.co.nz)

The Waikato District Council being a shareholder of Civic Financial Services Ltd hereby nominates

\_\_\_\_\_ of \_\_\_\_\_ for  
(Name of Nominee)

election as Director of the Company at the Annual General Meeting to be held on 14 June 2018, or at any adjournment thereof.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
Signature of Shareholder(s)                      Position(s) Held

**Acceptance of Nomination.**

I, \_\_\_\_\_ of \_\_\_\_\_

accept the nomination for Directorate.

My date of birth is \_\_\_\_\_.

Further, I hereby give my consent to:

- (a) Civic Financial Services Ltd ("Civic") to collect, store and use any information about me, including my personal information (including a credit history check and criminal history check), in order to:
- (i) Assess me in accordance with its Fit and Proper Policy;
  - (ii) Comply with relevant legislation and regulatory requirements.
  - (iii) Perform administrative functions including risk management, record keeping, archiving, staff training and conflicts management.
- (b) Civic to disclose, for the purpose of administering its Fit and Proper Policy, any information about me to a third party (including Veda Advantage and the Ministry of Justice) and to such third party giving to Civic information and records about me for this purpose. *A copy of my Driver's licence or current Passport (including the signature page) is attached.*

I hereby acknowledge that privacy of information relating to me is governed by the Privacy Act 1993. I have the right to access, and to request correction of, any personal information held by Civic concerning me.

Signature of Applicant

Date

\_\_\_\_\_

Please return this form to Civic Financial Services Ltd by Post: PO Box 5521, Lambton Quay, Wellington 6140, Fax: 04 978 1260 or Email: [caroline.bedford@civicfs.co.nz](mailto:caroline.bedford@civicfs.co.nz)

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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	16 March 2018
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Exclusion of the Public

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**I. EXECUTIVE SUMMARY**

To exclude the public from the whole or part of the proceedings of the meeting to enable to the Strategy & Finance Committee to deliberate and made decisions in private on public excluded items.

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**2. RECOMMENDATION**

**THAT** the report from the Chief Executive be received;

**AND THAT** the public be excluded from the meeting to enable the Strategy & Finance Committee to deliberate and make decisions on the following items of business:

**Confirmation of Minutes dated Wednesday 28 February 2018**

**REPORTS**

**a. Economic Development Verbal Update**

This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:

**Reason for passing this resolution to withhold exists under:**

**Section 7(2)(f)(h)(i)(j)**

**Ground(s) under section 48(1) for the passing of this resolution is:**

**Section 48(1)(3)(a)(d)**

**b. Rates Debt Write Off – Unrecoverable Properties**

This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:

Reason for passing this resolution to withhold exists under:	Ground(s) under section 48(1) for the passing of this resolution is:
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Section 7(2)(a)

Section 48(1)(3)(a)(i)

**c. Strada Corporation Limited**

This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:

Reason for passing this resolution to withhold exists under:	Ground(s) under section 48(1) for the passing of this resolution is:
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Section 7(2)(b)(ii)(i)

Section 48(1)(3)(d)