

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 AUGUST 2019** commencing at **9.00am**.

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

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFIRMATION OF STATUS OF AGENDA**
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Gj Ion
CHIEF EXECUTIVE

Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	12 June 2019
Prepared by	Lynette Wainwright Committee Secretary
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Strategy & Finance Committee meeting held on Wednesday 26 June 2019.

2. RECOMMENDATION

THAT the minutes of the meeting of the Strategy & Finance Committee held on Wednesday 26 June 2019 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

S&F Committee Minutes – 26 June 2019

Minutes of 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 26 JUNE 2019** commencing at **9.00am**.

Present:

Cr JM Gibb (Chairperson)
His Worship the Mayor, Mr AM Sanson
Cr AD Bech
Cr DW Fulton
Cr SL Henderson
Cr RC McGuire
Cr FM McNally
Cr BL Main
Cr EM Patterson
Cr JD Sedgwick
Cr NMD Smith
Cr LR Thomson

Attending:

Mr B MacLeod (Raglan Community Board Chair)

Mr G Ion (Chief Executive)
Mr T Whittaker (Chief Operating Officer)
Mr R MacCulloch (Acting General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Support)
Mr C Morgan (General Manager Community Growth)
Mr G Boundy (Senior Environmental Planner)
Ms A Diaz (Chief Financial Officer)
Mrs J Dolan (Economic & Community Development Manager)
Ms T Hancock (Senior Communications & Engagement Advisor)
Mrs LM Wainwright (Committee Secretary)

Ms E O’Dwyer (Waikato Times Reporter)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Thomson)

THAT an apology be received from Councillors Church and Lynch.

CARRIED on the voices

S&F1906/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Thomson/Main)

THAT the agenda for a meeting of the **Strategy & Finance Committee** held on **Wednesday 26 June 2019** 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 following matter be discussed at an appropriate time during the course of the meeting:

- **PEX 2.2 Blueprint Update;**

AND FURTHER THAT Mr MacLeod, 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&F1906/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/McGuire)

THAT the minutes of a meeting of the **Strategy & Finance Committee** held on **Wednesday 29 May 2019**, as tabled at the meeting, be confirmed as a true and correct record of that meeting.

CARRIED on the voices

S&F1906/03

REPORTS

Community Engagement Update
Agenda Item 5.1

The report was received [*S&F1906/02 refers*].

Walking Access Act 2008 – Review Feedback
Agenda Item 5.2

The report was received [S&F1906/02 refers]. The Senior Environmental Planner summarised the report.

Resolved: (Crs Patterson/McInally)

THAT the Committee recommend that Council:

- a. approve the draft feedback on the review of the Walking Access Act 2008, as attached to the staff report; and**
- b. retrospectively approve the submission of that feedback to the Ministry for Primary Industries on 2 July 2019.**

CARRIED on the voices

S&F1906/04

Update on Draft National Policy Statement for Indigenous Biodiversity and the New Zealand Biodiversity Strategy Review
Agenda Item 5.3

The report was received [S&F1906/02 refers]. The Senior Environmental Planner summarised the report.

WLASS Governance Changes
Agenda Item 5.4

The report was received [S&F1906/02 refers]. The Chief Executive summarised the report.

Financial Review of Key Projects
Agenda Item 6.1

The report was received [S&F1906/02 refers]. The Chief Operating Officer summarised the report.

ACTION: The Financial Review of Key Projects report would not be reported to the Strategy & Finance Committee. Staff to report this item to the Infrastructure Committee from August 2019.

Financial performance summary for the period ending 31 May 2019
Agenda Item 6.2

The report was received [S&F1906/02 refers] and discussion was held. The Chief Financial Officer advised that an error was identified in the attachment to the staff report (page 103, Reserve Balances Summary date - May 2018). The Chief Financial Officer confirmed the date would be corrected to read "May 2019".

The meeting adjourned at 9.29am and resumed at 9.36am.

EXCLUSION OF THE PUBLIC

Agenda Item 7

Resolved: (Crs Thomson/Main)

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

Confirmation of Minutes dated Wednesday 29 May 2019

REPORTS

a. Economic & Community 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: **Ground(s) under section 48(1) for the passing of this resolution is:**

Section 7(2)(f)(i)

Section 7(2)(h)

Section 7(2)(i)

Section 7(2)(j)

Section 48(1)(3)(a)

Section 48(1)(3)(d)

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

Section 7 (2)(c)(i)

Section 48(1)(3)(a)

CARRIED on the voices

S&F1906/05

Resolutions S&F1906/06 – S&F1906/07 are contained in the public excluded section of these minutes.

There being no further business the meeting was declared closed at 10.14am.

Minutes approved and confirmed this day of 2019.

JM Gibb
CHAIRPERSON

Open Meeting

To	Strategy & Finance Committee
From	Clive Morgan General Manager Community Growth
Date	15 August 2019
Prepared by	Carolyn Wratt
Chief Executive Approved	Y
Reference #	GOV1318 / 2327562
Report Title	District Plan Review Update

I. EXECUTIVE SUMMARY

The purpose of this report is to provide an update on Stages 1 and 2 of the District Plan Review (“DPR”). The report provides an update on the key project milestones that have been achieved as well as outlines the timeframe for up-coming tasks and processes.

Stage 1

The period for **further submissions** closed on the 16 July 2019 and Council received approximately 350 further submissions, which has equated to over 7,000 submission points.

The **Hearings Panel** is well established and have produced four directions which outline the Panel’s expectations for the hearing including delivery of Section 42A reports and evidence. These are available on the Council website.

A **pre-hearing meeting** was held on Monday 5 August 2019 attended by three of the Hearings Panel members. The purpose of this meeting was to hear and decide the request from Ambury Properties Ltd to have their submission heard around 6 months earlier than was scheduled and an early decision on their submission.

The **hearings schedule** has been finalised in terms of dates for the hearings up to Christmas, and the order of hearings for 2020. Hearings are scheduled to start on 26 September 2019 with a powhiri, followed by a first week of key submitters (starting 30 September 2019) providing an overview of their submission. Councillors will be invited to the powhiri in due course.

A number of different options for a **hearing venue** were explored but the preference is for the hearing to be held in Council Chambers. Staff are working with the Mayor, Chief Executive and Democracy Manager to work this through.

The first **Section 42A reports** (Planner’s reports to the hearings) are progressing well with the first report due at the end of August.

The District Plan part of Council's **website** is being revitalised to ensure it is easy for submitters and the community to find all the information associated with the hearings.

Stage 2 (Natural Hazards)

Further detailed analysis is being undertaken of the **flood modelling** information that has been provided by Waikato Regional Council. The provisions are currently being refined that will accompany the flood maps.

The next significant milestone for Stage 2 is the Councillor workshop on the 20th August 2019, followed by two more on the 27th and 28th August 2019. These will cover **coastal hazard** and the **Huntly Mine subsidence area**.

Stages 1 and 2

The **District Plan Project Steering Group** is functioning well, meeting every month and providing valuable strategic guidance.

A comprehensive **estimation of remaining costs** associated with both Stages 1 and 2 of the district plan review has been developed. This will be tested and reviewed to further refine the estimate of costs, and where possible reduce costs. Reducing costs may mean increasing risks so these will be identified with each cost scenario.

2. RECOMMENDATION

THAT the report from the General Manager Community Growth be received.

3. DISCUSSION

District Plan Review (Stage 1)

Further submissions

The period for further submissions closed on 16 July 2019 and approximately 350 submissions were received, which amounted to over 7,000 submissions points. This is a significant number of further submissions and is far more than is usually received on a district plan. This is possibly due to having a very long period for further submissions and the high degree of interest in the future of our District. The Resource Management Act requires a maximum of ten working days to receive further submissions but due to the need to re-notify a small number of submissions the period for further submissions was considerably longer.

The Hearings Panel

The Hearings Panel is working well together and has produced a number of documents providing guidance for the hearing. The four directions have addressed matters such as procedural expectations for the hearing including the timeframes for providing Section 42A reports and evidence, late submissions, the start date of the hearings and their expectations for the opening of the hearing. The Hearings Panel have also drafted two minutes which recorded any real or perceived conflicts or interests for each commissioner, and the

decision of the Panel on acceptance of the late submissions. The panel's directions and minutes are on the Council website and this will be the one-stop-shop for hearing information.

Pre-hearing conference for Ambury Properties Ltd

In response to the Hearing Panel's first directions, counsel acting for Ambury Properties Ltd requested that their submission seeking rezoning of 176 hectares in Ohinewai be afforded an early hearing and early decision. This would mean a hearing that was six months earlier than schedule and a decision approximately twelve months earlier. A pre-hearing conference was held on 5 August 2019 and was attended by counsel and representatives from Ambury Properties Ltd as well as the following further submitters:

- a) Mercury NZ Limited
- b) Shand Properties Limited
- c) Ohinewai Land Limited
- d) New Zealand Transport Agency
- e) Waikato-Tainui
- f) The Ohinewai Area Committee and
- g) Waikato Regional Council

As proponents of the Proposed District plan, the Hearings Panel requested that Waikato District Council also attend and express a position on the request for an early hearing and early decision. Council was represented by legal counsel and planners and expressed the opinion that an early hearing and decision for Ohinewai was supported because an early decision (no matter what that decision was) would provide certainty for future wastewater treatment planning. Council's position also outlined matters that the Hearings Panel would have to address such as the need for a comprehensive consideration of Ohinewai and fairness to other submitters.

The pre-hearing conference was facilitated by Dr Phil Mitchell (Chair), Paul Cooney and Dynes Fulton. The Hearings Panel formed the preliminary view that they would agree to Ambury's request, subject to several procedural modifications. The key outcomes of the pre-hearing conference are:

- That all the submissions requesting zoning changes for Ohinewai should be considered at the same hearing;
- Development of a comprehensive process is needed to ensure that the reporting planners can make informed recommendations. The detailed technical assessment to support the rezoning will need to be received by Council by 1 December 2019 to allow Council to analyse the information and form recommendations, and a hearing is scheduled for 8 June 2020; and
- The submissions on Ohinewai will be re-notified for further submissions to ensure that all interested parties (that meet the Resource Management Act requirements for a further submitter) can participate in the hearing.

Stage I Hearings

A hearings schedule has now been finalised and will be made public on Council's website shortly. The hearing schedule has been prepared by council staff taking direction and advice from the hearing panel. The hearings are largely organised by zone, but there are some hearings which span the whole District such as historic heritage or Maori Sites and Areas of

Significance. The exact dates for the hearings can be provided with some certainty up until the end of 2019. However for 2020, it is only possible at this stage to outline the order of the hearings and not the exact dates. This is mainly due to the Council meetings and committee meetings not being set until after the local body elections, and having to organise the hearing schedule around these.

The Hearings Panel will be sitting four days a week for two weeks, followed by two non-sitting weeks where they will be deliberating on the matters just heard and pre-reading evidence for the next block of hearings.

A powhiri to welcome the hearing panel and officially open the hearing will be held on 26 September 2019. As outlined in the Panel's fourth directions, the first week of the hearing (starting 30 September 2019) will comprise of key submitters providing an overview of their submission and legal submissions. The first hearing will then follow on (Chapter 1 Introduction). All hearings are open to the public.

In accordance with the Panel's first directions, Section 42A reports (planner's reports) are required to be released to submitters five weeks in advance of the date of the hearing. This means that the first Section 42A report is due at the end of August 2019. All of the initial Section 42A reports are well progressed and are on track for on-time delivery.

The District Plan part of Council's website is being revitalised to ensure it is easy for submitters and the community to find all the information associated with the hearings. A huge amount of information is generated through the hearings process including technical reports, planning reports, evidence, rebuttal evidence, presentations etc. It is important that submitters be able to intuitively find all the information they are interested in on Council's website.

A number of different options for a hearing venue have been explored, and holding the hearings in Council chambers offers significant savings and logistical efficiencies. Staff are working with the Mayor, and Democracy Manager to firm up logistics, as District Plan hearings can be organised around Council meetings and committee meetings to cause the least disturbance to usual Council business.

District Plan Review – Stage 2 (Natural Hazards)

Stage 2 of the District Plan review is focused on the management of natural hazard risk and the projected effects of climate change. There are a number of technical assessments / modelling underway that are in varying stages of completion. In summary these include:

- assessments for coastal inundation and erosion;
- river flooding
- defended areas (where land would flood were it not for flood protection works);
- surface ponding areas; and
- mine subsidence.

As Council will be aware, Waikato Regional Council has provided the flood hazard model and maps. The maps of the defended areas are now available publicly on Waikato Regional Council's hazard portal. Council officers will continue to work with Regional Council officers to refine these maps especially as a result of any public feedback.

The provisions for the flood risk areas are being constantly refined and the supporting Section 32 evaluation has been drafted.

Three Councillor workshops are coming up on the 20 August 2019, 27 and 28 August 2019 where management of the coastal hazards will be discussed in detail.

District Plan Review governance

New roles and responsibilities have been established as part of the Gearing for Growth and Greatness, including a revamped District Plan Steering Group. This group comprises of senior management including the following roles:

- General Manager Community Growth;
- General Manager Service Delivery;
- Chief Information Officer;
- Strategic Projects Manager;
- Consent Manager;
- Marketing, Communications and Engagement Manager; and
- Planning and Policy Manager.

The role of this group is to provide strategic guidance, ensure the process is on-track and have an overview of the financial status of the project. This group is working well with monthly meetings and fortnightly reporting. The process is also resulting in effective working relationships between the District Plan team and other parts of Council.

One of the recent requests of the District Plan Steering Group was to undertake a review of the costs required to get to the stage of an operative district plan (including both Stages 1 and 2). The driver was to ensure the project is resourced well and to fully understand the costs of the remainder of the project proactively rather than on a piecemeal basis.

A comprehensive assessment of likely costs has been undertaken, and this was subject to an external peer review by other councils and planning consultants. The forecasting has indicated greater costs for a full and comprehensive district plan process than was initially budgeted for. This includes assumed costs for appeals and delivery of an operative plan. The District Plan Review Project Team has engaged both internal and external reviews to test current thinking and approaches and are confident that the District Plan Review can be delivered at a cost less than forecast. It is worth noting that it is very difficult to forecast the cost of appeals in particular as this phase of the District Plan Review has a higher level of uncertainty. There is a substantial portion of costs included in the estimation of costs for legal assistance associated with appeals, which was based on the experience of surrounding councils.

The significant costs are due to the very large number of submission points, and the breadth of the topics addressed. As an example, around 305 of the 989 submissions sought some form of rezoning. The technical assessments provided by submitters to support the request may need peer reviewing to fully understand the effects (depending on the scale of the rezoning request) and Council may not have this expertise internally. The next step is to test and refine the cost estimation, and where possible reduce costs. This will include identifying key strategic policy areas where Council will defend its position, and those areas that are

less fundamental to the strategic direction of the District. Reducing costs may mean increasing risks so these will be identified with each cost scenario so that Council can better understand the consequences of reducing spend on the District Plan review. There are some easy solutions to reduce the costs such as holding the hearings at Council rather than an external venue which offers significant savings and logistical efficiencies.

A report will be brought back to Strategy and Finance once this work and further refinement exercise has been undertaken.

Open Meeting

To	Strategy & Finance Committee
From	Clive Morgan General Manager Community Growth
Date	6 August 2019
Prepared by	Donna Tracey Strategic Planning Team Leader
Chief Executive Approved	Y
Reference #	GOV1318 / 2327560
Report Title	Consideration of Conservation Fund Applications

1. EXECUTIVE SUMMARY

The purpose of this report is to present a recent Conservation Fund application for the Committee's consideration and recommendation for Council for approval.

2. RECOMMENDATION

THAT the report from the **General Manager Community Growth** be received;

AND THAT the **Strategy & Finance Committee** recommends to **Council** that the **Conservation Fund** application of **\$4474.80** from **Mike Honiss** be approved in full.

3. BACKGROUND

Waikato District Council has a dedicated fund established through the Conservation Strategy (2004) ("the Strategy") to contribute to conservation efforts on private land in the district. The criteria for determining applications for funding are contained in the Strategy.

Staff can approve applications up to \$1,500.00. Approved applications are reported to Council. One application of under \$1,500.00 from C Bircher of \$750.00 for native plans was approved since last reporting to the Committee in May 2019. As per the Strategy applications over \$1,500.00 require Council consideration and approval.

There is \$103,326.47 in the Conservation Fund available for distribution after commitments.

Conservation Fund (including \$96,839.35 of carry forward)	129,889.35
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Commitments:*Remaining approved for restoration to enhance Significant Natural Areas*

- V Warren	1,500.00
- C Bircher	750.00
- Wrights Bush Restoration Group & R Hos	5,978.26
- Pukemokemoke Bush Reserve Trust	9,000.00
- M ter Beek	4,825.00
- A & M Underwood	3,009.62
Total Commitments:	26,562.88

Net Funding Remaining	103,326.47
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4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

The application from M Honiss is for \$4,474.80 towards restoring and enhancing a Significant Natural Area (SNA) on his property at 427 Bruntwood Road. Mr Honiss has specifically applied for cost towards native plants (\$2857.07), good nature rat and possum traps (\$581.00) and weed control (\$1036.73).

The Mr Honiss has been restoring the Mangone gully area on his property including through native planting and weed control. This has included both within the wetland area and gully edge. Mr Honiss has been awarded \$1,500.00 to date which has gone towards planting in 2018. That planting is generally thriving with great survival rates through the dry months of early 2019. Mr Honiss has a vision to restore over 2ha of land in total

4.2 OPTIONS

Option 1: To approve funding for the application in full

This is the preferred option, given that the restoration project aligns with the Strategy (refer 5.3) and that there are adequate funds remaining.

Option 2: To approve funding for the applications in part

This is not recommended as it would limit the conservation gains associated with the works proposed by the applicant, and likely delay the ongoing restoration efforts.

Option 3: To decline funding for the applications

This is not recommended as it would mean Council would not support the continued restoration efforts of landowner, who has contributed considerably in recently years to protecting and enhancing biodiversity at the site.

5. CONSIDERATION

5.1 FINANCIAL

As per the Strategy, applications over \$1,500.00 require Council consideration and approval.

There is \$103,326.47 in the Conservation Fund available for distribution after commitments.

5.2 LEGAL

There are no legal implications of awarding the funds.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The recommendation to grant the proposed funding applications aligns, in particular with the Conservation Strategy and the following criteria contained therein:

(a) The ecological significance of the site, the degree of threat to it and the likelihood of restoration success;

This portion of gully system is regionally threatened and underrepresented habitat type and is known to contain threatened species of bat (long tailed) as well as birds (Kaka and Morepork). Hence, it is identified as a Significant Natural Area in the Proposed District Plan. The landowner has engaged ecologists to assist with planting planning.

(b) The priority the Council is giving to the habitat type on the site as determined through an assessment of habitat types requiring the greatest assistance and the assistance for various habitat types available from other agencies;

As noted above, the habitat type at the site is threatened and underrepresented in the Waikato district and region. The restoration proposed aligns with the assistance available from other funders including the Waikato Regional Council.

(c) The extent to which the benefits to private landowners is matched or exceeded by wider community and ecological benefits (e.g. through connecting isolated habitat areas);

The existing legal protection and current restoration, along with the proposed work, complements other efforts in the wider Hamilton Basin including restoration efforts on public land and private land within the Mangaone gully system. For example the continued restoration of habitat at this site will provide an enhanced stepping stone and corridor, particularly for threatened species such as Kaka and long tailed bat.

(d) Landowner willingness including the degree of long-term commitment and the existence of any legal mechanism securing that commitment;

The landowner has demonstrated a willingness and efforts to restore the SNA area. The land owner has desire, as the site becomes more established, to legally protect the SNA area by way of covenant.

(e) The long-term financial implications of managing the site properly;

To date the land owner has contributed over 50% towards the cost of restoration efforts and will look to continue this. The owner is also keen to approach other funders, including the regional council to assist towards ongoing restoration and enhancement.

(f) The degree of biodiversity improvement relative to the financial commitment required;

The planting along with pest control and weed control proposed will aid to enhance this stretch of the gully system and associated biodiversity values. The funding sought from council has been more than matched to date in monetary terms. In addition the land owner contributes significant in-kind labour through preparing areas for planting and releasing of planted areas.

(g) The extent of community involvement in the project;

The land owner involves high school students who carry out planting projects as part of their fundraising efforts, for this the land owner donating \$1.00 per plant. The landowner also manages early childhood education centres and they have used the site as a place for excursions and outdoor learning.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Awarding the Conservation Fund does not require engagement with external parties.

6. CONCLUSION

The funding application at hand requires Council consideration as per the Conservation Strategy (2004). There is \$103,326.47 in the Conservation Fund available for distribution after commitments. It is recommended that the application from M Honiss be approved given its fit with the Conservation Strategy and criteria therein.

7. ATTACHMENTS

NIL

Open Meeting

To	Strategy and Finance Committee
From	Clive Morgan General Manager Community Growth
Date	28 August 2019
Prepared by	Kelly Nicolson Senior Policy Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 2327957
Report Title	Climate Change Response (Zero Carbon) Amendment Bill

1. PURPOSE

The purpose of this report is to provide an update on the Climate Change Response (Zero Carbon) Amendment Bill and what the implications of the Bill may mean for Council. The report will also provide two examples from other councils with regards to initiative to address the effects of climate change and an update of the latest climate change related initiative within Waikato District Council.

2. DISCUSSION

The Climate Change Response (Zero Carbon) Amendment Bill (the Bill) is the statutory response to New Zealand's commitment under the Paris Agreement, which aims to combat the effects of climate change by limiting the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels.

The Ministry for the Environment introduced the Zero Carbon Bill to Parliament in early May 2019 and released a draft for public consultation for a period of three weeks from late June to mid-July 2019. The purpose of the Bill is to set the framework for New Zealand's transition to a low emissions and climate resilient economy in accordance with the Paris Agreement.

The Bill will set greenhouse gas reduction targets into law and require that future governments continue these efforts into the future. It also seeks to:

- Require the government to set emission budgets every five years that will act as 'stepping stones' towards the ultimate goal of zero greenhouse gases by 2050;
- Require the government to understand the risks presented by climate change (for example, rising sea levels) and produce plans to address these; and
- Establish a Climate Change Commission.

The Climate Change Commission will be established soon after the Bill comes into force and will give independent, expert advice to the Minister for Climate Change (the Minister) and keep the Government accountable for its climate policy goals. It will also monitor progress towards meeting emissions targets; carry out regular risk assessments; prepare a National Adaptation Plan after every risk assessment; and to monitor and report on the National Adaption Plan to ensure accountability.

The Bill is currently being considered by the Environmental Select Committee and it is expected that it will come into force in late 2019.

LGNZ Submission

Waikato District Council did not prepare a submission on the Bill. However Local Government New Zealand (LGNZ) did make a submission on behalf of Local Government. LGNZ's submission made recommendations on key provisions within the Bill which are broadly summarised as follows:

1. Local government will be critical to the progress New Zealand makes on both adaptation and mitigation. The Bill must therefore more explicitly recognise local government as a key partner in enabling New Zealand to mitigate and adapt to the impacts of climate change;
2. Local government needs to be provided with guidance, tools and resources to enable it to meaningfully contribute to emissions reductions, and deliver adaptation action at the local level, where it is best-suited to take place. This recognises that the effects of climate change are by definition local and will vary from place to place; and
3. The Government needs to substantively and substantially increase its focus on, and resource dedicated to, climate change adaptation as a matter of urgency.

Implications for Council

The Minister will be able to request Council to provide information relating to climate change. This may include any assessment of the current and future effects of climate change on the district, the risks that climate change presents to the district, any adaption initiatives, proposals, policies or strategies for addressing the effects of climate change and an assessment of progress made towards implementing these and achieving targets.

Council will need to be prepared for this reporting and undertake the necessary preparatory work, and ensure that we are in a good position to respond to any request from the Minister.

Many local authorities and other public sector agencies have already started thinking about and preparing for these issues.

What are other Councils doing?

Since the introduction of the Bill a number of councils around New Zealand have declared climate emergencies, including Auckland, Nelson, Dunedin, Wellington, Porirua, Lower Hutt and Christchurch City Councils; Southland, Canterbury, Bay of Plenty and Hawke's Bay Regional Councils and Whangarei, Queenstown Lakes and Kapiti Coast District Councils. Declaring a climate emergency does not bind the councils legally but does show that these

councils consider climate change to be a significant issue and are committed to do something about it.

Hamilton City Council voted on 8th August 2019 for climate change to be treated with urgency rather than declaring an emergency. The Far North District Council has also recently voted against declaring a climate emergency and instead directed staff to establish a council wide working group to oversee the preparation of climate change strategies and to ensure the council meets the requirements under the Bill.

A number of local authorities have already been doing a lot of work in relation to climate change mitigation and adaptation by developing climate change action plans, policies and strategies. Two examples of these are summarised as follows:

- Wellington City Council developed a Climate Change Action Plan in 2016 which identifies the range of council services that directly or indirectly produce greenhouse gas emissions. The Council initially prepared an emissions inventory of council operated facilities and services and developed an emissions profile. The Plan includes methods for reducing emissions, increasing resilience and incentivising energy efficient building, ride share initiatives, use of public transport, waste reduction and the protection of biodiversity.
- Auckland City Council has recently released a draft Climate Action Framework for public consultation. The Framework charts a course to help overcome challenges in a way that will make the city more resilient and prosperous over the long term. The Framework identifies 11 key moves that focus on ecosystem service, low emission infrastructure and energy supply, transport, community and iwi resilience and empowerment, carbon neutral and climate resilient economy and food systems and youth and intergenerational equity.

What is Waikato District Council doing?

Waikato District Council currently has no organisation wide action plan or strategy in place to respond to the issues and risks posed by climate change. However, in response to growing public demand occurring across New Zealand for all of government to be more proactive in their response to climate change, Waikato District Council has recently established a working group (composed of internal subject matter experts) with the purpose of exploring how our district may be affected by climate change; to evaluate our existing situation and; to determine if the current approach is appropriate for the organisation and our communities in light of imminent statutory requirements under the Zero Carbon Bill.

The group is sponsored by the Communications, Marketing and Engagement Manager and the Chief Operations Officer and reports monthly to the Executive Leadership Team and aims to prepare an approach proposal for our Council based on expert advice, existing commitments, community expectations and relevant legislation.

3. RECOMMENDATION

THAT the report from the General Manager Community Growth be received.

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	12 August 2019
Chief Executive Approved	Y
Reference #	GOV1318 / 2329881
Report Title	General rate position for the year ended 30 June 2019

I. EXECUTIVE SUMMARY

This report advises the general rate position for the financial year ending 30 June 2019 and seeks support for surplus funds to be set aside to support variances that may arise both in terms of council's ongoing recruitment drive and operational work programmes.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Strategy & Finance Committee recommends to Council that the 2018/19 surplus of \$2,211,080 is apportioned between the general accounting reserve fund (\$1,100,378) and the gearing for growth and greatness reserve fund (\$1,110,702).

3. BACKGROUND

Council has considered a number of budget adjustment requests during the year to address changes that occurred since the 2018-28 Long Term Plan was adopted. These budget adjustments include the approval of carry forwards from the prior financial year (moving remaining budget for projects not completed as at 30 June 2018 into 2018/19), along with amendments required as a result of tender processes and other ad-hoc funding requests that have arisen during the year. The comparison between this revised budget and actual expenditure and income determines whether the final general rate position is a surplus or a deficit.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

The difference between the revised budget and actual usage of general rate funding during the year has resulted in an overall surplus (after carry forward projects have been considered) of \$2,211,080.

The general rate surplus is calculated as follows, and is shown in the far right column of the table below. Three prior year's results have also been provided.

The total general rate available (A) is the general rate income for 2018/19 combined with the general rate funding carried forward from 2017/18.

Deducted from the general rate available is the general rate spent in 2018/19. Removing the general rate required to be carried forward gives the net general rate surplus for the year.

General Rate Breakdown	2015/16 Total \$	2016/17 Total \$	2017/18 Total \$	2018/19 Total \$
General rate income for the year	48,856,465	50,910,839	53,480,823	57,952,509
Carried forward General Rate from the prior year	2,036,964	1,691,929	1,979,602	2,598,827
Total Available (A)	50,893,429	52,602,768	55,460,425	60,551,336
Total General Rate spent (B)	(48,055,191)	(49,592,277)	(51,030,070)	(57,134,754)
Surplus General Rate (A-B)	2,838,238	3,010,491	4,430,355	3,416,582
General Rate to be carried forward to the next year	(1,691,929)	(1,979,602)	(2,598,827)	(1,205,502)
Total General Rate surplus	1,146,309	1,030,889	1,831,528	2,211,080

4.2 SUMMARY OF MAJOR VARIANCES IMPACTING GENERAL RATE

The following variances explain the general rate surplus:

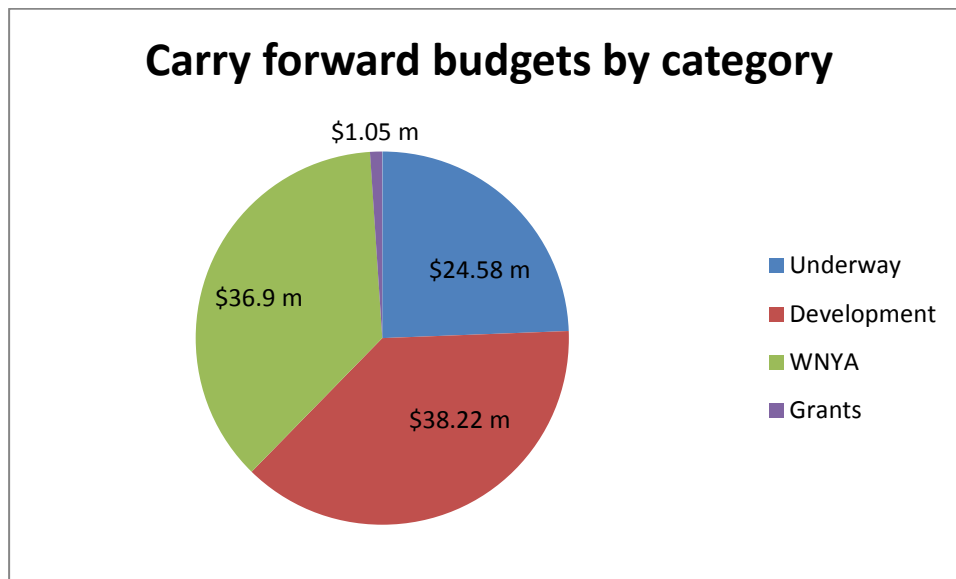
- General rate income was \$317,500 above expectations as further valuation updates from subdivision and building consents, were processed during June 2018.
- Amortisation and depreciation expense for information management and parks and reserves was \$309,000 and \$403,000 lower than anticipated respectively.
- General rate funded staff costs came in \$1,937,702 less than budget due to internal changes and vacancies. \$827,000 was anticipated as salary savings in the LTP bringing the net surplus contribution to \$1,110,702.

4.3 CARRY FORWARD OF BUDGET INTO 2018/19

Carry forwards arise when budgets are not fully expended by the end of the financial year.

The carry forward process for capital and one-off operational projects is transparent in that only budget legitimately associated with the same project is carried forward. Any remaining budget savings contribute to the general rate surplus and requests to fund new initiatives underway will be identified separately for council approval.

Total capital and specific operational carry forwards (\$101million) are summarised by category below:



Carry forward requests have increased substantially from the prior year, with capital works projects not yet awarded increasing from \$16.83 million to \$36.9 million. This is in part due to an extended contract negotiation period with WaterCare Services Limited which impacted on three waters work programme delivery. Multi-party funding projects have also experienced delays.

Development works have been presented as a gross amount in the graph above rather than net of development contribution income. Development contribution income that has been assessed but is not yet payable is approximately \$23 million.

4.4 FUNDING REQUESTS

The way the 2018/19 general rate surplus is managed will be one factor in determining whether Council can operate within the parameters of the Long Term Plan (“LTP”) for the next two financial years (2019/20 through to 2020/21).

Council will recall that through the setting of Council’s LTP that both efficiency and salary savings were included in the calculation of the net budget required. Salary savings of \$827,000 were delivered in accordance with year one of the plan, with further savings of \$864,000 and \$505,000 expected in year’s two and three of the plan. General efficiency savings of \$41,000 and \$559,000 are also expected in years two and three of the plan. These savings targets, particularly for salaries, are aggressive and given proposed changes to

better deliver upon council's vision of Liveable Thriving Connected Communities will be challenging to achieve. Costs associated with district plan appeals, liability claims etc. are difficult to quantify upfront however, funding to support these costs should be allowed for over time.

Retaining surplus funds will be an important mitigation in keeping rates at the indicated levels.

4.5 OPTIONS

The Council could decide to:

- (a) Transfer the general rate surplus in full to the General Accounting Reserve Fund for future deliberation; or
- (b) Allocate the portion of the funds relating to staff related savings to the Gearing for Growth and Greatness reserve, transferring the remainder to the General Accounting Reserve Fund; or
- (c) Allocate the surplus, in full or otherwise, to specific projects.

Consideration should be given to the organisations capacity to undertake additional work over and above what has already been committed via the LTP and finalisation of prior year work programmes.

Option (b) is preferred in support of achieving the Gearing for Growth and Greatness outcomes while being prudent in managing funds to support the ongoing operational activities of council.

5. CONSIDERATION

5.1 FINANCIAL

Changes to timing of projects affect reserve balances, therefore, there will be variances between the budgeted opening balances for 2018/19 and actual opening balances. The delays in capital works could create one-off positive variances in the new financial year for both debt repayment and depreciation expense.

5.2 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Any items recommended for funding from the General Accounting Reserve Fund should align with the Council's strategic direction of financial prudence as contained within the LTP and finance strategy. The Gearing for Growth and Greatness reserve is in place solely to manage the resourcing commitments that have been made to support the vision of Liveable Thriving Connected Communities. Permanent savings must be identified to ensure a return on investment is delivered.

5.3 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Residents, ratepayers, Iwi partners and other key stakeholders are consulted with in order to set work programmes and levels of service for the LTP and associated Annual Plans. The Significance & Engagement policy is not triggered for the proposed transfer of surplus to Council reserves.

6. CONCLUSION

Carry forwards when coupled with net operational savings has resulted in a general rate surplus of \$2,211,080. Council are being asked to transfer \$1,100,378 of the surplus funds to the General Accounting Reserve Fund, with the remaining \$1,110,702 going to the Gearing for Growth and Greatness reserve.

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	12 August 2019
Chief Executive Approved	Y
DWS Document Set #	GOV1318 / 2324003
Report Title	Final Statements of Intent 2019/20

I. EXECUTIVE SUMMARY

Pursuant to section 64 of the Local Government Act 2002, a Council Controlled Organisation is required to provide a draft Statement of Intent (“SOI”) to its shareholder (Council) by 1 March each year. Council has an opportunity to give feedback on the draft before May, with each Council Controlled Organisation required to provide a final SOI to the shareholder by 30 June.

Council has three Council Controlled Organisations that prepare SOI’s: Waikato Regional Airport Limited (“WRAL”); Waikato Local Authority Shared Services Limited (“WLASS”); and Waikato District Community Wellbeing Trust (“WBT”). All draft SOI’s were received by 1 March 2019 and reported to the Strategy & Finance Committee.

Following feedback from the Shareholding Councils WRAL and WLASS have finalised their Statements of Intent for 2019/2020. These were submitted in accordance with legislative timings.

The WBT draft SOI was finalised based on support from Council.

The three SOI’s are attached.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENT

- A Waikato Regional Airport Limited Statement of Intent 2019/20
- B Waikato Local Authority Shared Services Limited Statement of Intent 2019/20
- C Waikato District Community Wellbeing Trust Statement of Intent 2019/20



Waikato Regional Airport Limited

Draft Group Statement of Intent

2019/2020

June 2019



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 and Group for the year ending 30 June 2020 and succeeding two financial years.

2.0 Strategic Intent

The Group 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, compliant and resilient 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 and a proposed new entity to operate the current Hamilton Airport Hotel & Conference Centre business)*

1. Operate an efficient, compliant, and resilient 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. Complete a major refurbishment of the Hotel facilities to achieve a Qualmark 4 star accreditation
7. To promote the Hamilton & Waikato region as an appealing destination to international and domestic visitors.
8. Deliver the regional major events strategy



3.0 In Pursuing its Goals the Group will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders.
- Be an employer of choice.
- 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.

Remain cognisant of the runway extension designation that will expire in 2026.

Position and protect the airport as an efficient, cost-effective international port of arrival for private, corporate and medical aircraft.

Remain collaborative with local authorities and government agencies for joint infrastructure and transport initiatives.

(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 continue marketing for sale, development and optimised investment, all available surplus airport-owned land in a planned and co-ordinated approach.

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 through the staged precinct developments of Titanium Park.

Complete the refurbishment of the Hamilton Airport Hotel & Conference Centre to a Qualmark 4 star standard

Deliver on the major events strategy to attract and secure additional major tourism events to the Waikato region and increase industry partnership investment into local tourism.

(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) Key capital and investment projects and initiatives for the year ending 30 June 2020

4.6.1 Complete an upgrade of the airport terminal to ensures the terminal meets all regulatory requirements, remains fit for purpose and responsive to growing domestic passenger traffic.

4.6.2 Development and improvement of roading and underground services infrastructure on the eastern side of the airport precinct to ensure the Group can continue to develop Titanium Park and the terminal is serviced by modern infrastructure that is optimal to forecasted needs.

4.6.3 Upgrade and refurbishment of the Airport Hotel and Conference Centre property to a Qualmark 4 Star standard.

4.6.4 Develop a masterplan for Titanium Park’s proposed Northern Precinct development (current site of the WRAL Farm) and prepare a private plan change submission to Waipa District Council to future proof development options.

5.0 Performance Targets

The following annual performance targets are proposed for Waikato Regional Airport Limited in relation to its core purpose and key objectives.

Years ending 30 June	2020	2021	2022
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 Group’s statement of financial position at the end of each reporting period.

<i>Based on the Group forecasts</i>	Year Ending 30 June		
	2020	2021	2022
5.2 .1 Earnings before interest, taxation & depreciation (EBITDA) but excluding land sales <i>of at least</i>	\$4,000,000	\$4,500,000	\$5,000,000
5.2.2 EBITDA including land sales <i>of at least</i>	\$6,000,000	\$5,000,000	\$6,000,000
5.3 Net profit after tax <i>of no less than</i>	\$1,200,000	\$1,200,000	\$1,200,000

5.4	Net operating cash flow (excluding land sales)	\$2,500,000	\$3,000,000	\$3,500,000
	Total debt, excluding funding for design-build properties, <i>not exceeding</i>	\$25,000,000	\$25,000,000	\$25,000,000
5.4	Total liabilities/shareholders' funds (debt/equity ratio) <i>a maximum of</i>	35:65	35:65	35:65
5.5	Net profit after tax to total shareholders funds	1.0%	1.0%	1.5%
5.6	Net profit after tax to total assets	1.3%	1.3%	1.7%
5.7	Percentage of non-landing charges revenue <i>of at least</i>	60%	60%	60%
5.8	Land sales <i>of at least</i>	\$7,000,000	\$600,000	\$4,000,000
5.9	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
Non-financial performance targets				
5.10	Health, Safety & Well being			
5.10.1	Facilitate Health & Safety meetings every 2 months with representatives from each company department			
5.10.2	Zero Work Safe notifiable accidents/injuries			
5.10.3	Independently review and audit the Health and Safety system each year.			
5.11	Operational Compliance			
5.11.1	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports			
5.11.2	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)			
5.11.3	Facilitate noise management meetings every 4 months in accordance with the Noise Management Plan			
5.12	Property (Titanium Park Limited)			
5.12.1	Finalise subdivision plans for the 4 th Stage of Titanium Park's Central Precinct			
5.12.2	Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council.			
5.13	Tourism (Hamilton & Waikato Tourism Limited)			



5.13.1 Achieve 5% growth in visitor nights and visitor expenditure (as measured by key MBIE Tourism statistics)

5.14 Hotel Operation

5.14.1 Complete a refurbishment program (both internally and externally) that will allow the hotel to be accredited to a Qualmark 4 Star standard.

6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2020 and succeeding 2 years are those as adopted in the 2018 Annual Report prepared under Tier 2 of the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR). The impact of accounting standards changes is not expected to have a material impact on the Group's financial statements or their comparability with previous periods.

7.0 Dividend Policy

WRAL Directors will review any proposal for payment of a dividend based on the forecast Cash Flow for the following year and propose to make a decision in the last quarter of the financial year ending 30 June 2020.

8.0 Information to be provided to Shareholders

- 8.1 The Annual Report of the Company and Group.
- 8.2 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.
- 8.3 Shareholder Briefings held at least twice annually

9.0 Future Investment Proposals

If the Group 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 2018 shows shareholder equity of \$84m based on recent independent valuations of the Group's property, plant and equipment and investment properties. The Group forecasts its 30 June 2020 shareholder equity on the same basis to be \$87m.



11.0 Compensation from Local Authorities

There are no known activities of the Company or Group for which the Directors would seek compensation from any local authority.

12.0 Major Transactions

Shareholders approve major transactions via a special resolution. A major transaction for WRAL 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 disposal 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;

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.

13.0 Health and Safety & Wellbeing

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 Group will continue to monitor and review health and safety requirements via monthly reporting.



Statement of intent

For the year ended 30 June 2020

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Executive summary

2018 was a landmark year for the evolution of Waikato Local Authority Shared Services Limited (WLASS). This Statement of Intent (SOI) reflects, for the first time, the transformation of WLASS into a service delivery agent.

In the second half of 2017 the Board commissioned McGredy Winder to undertake two pieces of work. The first stage was a ‘think piece’ on the strategic direction WLASS could take, understanding the opportunities and issues facing WLASS and its shareholding Councils, and outlining alternative business strategies. The second stage was developing a business case for the change required to deliver on the strategic direction identified from stage 1.

The business case led to the Board’s decision in April 2018 to take steps to transform the company into a service delivery agent. In practical terms that means the company will be identifying different service delivery models and providing thought leadership. WLASS will also be offering ideas to Councils that enable them to be more effective and efficient. Some of these ideas will be bold and disruptive but collectively they will have a substantial impact on Councils’ activity.

Business cases will support these ideas and establish areas where it makes sense for WLASS to provide a shared service to its shareholding Councils. The operating model of WLASS will therefore change. It will deliver these shared services either by:

- Contracting in specialist resource; or
- Employing the required resource so that it has the in-house capacity and capability to meet Councils’ needs.

The company’s newly established vision is to be “The enabler for Councils to provide their services in the most effective and efficient way”. Over the second half of 2018 an implementation plan was developed to deliver the transformation and ultimately, this vision.

The transformation and new operating model necessitate a core central resource within WLASS. The Board has agreed to the appointment of three positions, being:

1. A full-time Chief Executive (CE) (to date WLASS has operated via the contracted services of a CE two days per week, with projects resourced by Council working parties);
2. A full-time Business Analyst; and
3. A part-time Company Administrator.

A further enabler for the transformation is an agile, skills-based governance structure. The Board is therefore recommending to shareholders that the Board be reduced to six members, including an independent Chair.

These changes do however require additional, upfront investment from shareholding Councils. That investment is reflected in the financial projections in this SOI. However, overall Councils must be better off to justify the additional investment and WLASS commits to identifying shared service opportunities that, once implemented, will deliver savings that ensure that you are.

Introduction

This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, WLASS. The statement outlines the proposed work plan for the financial year ended 30 June 2020 and the Directors' accountabilities to the shareholders for corporate performance, as required by Schedule 8 of the Local Government Act 2002.

WLASS is owned (in equal portion) by the 12 Waikato local authorities:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Otorohanga District
- Rotorua Lakes
- South Waikato District
- Taupō District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District

Up until late last year, WLASS had no employees. Rather, the company's principle resource was a Chief Executive contracted two days per week to facilitate working parties, manage contracts entered for the benefit of the shareholding Councils and ensure the statutory obligations of the company are met. Financial and contract management support was provided by staff at shareholding Councils (Waikato Regional and Waikato District, respectively). Much of the work of WLASS to advance initiatives has therefore been undertaken by working parties made up of staff representatives from the shareholding Councils, with expertise and/or interest in particular services.

In November 2018 a part-time Company Administrator was employed and earlier this year the company employed a full-time Chief Executive and Business Analyst. Therefore, this is the first SOI that reflects WLASS having employees and the transformation of the company into a service delivery agent.

The vision and objectives of WLASS

The vision for WLASS is to be:

The enabler for Councils to provide their services in the most effective and efficient way

The company's objectives 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; and
- Promote business transformation to improve customers' experiences.

Looking ahead - committing to the WLASS transformation

Last year's SOI noted that the Board had commissioned McGredy Winder to undertake a strategic review of the future of WLASS and that as a result, the Board had resolved to transform WLASS into a service delivery agent. This transformation overcomes shortcomings with the current model and allows WLASS to be better positioned to be part of the solution to many of the challenges facing Councils.

Three key elements of the transformation are:

- Thought leadership;
- In-house resource; and
- Changes to WLASS governance.

WLASS will deliver bold ideas that have a substantial impact on Council's activities

Thought leadership

WLASS will become a thought leader. It must explore and offer up ways in which Councils can do business better through shared service opportunities. Collectively these ideas will have a substantial impact on Councils' activities and transform the way they conduct themselves. Some opportunities will be bold, disruptive and challenge Councils, but this is necessary if WLASS is to deliver on its vision and if Councils are to extract the greatest value from the company.

In-house resource

The transformation to a new operating model requires additional resource within the company. In 2018 the Board approved appointing a full-time Chief Executive and Business Analyst. A part time Company Administrator role has also been established, principally to support the Chief Executive and manage the company's contracts register.

WLASS's new in-house capability will deliver value to Councils at greater pace

The Chief Executive and Business Analyst roles are fixed term appointments. This reflects the Board's expectation that WLASS must deliver tangible benefits to shareholding Councils that justify the change in operating model within the fixed term period. If that does not occur the future of WLASS must be reconsidered. The commitment to delivering tangible benefits to Councils is reflected in the KPIs in this document.

Proposed changes to WLASS governance

The third key element of the transformation is a change to the composition of the Board. Late last year the Board accepted a recommendation to reduce the number of Board members to six with the composition being:

- An independent Chair; and
- Shareholding Council representation, comprising:
 - one appointed by Waikato Regional Council;
 - one appointed by Hamilton City Council;
 - one appointed by the Waikato and Waipa District Councils;
 - one appointed by the Thames-Coromandel, Hauraki and Matamata-Piako District Councils; and

- one appointed by the Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils.

This board configuration will provide a more agile and skills-based board, better equipping WLASS to move at pace to effect change that adds value. It will also facilitate the role of thought leader and transformation partner to the councils.

The new governance structure will enable WLASS to be agile and responsive to opportunities that add value

Shareholders have passed the required resolutions to change the constitution to allow the board reconfiguration.

Accountability to shareholders

While the WLASS Board must be able to operate autonomously to be effective, it will be critical to ensure that there is appropriate communication with shareholders so that there are ‘no surprises’. As is currently the case, this will be achieved through:

- Updates at Mayoral forums; and
- Statutory reporting, including the company’s SOI and annual and half-yearly reports.

However, with the reduced Board membership regular shareholders’ forums (with Council CEs) will be introduced. The expectation is that there will be at least three such forums per annum.

One key output from the shareholders’ forums will be a letter of expectation for the WLASS Board. This should be delivered in December each year to allow WLASS to then respond via its SOI. A second key aspect of the forums is that they provide the opportunity for the WLASS Board to seek a mandate from its shareholders, in a timely manner, to invest in opportunities identified throughout the year.

Effective shareholders’ forums will therefore be critical to bringing about change ‘at pace’.

Upfront investment

It is obvious that these changes will require additional upfront investment from the shareholding Councils. Detail of that investment is set out under “Activities for which the Board is seeking compensation”, below. However, this investment will be offset by savings within your Councils as opportunities are implemented. The CE is accountable for identifying demonstrable cost savings and other soft benefits that justify the additional investment being sought.

The new operating model

Under the new operating model, WLASS will be a thought leader. It will continue to leverage its current working parties to identify opportunities but will identify opportunities in its own right by looking at shared service models being used elsewhere and analysing how existing work practices in Councils could be improved. While small, the core team within WLASS enables the company to do this for the first time.

WLASS will undertake an assessment of opportunities, engaging with Council staff to test the value proposition and identify potential risks and barriers to success. Each opportunity assessment will culminate in a business case, unless a decision is made to stop developing the opportunity at a stage gate.

Where a business case is approved, WLASS will seek a mandate from shareholding Councils (most often via the shareholders' forums), to invest the funds necessary to deliver the opportunity. However, unlike the current model, WLASS will employ the resources necessary to deliver the shared service to Councils.

Where it makes commercial sense to do so, WLASS will seek to extend its service offering beyond Councils from the Waikato region.

Benefits of WLASS transformation

The benefits for Councils of this transformed WLASS are significant. These are:

- Allowing Councils to focus on their core activity: There are many functions (back office) Councils currently undertake which the community simply want done to an effective standard as efficiently as possible. WLASS delivering such services allows Councils to focus on their core activity of meeting their community's needs, free of distraction from the management and administration of these functions;
- Sharing the cost of investment allows Councils to consider strategic initiatives that they may not otherwise be able to afford, or which simply cannot be done effectively other than on a shared basis – e.g. dealing with disruption from emerging technologies;
- Providing Councils with access to expertise that they would not otherwise have, or at least not as efficiently, by pooling resources and creating centres of excellence;
- Allowing shared service delivery to be standardised. This has the benefits of:
 - being user-friendly, for those within the Councils and for the community at large, making doing business easier;
 - allowing for common understanding among Council staff, providing for more efficient deployment where they relocate between Councils;
 - efficient delivery of user training related to those services;
 - ensuring a standard of service consistent with customer expectations.
- Reducing the risk associated with a Council's dependency on an individual to fulfil a function;
- Improved and aspirational decision-making that is focused on the collective good and is not constrained by the capacity and capability of Council staff;
- Freeing up Council staff currently involved in initiatives / working parties, allowing them to give greater focus to Councils.

Many of these benefits could be achieved by engaging the services of independent organisations (e.g. Councils could outsource their payroll functions). However, the incremental benefits of WLASS being engaged are that it is an:

- Organisation that has an intrinsic understanding of local government;
- It has greater accountability – it is not just a service provider but is owned by those it provides the services to;
- It does not require excess profits – its purpose is not to return a dividend to shareholders – meaning that like-for-like services must be more cost effective for Councils.

The opportunity to add value

Initially there will be a strong focus on digital transformation and improving the customer experience. This advances WLASS's Digital strategy approved last year.

WLASS will also be exploring the opportunity to ‘smartly’ engage the market on capital works set out in the councils’ Long Term Plans.

Early stage thinking is progressing on payroll shared services and the use of robotics and machine learning to streamline back office functions (for example invoice processing).

Beyond these, idea workshops are underway with each of the working parties to identify potential opportunities to add value.

WLASS’s ethos is, if there is a function your Council is doing, but your customer is indifferent as to who does it, provided it is done to a high standard and as effectively and efficiently as it can be, that represents an opportunity for WLASS to add value.

Looking ahead – three waters collaboration

The ‘waters’ sector is facing significant change due to a number of external and internal influences. Central government are investigating options for the most appropriate mechanisms for the delivery of waters services to our communities. While the outcomes of that investigation may take some time to become clear, it is being strongly signalled that a much more rigorous regulatory framework will be in place soon. With this in mind, in August 2018 the Mayoral Forum supported a proposal from Roding Asset Technical Accord (RATA) to undertake an investigation into a sub-regional collaboration on three waters activities.

From that initial investigation it is evident there are opportunities for increased collaboration. These opportunities are principally:

- Data, information and report sharing (this is already occurring, albeit in an ad-hoc manner);
- Development and delivery of joint working initiatives;
- Wider utilisation of existing shared services arrangements within the Waikato (for example additional councils being able to access services from the Hamilton/Waikato/Waipā Sub-Regional Waters Shared Services group);
- Increased scope of shared services by adding new service areas (e.g. RMA consents); and
- The potential to form a new service area/centre of excellence similar to the roading equivalent - RATA - already in existence.

With the support of the Mayoral forum, WLASS (via the RATA team) will over the coming months develop a project plan. This will determine the appropriate scope, scale and extent of a regional centre of excellence for Waters Activity / Asset Management across the seven participating councils. It is expected that there are three primary areas which will be focussed on for a possible centre of excellence:

- Waters Asset Management – asset data collection (inventory and condition);
- Business process support – aligning good practice processes and systems to a new regulatory environment (including continuous improvement in current systems); and
- Asset valuation – a consistent approach to asset valuation assumptions.

Activities for which the Board seeks compensation

Shareholders are asked to continue to contribute to the operational costs of WLASS. However, the Board's expectation is that a margin on future service offerings will reduce, and eventually eliminate, the need for this separate financial support. That is, the operating model will move towards a user pays basis.

The funding being sought for the company's core operational costs and the comparable amount set out in the prior SOI is:

WLASS is committed to ensuring it delivers savings to Councils which offset the additional investment sought

Financial year ended 30 June	2020	2021	2022 ¹
Current SOI	498,000	509,500	521,000
Prior SOI	214,000	218,500	
Increase	284,000	291,000	

¹ No comparative with the prior year's SOI is available for FY2022 as that SOI only showed forecasted financial information through to FY2021

The increase in operational costs reflects the staff and independent board Chair appointments noted earlier, and the associated support costs, including the establishment of an office.

WLASS is seeking shareholder support for additional upfront investment. The Board has committed to additional resources in the company but is equally committed to, and confident of, ensuring that the company delivers savings to Councils which offset this additional investment. This commitment is reflected in the KPIs for the year.

By way of example of the basis for this confidence, irrespective of additional opportunities that will be identified, during the SOI forecast period, changes in the way WLASS delivers shared valuation data services means that council contributions in this area, which are currently ~\$210k, are expected to reduce to Nil.

Other than core operating costs, this SOI reflects increased investment (relative to the prior year's SOI) in a number of workstreams. The main components of this increase are:

- Procurement of regional LiDAR at a heavily discounted cost (via access to PGF co-funding) - \$1.4m: The business case has been approved, in principle, and the funds committed by councils;
- The new flying programme for WRAPS commencing in FY2021 - \$0.8m;
- A new energy and carbon management programme – \$0.4m: This is subject to business case approval; and
- Funding being held at FY19 levels recognising new projects such as the Hamilton to Auckland corridor plan, NPS-UDC assessments and RPS and District Plan changes - \$0.7m.

Beyond these opportunities, WLASS will be identifying, developing and implementing shared services during the period covered by this SOI which are not reflected in the financial projections (because they are currently unknown). Any such services will only be delivered by WLASS after the Board has agreed that the proposed new service meets the objectives of WLASS and is supported by a compelling business case.

In future SOIs the Board expects that it will be seeking funding from shareholders for projects that will at the time be unspecified. As noted earlier, a key aspect of the value that WLASS provides is, and increasingly will be, its ability to be agile and responsive to opportunities as they arise. Having an amount of funding at the Board's disposal to be applied toward such opportunities will assist in that regard.

Performance targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2019/20 are as follows:

TARGET	METHOD	MEASURE
<p>Procurement Joint procurement initiatives for goods and services for WLASS Councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>New suppliers are awarded contracts through a competitive tender process.</p> <p>Professional Services Panel contracts are successfully negotiated.</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all Councils.</p>	<p><i>A minimum of six priority projects for collaboration are identified per annum.¹</i></p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> <p><i>Savings to Councils identified in developed business cases exceeds \$300k.¹</i></p> <p><small>1. The highlighted measures have been introduced as a direct response to the transformation of WLASS and the increased expectations of the company.</small></p>
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the</p>

TARGET	METHOD	MEASURE
		current supplier) or re-tendered through a competitive process.
Cost Control 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.
Reporting Six-monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting. A Half-yearly and 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.
Shared Valuation Data Services (SVDS) 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. Risks associated with the SVDS are well managed.	The SVDS is available to users at least 99% of normal working hours. The SVDS Advisory Group meets at least 6-monthly. The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.
Insurance 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.
RATA Deliver better data for decision making across the Waikato Region, enabling more consistent best practice	Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.	Reports are presented to stakeholders in October/January/April and July each year. Reports on progress as at 30 December and 30 June are presented to WLASS Board within two months.

TARGET	METHOD	MEASURE
Lead engagement and increase capability within the sector	<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>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>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of 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>Waikato Building Consent Group 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"> • Digital experience and technology: a user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons.

TARGET	METHOD	MEASURE
	<p>Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</p>	<ul style="list-style-type: none"> • People capability: a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. • Quality assurance: continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. • Lift industry competency and compliance: measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. • Central government engagement and legislative influence: Success is measured by legislative submissions and outcomes. <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> <ul style="list-style-type: none"> • Full participation in WBCG projects and programmes • Audits demonstrating implementation and compliance with the agreed QA systems • Consistency in service delivery, measured by customer surveys. <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>A minimum of two reports presented to the WLASS Board on the Group's activities.</p>
<p>Future Proof 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>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,</p>	<p>SMART measures are currently under review and will be included with the final SOI</p>

TARGET	METHOD	MEASURE
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.	and six monthly and annual reports to WLASS Board. Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.	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.
Shareholder Survey 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. At least 75% of Councils participate in the survey.
Review of Benefits 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 WLASS website is regularly maintained and updated.

Governance - current

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.

WLASS currently has twelve Directors, with each Director representing a shareholder Council. As noted above the proposal is to reduce the number on the Board to six, with an independent Chair and five Council representatives from sub-regions.

The current Directors of WLASS are:

Director	Position	Representing
Gavin Ion (Chair)	Chief Executive	Waikato District Council
Blair Bowcott	Executive Director, Special Projects	Hamilton City Council
Langley Cavers	Chief Executive	Hauraki District Council
Don McLeod	Chief Executive	Matamata-Piako District Council
Tanya Winter	Chief Executive	Otorohanga District Council
Geoffrey Williams	Chief Executive	Rotorua District Council
Ben Smit	Chief Executive	South Waikato District Council
Gareth Green	Chief Executive	Taupo District Council
Rob Williams	Chief Executive	Thames-Coromandel District Council
Vaughan Payne	Chief Executive	Waikato Regional Council
Garry Dyet	Chief Executive	Waipa District Council
Chris Ryan	Chief Executive	Waitomo District Council

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 accumulated shareholders fund of \$90k at 30 June 2020, which represents 14% of total assets. The only liabilities of WLASS are trade creditors.

The Forecast Financial Statements for 2019/20 are included as part of this Statement of Intent.

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.

Value of 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 within the next 12 months. 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 independent Chair of WLASS will receive director fees and reimbursed expenses. Directors representing the Councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

WLASS will be funding through payment sought from all local authorities that receive services from the company.

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 half-yearly report, including a Statements of Financial Performance, Financial Position Cashflows and commentary on service performance including an assessment of progress against KPIs; and
- 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


Statement of Financial Performance

Waikato Local Authority Shared Services Company Summary for the forecast financial years ended 30 June 2020-2022					
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22
Income					
Company Administration	299,784	576,730	276,946	586,923	599,868
Procurement	439,166	379,500	(59,666)	1,027,629	510,937
Information Technology	45,594	553,483	507,889	565,660	578,104
Energy Management	136,500	119,175	(17,325)	119,175	119,175
Shared Valuation Data Service (SVDS)	701,892	736,566	34,674	675,747	485,790
Road Asset Technical Accord (RATA)	978,560	1,815,766	837,206	971,805	1,107,677
Waikato Regional Transport Model (WRTM)	98,626	218,760	120,134	320,933	353,153
Waikato Building Consent Group	318,548	275,940	(42,608)	282,010	288,215
Future Proof	544,391	609,991	65,600	609,991	609,991
Waikato Plan	520,000	382,000	(138,000)	390,404	398,993
Waikato Mayoral Forum	5,000	5,000	0	5,110	5,222
Total Income	4,088,061	5,672,911	1,584,850	5,555,387	5,057,126
Operating Expenditure					
Company Administration	299,784	573,858	274,074	586,483	599,385
Procurement	656,058	379,500	(276,558)	1,027,629	510,937
Information Technology	134,727	553,483	418,756	565,660	578,104
Energy Management	136,500	119,175	(17,325)	119,175	119,175
Shared Valuation Data Service (SVDS)	886,017	1,060,456	174,439	432,366	435,417
Road Asset Technical Accord (RATA)	1,016,336	1,815,766	799,430	971,805	1,107,677
Waikato Regional Transport Model (WRTM)	98,626	218,760	120,134	320,933	353,153
Waikato Building Consent Group	529,548	275,940	(253,608)	282,010	288,215
Future Proof	544,391	609,991	65,600	609,991	609,991
Waikato Plan	520,000	382,000	(138,000)	390,404	398,993
Waikato Mayoral Forum	51,439	5,000	(46,439)	5,110	5,222
Total Operating Expenditure	4,873,426	5,993,929	1,120,503	5,311,566	5,006,270
Earnings before interest, tax and depreciation/ amortisation (EBITA)	(785,365)	(321,018)	464,347	243,821	50,857
Non-Cash Operating Expenditure					
Company Admin Non-Cash Expenditure	256	3,712	3,456	739	0
SVDS Non-Cash Expenditure	90,444	0	(90,444)	0	0
WRTM Non-Cash Expenditure	72,916	0	(72,916)	0	0
Total Non-Cash Operating Expenditure	163,616	3,712	(159,904)	739	0
Earnings before interest and tax (EBIT)	(948,981)	(324,730)	624,251	243,082	50,857
Net Surplus (Deficit) before tax	(948,981)	(324,730)	624,251	243,082	50,857
Company Admin Net Surplus (Deficit) before tax	(256)	(840)	(584)	(299)	483
Procurement Net Surplus (Deficit) before tax	(216,892)	0	216,892	0	0
IT Net Surplus (Deficit) before tax	(89,133)	0	89,133	0	0
Energy Mgmt. Net Surplus (Deficit) before tax	0	0	0	0	0
SVDS Net Surplus (Deficit) before tax	(274,569)	(323,890)	(49,321)	243,381	50,373
RATA Net Surplus (Deficit) before tax	(37,776)	(0)	37,775	0	0
WRTM Net Surplus (Deficit) before tax	(72,916)	0	72,916	0	(0)
Building Net Surplus (Deficit) before tax	(211,000)	0	211,000	0	0
Future Proof (Deficit) before tax	0	0	0	0	0
Waikato Plan	0	0	0	0	0
Mayoral Forum Net Surplus (Deficit) before tax	(46,439)	0	46,439	0	0
Net Surplus (Deficit) before tax	(948,981)	(324,730)	624,251	243,082	50,856


Key risk

The single biggest risk to achieving the forecasted financial results is WLASS's continuing ability to sell valuation data (forecast to generate ~\$470k of revenue in the coming year). The central government's drive toward open data may see the development of a nation-wide sales portal. It will be critical that any change in this area does not see WLASS/the Councils lose ownership of the sales data and with it, the ability to sell that data. The Board are determined to work with Land Information New Zealand to ensure that this does not occur.

Statement of Financial Position

Waikato Local Authority Shared Services					
Balance Sheet					
for the forecast financial years ended 30 June 2020-2022					
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	0	1,350,000	1,350,000
Retained Earnings	(1,593,081)	(2,542,062)	(948,981)	(2,866,792)	(2,623,709)
Plus Current Year Operating Surplus/(Deficit)	(948,981)	(324,730)	624,251	243,082	50,857
TOTAL CAPITAL FUNDS	414,939	90,209	(324,730)	333,292	384,149
ASSETS					
CURRENT ASSETS					
Prepayments	2,784	153,145	150,361	163,207	152,971
Accounts Receivable	449,687	397,104	(52,583)	222,215	202,285
Bank	266,317	96,216	(175,669)	595,967	635,871
GST Receivable / (Payable)	9,817	4,013	(5,805)	(3,048)	(636)
TOTAL CURRENT ASSETS	728,604	650,477	(83,695)	978,342	990,491
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,085,700	3,085,700	0	3,085,700	3,085,700
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	(5,383,750)	(5,383,750)	0	(5,383,750)	(5,383,750)
IT Equipment	0	6,307	6,307	6,307	6,307
Accumulated Depreciation - IT equipment	0	(5,568)	0	(6,307)	(6,307)
TOTAL NON-CURRENT ASSETS	0	739	6,307	(0)	(0)
TOTAL ASSETS	728,605	651,216	(77,388)	978,342	990,491
LESS CURRENT LIABILITIES					
Accounts Payable	293,065	535,097	242,032	618,755	585,123
Accounts Payable Accrual	20,600	25,910	5,310	26,295	21,220
TOTAL CURRENT LIABILITIES	313,665	561,007	247,342	645,050	606,343
NET ASSETS	414,939	90,209	(324,730)	333,292	384,149

Statement of Cashflows

Waikato Local Authority Shared Services					
Statement of Cashflows					
for the forecast financial years ended 30 June 2020-2022					
	Budget 2018/19	Budget 2019/20	Variance	Budget 2020/21	Budget 2021/22
Cashflows from Operating Activities					
Interest Received	14,000	14,308	308	14,623	14,944
Receipts from Other Revenue	4,074,061	6,559,977	2,485,915	6,546,767	5,818,439
Payments to Suppliers	(4,873,426)	(6,800,489)	(1,927,064)	(6,034,320)	(5,785,682)
Taxes Paid	0	0	0	0	0
Goods & Services tax (net)	(119,906)	56,103	176,008	(27,319)	(7,799)
Net cash from operating activities	(905,269)	(170,102)	735,168	499,751	39,903
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	0
Purchase of PPE	0	0	0	0	0
Purchase of investments	0	0	0	0	0
Net cash from investing activities	0	0	0	0	0
Net increase in cash, cash equivalents and bank accounts	(905,269)	(170,102)	735,168	499,751	39,903
Opening cash and cash equivalents and bank overdrafts	1,171,586	266,317	(905,269)	96,216	595,967
Closing cash, cash equivalents and bank accounts	266,317	96,215	(170,101)	595,967	635,870
Summary of Bank Accounts					
BNZ - Call a/c	266,317	96,216	(170,101)	595,967	635,871
Closing Balance of Bank	266,317	96,216	(170,101)	595,967	635,871

Appendix I: Nature and scope of current activities

The principal initiatives operating under the WLASS umbrella are:

- Shared Valuation Data Service
- Road Asset Technical Accord
- Waikato Regional Transportation Model
- Waikato Building Consent Group
- Future Proof
- Regional Infrastructure Technical Specifications
- Energy management
- Procurement
- Historic aerial photos
- Waikato Regional Aerial Photography Service
- Aligned resource consent planning
- Local government contract health & safety pre-qualification

Shared Valuation Data Service (SVDS)

This service provides timely and accurate valuation data to the participating Councils. The SVDS has become the accepted valuation database for the region. Data sales significantly reduce the net cost to the participating Councils and in the last 12 months the company entered into a new SAAS agreement which will further reduce cost.

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 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 associated staff members.

Waikato Regional Transportation Model (WRTM)

The WRTM 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 NZTA.

WRTM is making a significant contribution to strategic planning surrounding 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.

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 activity transferred to WLASS on 1 July 2016 and now comprises eight Councils.

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 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.

Future proof

Future Proof is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the NZTA. 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, which was adopted by the partners in 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.

Regional Infrastructure Technical Specifications (RITS)

The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure. Prior to developing RITS, each Council had its own technical specifications for infrastructure resulting in different standards having to be met across the Waikato region. RITS provides a single regional guide making business easier.

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.

Energy management

WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. Having met specific energy saving targets, EECA funding of ~\$205,000 will have been received by the end of the three-year agreement.

EECA funding aside, the cost of the activity is met by 11 participating Councils (Matamata-Piako was not eligible, as it has previously received EECA funding), and operates as a separate cost centre.

Implemented projects have delivered 3.4m kWh in energy reduction (as against a target of 2.5m kWh), saved 540T of carbon emissions each year and saved \$440k per annum.

Joint procurement initiatives

WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Councils choose whether to be a party to a particular

contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional Councils to join later.

A procurement specialist was contracted in February 2018 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; and
- Develop standard regional procurement policies, templates and procedures and provide training in each Council.

This programme of work will be completed in the first half of 2019.

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 shareholding Councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. Scanning is now complete.

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, the most recent in 2016, which is scheduled for completion by June 2019. We are considering changing the frequency of coverage to 4-yearly. WRAPS became a WLASS project in December 2014.

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 nine Councils (Taupo and Otorohanga are not currently participating, and Waikato Regional Council processes different types of resource consents from the territorial local authorities). WLASS controls the documentation on the WLASS website, and the Waikato Resource Consent forum manages the process for making updates and amendments to the templates and documents in the toolkit.

Local government contractor health & safety pre-qualification scheme

The contract with SHE Software 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 with approximately 1,600 contractors registered, which enables them to be pre-qualified to work for any of the participating Councils.

Further detail on these activities and the Councils involved in each can be found on the WLASS website at <http://www.waikatolass.co.nz/>.

Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

Waikato Local Authority Shared Services Limited (“the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding Councils’ right to appoint the Board of Directors.

The primary objective of the Company is to provide the Waikato region's local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Summary of significant accounting policies

Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year.

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Goods and services tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revenue

Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Other Revenue

User charges for all activities are recognised when invoiced to the user (i.e. Councils). The recorded revenue is the net amount of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be

available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	5 to 7 years	14 to 20%
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Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

Reconciliation of equity

Equity is the shareholders interest in WLASS and is measure as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

Waikato District Community Wellbeing Trust

Statement of intent

For the year ending 30 June 2020

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

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Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Introduction

This Statement of Intent (SOI) is presented by the Waikato District Community Wellbeing Trust (the Trust) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees to Waikato District Council, and sets out the objectives, scope of activities undertaken, and performance targets by which the Trust will be measured.

The purpose of this statement of intent is to:

- State publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute;
- Provide a basis for accountability and transparency.

This Statement of Intent covers the year to 30 June 2020 and also includes prospective financial information for the following two financial years.

Jacqui Church (Chair)

Entity information

Legal name

Waikato District Community Wellbeing Trust.

Type of entity and legal basis

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status.

The Trust was established by Waikato District Council (WDC) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of WDC's right to appoint the Trustees.

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Objectives of the Trust

The principal activities of the Trust are undertaken to:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

Governance

The Trust will be governed in accordance with the terms of the Trust Deed.

Objective

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.

Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

Performance measure

1. Undertake an annual legal review of compliance with the Trust Deed; no later than two months after the end of the financial year.

Investment

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund. The Trust will also seek other opportunities and avenues for growing the trust Fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.

Objective

1. To adhere to the Trust's *Management of Investment Portfolio and Distribution Policy*.
2. To review, on an annual basis, the investment mandate and the performance of the portfolio manager.

Performance measure

1. At each quarterly meeting, review compliance with the Trust's *Management of Investment Portfolio and Distribution Policy* during that quarter.

Waikato District Community Wellbeing Trust Statement of intent For the year ending 30 June 2020

Fund disbursement

The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and meet the objectives of the Trust Deed.

Objective

1. As per the *Management of Investment Portfolio and Distribution Policy*, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

Performance measures

1. A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set up by the Trustees in accordance with the *Management of Investment Portfolio and Distribution Policy* for the current year
2. Six monthly reports are received from all successful applicants within the required time frames.

Portfolio and distribution policy compliance

Agreed targets

1. Ensure that the real (inflation-adjusted) value of the Fund is protected.
2. Ensure that no more than 10% of the capital is distributed in any one year.
3. Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio.
4. The portfolio investment manager will report regularly to the Trustees.
5. The Trustees will annually review the performance of the portfolio manager.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The operation and administration of the Trust are undertaken by staff of WDC. Those staff are: Chief Financial Officer, EA to the Chief Operating Officer, Community Development Coordinator and Financial Accountant.

The Trustees are:

Mayor	Allan Sanson
Councillor	Jacqui Church (Chair)
Councillor	Rob McGuire
WDC appointee	Eileen Bateup
WDC appointee	Judi Muru

Main sources of the Trust's cash and resources

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Prospective statement of financial performance

	FY Budget	FY Forecast			
	2018/19	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$
Revenue					
Finance income	61,429	141	141	141	141
Dividend income from portfolio of investments managed by Kiwi Wealth Limited	28,937	-	-	-	-
Realised gains on investments	113,718	50,813	69,977	70,739	74,528
Unrealised gains on investments	100,519	-	215,642	217,990	229,669
Total revenue	304,603	50,954	285,760	288,870	304,338
Expenses					
Audit fees	7,700	7,921	7,808	7,808	7,808
Portfolio management fees	26,013	28,794	27,545	27,936	29,532
Other expenditure	1,150	1,761	2,164	2,254	2,348
Grants	217,258	178,162	37,968	77,197	84,412
Unrealised losses on investments	-	39,463	-	-	-
Total expenses	252,121	256,101	75,485	115,195	124,100
Surplus/(deficit) for the period	52,482	(205,147)	210,275	173,675	180,238

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Prospective statement of financial position

	FY Budget	FY Forecast			
	2018/19 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Assets					
Current assets					
Cash and cash equivalents	290,439	15,053	15,873	15,834	15,795
Other financial assets	3,970,612	3,921,933	3,963,917	4,176,972	4,364,675
Prepaid insurance	-	391	408	425	442
Total current assets	4,261,051	3,937,377	3,980,198	4,193,231	4,380,912
Total assets	4,261,051	3,937,377	3,980,198	4,193,231	4,380,912
Liabilities					
Current liabilities					
Creditors and other payables	227,392	217,468	50,003	89,352	96,787
Accrued expenses	7,700	8,154	8,164	8,173	8,182
Total current liabilities	235,092	225,622	58,167	97,525	104,969
Total liabilities	235,092	225,622	58,167	97,525	104,969
Net assets	4,025,959	3,711,755	3,922,031	4,095,706	4,275,943
Equity					
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	486,402	485,270	559,505	637,946	719,860
Accumulated funds	959,658	646,586	782,626	877,861	976,184
Total net assets / equity	4,025,959	3,711,755	3,922,031	4,095,706	4,275,943

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Prospective statement of cash flows

	FY Budget	FY Forecast			
	2018/19	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Cash was received from:					
Interest receipts	61,429	141	141	141	141
Dividends received	28,937	-	-	-	-
Cash was applied to:					
Payments to donees	(205,529)	(214,326)	(198,162)	(37,968)	(77,197)
Payments to suppliers	(34,587)	(9,206)	(16,983)	(9,775)	(9,870)
Net cash flows from operating activities	(149,750)	(223,391)	(215,004)	(47,602)	(86,925)
Cash flows from investing and financing activities					
Cash was received from (applied to):					
Sale (acquisition) of investments	113,718	98,644	215,824	47,563	86,886
Net cash flows from investing and financing activities	113,718	98,644	215,824	47,563	86,886
Foreign exchange translation differences	1	-	-	-	-
Net increase (decrease) in cash for the year	(36,031)	(124,747)	820	(39)	(39)
add opening bank accounts and cash	326,470	139,800	15,053	15,873	15,834
Closing bank accounts and cash	290,439	15,053	15,873	15,834	15,795

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

Statement of accounting policies

Basis of preparation

The Board of Trustees has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been applied:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and,
PBE IPSAS 29 Financial instruments: recognition and measurement.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and services tax

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

Significant accounting policies

Interest and dividend revenue

Interest revenue is recognised as it is earned during the year.
Dividend revenue is recognised when the dividend is declared.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at the end of the period exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

Grant expenditure

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Board and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.

Income tax

The Trust has charitable status and is exempt from income tax.

Statement of accounting policies (cont)

Bank accounts and cash

Bank accounts and cash comprise cash on hand and deposits held at call with financial institutions.

Investment portfolio

Components of the investment portfolio are classified as financial assets at fair value through surplus (deficit) for the year. The reason for this classification is that the portfolio is comprised of identified financial instruments which are managed together and for which there is evidence of short-term profit-taking.

All financial assets in the portfolio are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus (deficit) for the year.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Forecast assumptions

1. Portfolio income

Kiwi Wealth have estimated an average return on the portfolio of 7.26% per annum before expenses.

The split of the total return between interest, dividends and gains/losses is estimated using proportions calculated from an average of past results while taking into account changes to the components of the portfolio.

2. Expenses

Audit fees are estimated at \$7,809 for each of the four forecast years.

Portfolio management fees are assumed at a rate of 0.61% of the opening portfolio value in each year.

Other expenditure comprises annual return fees, bank charges, general expenses and audit disbursements.

3. Grants expenditure

It is assumed that for the current (2019) year all outstanding grants will be paid by 30 June 2019. It is further assumed that in subsequent years 80% of the maximum allowable distribution will be approved and fully paid by year end.

The maximum allowable distribution is set out in the *Management of Investment Portfolio and Distribution Policy*. Total grants must not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

4. Prepayments

Prepayments represent four months of insurance costs.

5. Creditors and other payables

Creditors and other payables are made up of the amount owing to Waikato District Council and the June portfolio management fee.

It is assumed that the year-end balance owing to WDC is paid in full in the following year.

6. Accrued expenses

Accrued expenses is made up of audit fees and disbursements.

7. Equity

The Trust was established with an initial capital contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as at 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

Waikato District Community Wellbeing Trust
Statement of intent
For the year ending 30 June 2020

The capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund.

The accumulated funds and capital maintenance funds together represent the total net increase in the fund value since the inception of the Trust.

Other financial disclosures

Ratios

The Local Government Act 2002 requires a statement of intent to include the projected ratio of equity to total assets.

The ratio of equity to total assets is forecast as follows:

2018/19	94.3%
2019/20	98.6%
2020/21	97.7%
2020/22	97.7%

Compensation

The Trustees will not seek any fees or expenses for work undertaken on behalf of Waikato District Community Wellbeing Trust.

Information to be provided to the Trustees

The Trustees will be provided with the following information:

- Within four months of the end of the financial year the audited financial statements plus a summary of how the Trust has performed against its objectives and performance targets;
- Quarterly reports on the performance of investments; and,
- A draft statement of intent for consideration in February of each year.

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	16 August 2019
Prepared by	Julienne Calambuhay Management Accountant
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318
Report Title	Summary of Movements in Discretionary Funds

1. EXECUTIVE SUMMARY

To present to the Discretionary & Funding Committee a summarised report giving balances of all discretionary funds including commitments as at 16 August 2019.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

Summary of Movements in Discretionary Funds to 16 August 2019

**Summary of Movements in Discretionary Funds
As of 16 August 2019**

	Carry Forward 2018/19	Annual Plan Budget 2019/20	Plus Income / Grants 2019/20	Less Expenditure 2019/20	Net Funding Remaining 2019/20	Less Commitments 2019/20	Funding Remaining after Commitments
Rural Ward	9,930.00	30,963.00	-	-	40,893.00	595.00	40,298.00
Huntly	32,263.00	24,026.00	-	-	56,289.00	22,885.39	33,403.61
Meremere	15,257.00	6,578.00	-	-	21,835.00	-	21,835.00
Ngaruawahia	50,435.00	20,999.00	-	-	71,434.00	43,925.00	27,509.00
Onewhero Tuakau	51,480.00	28,878.00	-	(20.78)	80,378.78	28,878.95	51,499.83
Raglan	2,840.00	14,271.00	-	-	17,111.00	-	17,111.00
Taupiri	4,060.00	1,624.00	-	266.96	5,417.04	1,763.76	3,653.28
Te Kauwhata	34,251.00	11,506.00	-	36.00	45,721.00	24,388.55	21,332.45
Mayoral	2,751.00	8,000.00	-	-	10,751.00	-	10,751.00

Open Meeting

To	Strategy & Finance Committee
From	Alison Diaz Chief Financial Officer
Date	16 August 2019
Prepared by	Mairi Davis
Chief Executive Approved	Y
Reference #	GOV1318 / 2330627
Report Title	Treasury Risk Management Policy - Compliance Report at 30 June 2019

I. EXECUTIVE SUMMARY

The purpose of this report is to inform the Strategy & Finance Committee of compliance with Treasury Risk Management Policy.

As reported for the March quarter, all areas of treasury risk management are within policy limits with the exception of fixed to floating interest rate controls (item 10) which continues to show a breach.

This breach has not self-corrected within the 90 days compliance window due to the low level of capital expenditure spend against forecast. Treasury risk management has a long term view and for the purpose of interest rate management, rolling 18 month cashflows are used to ensure sufficient cover is in place at the right time. An unintended consequence of inaccurate capital forecasts is that interest rate management tools will be ineffective.

Council currently has interest rate cover in place that exceeds the underlying debt position (\$95.5 million nominal value SWAPs, vs external borrowings of \$80 million) as a result.

Further debt will not be required until late in the 2019 calendar year, which required a breach against policy controls to be noted for the 2018/19 financial year.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Treasury Risk Management Policy - Compliance Report at 30 June 2019

Waikato District Council

Treasury risk management policy - Compliance report

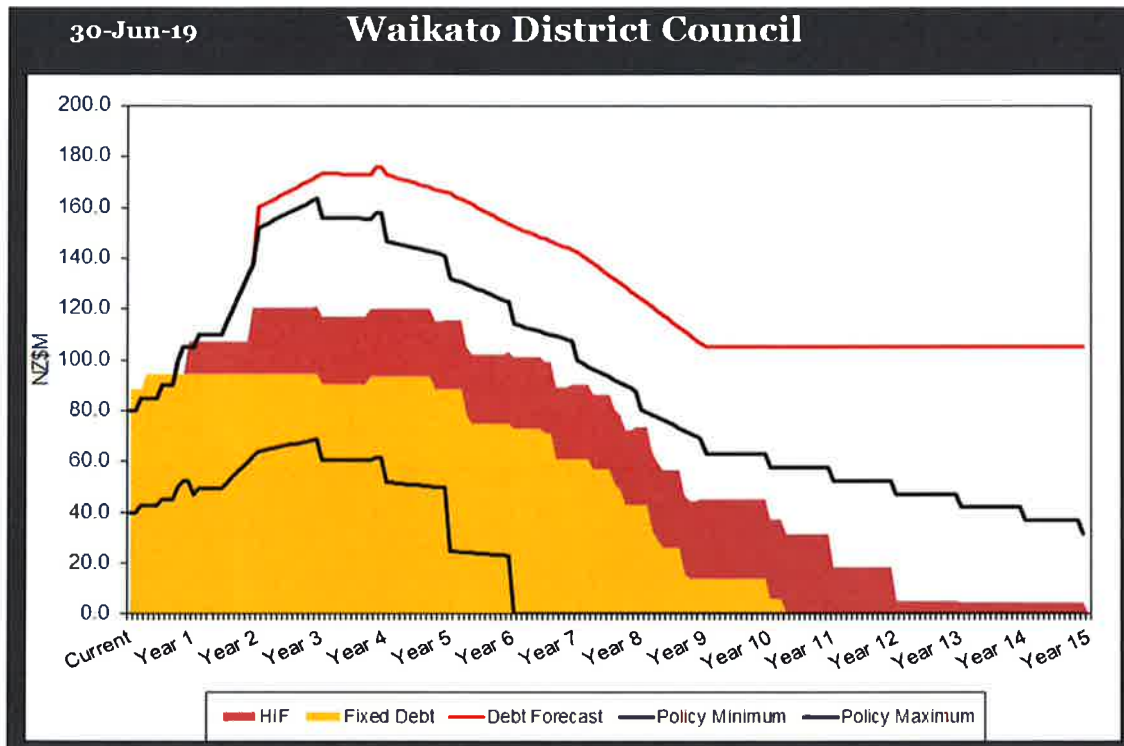
As at 30 June 2019

	Policy criteria	Policy limit	Actual	Within policy?																																								
1	The percentage of net external debt to annual revenue Net external debt = Total annual revenue =	<150% total external debt (net of related borrower notes) less term deposits and available cash / cash equivalents earnings from rates, government grants & subsidies, user charges, interest, dividends, financial and other revenue excluding non-government capital contributions (eg developer contributions and vested assets)	45.2%	✓																																								
2	Net interest expense on net external debt as a percentage of total annual revenue Net interest expense =	<20%	2.4%	✓																																								
3	Net interest expense on net external debt as a percentage of annual rates Net interest expense =	<25%	4.3%	✓																																								
4	Liquidity ratio Liquidity =	>110%	130%	✓																																								
5	Interest rate benchmark chart Comparison of actual monthly and year-to-date accrued returns vs investing the entire treasury portfolio at the combined average of the 90-day bill rate and the five-year investor swap rate over the last two years.																																											
<table border="1"> <caption>Interest Rate Benchmark Chart Data (Estimated)</caption> <thead> <tr> <th>Month</th> <th>Benchmark (%)</th> <th>Budget (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>Jun-17</td><td>3.85</td><td>5.35</td><td>4.90</td></tr> <tr><td>Sep-17</td><td>4.45</td><td>5.35</td><td>3.55</td></tr> <tr><td>Dec-17</td><td>4.60</td><td>5.35</td><td>4.90</td></tr> <tr><td>Mar-18</td><td>4.45</td><td>5.35</td><td>4.70</td></tr> <tr><td>Jun-18</td><td>4.35</td><td>4.50</td><td>4.85</td></tr> <tr><td>Sep-18</td><td>4.20</td><td>4.50</td><td>4.00</td></tr> <tr><td>Dec-18</td><td>4.30</td><td>4.50</td><td>4.15</td></tr> <tr><td>Mar-19</td><td>4.15</td><td>4.50</td><td>4.45</td></tr> <tr><td>Jun-19</td><td>3.85</td><td>4.50</td><td>4.40</td></tr> </tbody> </table>					Month	Benchmark (%)	Budget (%)	Actual (%)	Jun-17	3.85	5.35	4.90	Sep-17	4.45	5.35	3.55	Dec-17	4.60	5.35	4.90	Mar-18	4.45	5.35	4.70	Jun-18	4.35	4.50	4.85	Sep-18	4.20	4.50	4.00	Dec-18	4.30	4.50	4.15	Mar-19	4.15	4.50	4.45	Jun-19	3.85	4.50	4.40
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Jun-19	3.85	4.50	4.40																																									
6	Actual borrowing costs are <= budgeted borrowing costs Current month Year to date	Budget \$355,583 \$4,267,000	Actual \$333,129 \$4,198,395	✓ ✓																																								

7 Current interest rate swaps (including forward starts)				
	<u>Amount</u>	<u>Effective date</u>	<u>Termination date</u>	<u>Fixed rate</u> <i>(if effective)</i>
	\$			
	3,000,000	20-Jul-12	20-Oct-20	5.59%
	3,000,000	22-Jun-13	22-Mar-23	4.00%
	4,000,000	22-Jun-13	22-Jun-22	3.83%
	4,000,000	22-Jun-13	23-Mar-20	3.64%
	4,000,000	22-Jun-13	23-Sep-19	3.58%
	2,000,000	21-Mar-16	21-Mar-24	4.94%
	2,000,000	15-Mar-18	16-Sep-19	4.53%
	2,000,000	23-Sep-15	23-Sep-19	4.41%
	3,000,000	23-Mar-15	25-Mar-24	4.64%
	4,000,000	23-Mar-20	25-Mar-24	
	3,000,000	23-Mar-15	23-Sep-24	4.53%
	4,500,000	23-Dec-15	23-Sep-24	4.59%
	4,000,000	22-Jun-16	23-Sep-24	4.62%
	3,000,000	20-Oct-20	21-Oct-24	
	3,000,000	22-Sep-17	23-Sep-24	4.78%
	4,000,000	23-Mar-20	25-Mar-24	
	3,000,000	20-Oct-20	21-Oct-24	
	4,000,000	23-Sep-19	23-Mar-20	
	5,000,000	15-Mar-18	30-Jun-20	4.06%
	3,000,000	15-Mar-18	20-Oct-20	4.22%
	6,000,000	31-Oct-17	29-Jan-27	3.67%
	2,000,000	1-Mar-19	1-Dec-25	3.85%
	2,000,000	25-Sep-17	25-Feb-27	3.67%
	2,000,000	22-Jun-17	23-Jun-25	3.52%
	3,000,000	22-Mar-23	22-Jun-29	
	4,000,000	25-Mar-24	25-Sep-26	
	4,000,000	25-Mar-24	25-Mar-27	
	4,000,000	23-Sep-24	23-Sep-27	
	3,000,000	21-Oct-24	21-Oct-27	
	10,000,000	30-Sep-19	28-Sep-29	
	5,000,000	30-Jun-20	29-Jun-29	
	10,000,000	28-Feb-19	27-Feb-26	3.33%
	10,000,000	28-Aug-18	30-Aug-27	3.37%
	10,000,000	28-Feb-18	28-Feb-28	3.33%
	2,000,000	19-Jun-19	19-Mar-28	3.10%
	2,000,000	19-Jun-19	19-Mar-27	3.28%
	146,500,000	Total swaps		
	95,500,000	Total "live" swaps		
		Average interest rate of live swaps		3.89%
8	Forward start period to be no more than 24 months <u>unless</u> there is a match with the expiry date of an existing swap of the same notional amount		5 swaps with start periods > 24 months forward all are matched with existing swaps	
9	<u>Counterparty credit risk - swaps</u>			
	NZ registered banks (each)			
		\$30m		
	- ANZ / National		\$0m	✓
	- ASB		\$0m	✓
	- BNZ		\$26.02m	✓
	- HSBC		\$0m	✓
	- Westpac		\$0m	✓

10 Council's net external debt should be within the following fixed/floating interest rate risk control limits:

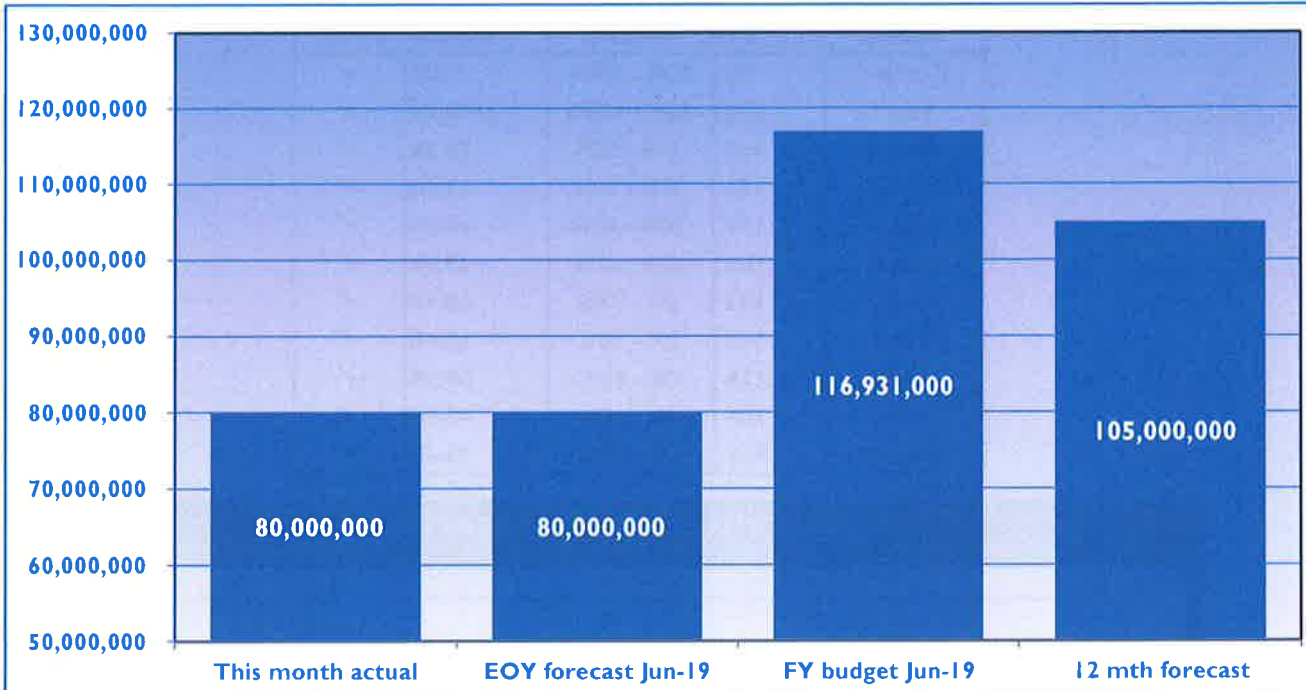
Debt period ending	\$m	Policy criteria	Actual	Within policy
Current	80	50% - 100%	110%	✘
Year 1	105	45% - 100%	102.1%	✘
Year 2	160	40% - 95%	75.3%	✓
Year 3	173	35% - 90%	67.6%	✓
Year 4	173	30% - 85%	69.6%	✓
Year 5	165	15% - 80%	69.9%	✓
Year 6	152	0% - 75%	66.4%	✓
Year 7	143	0% - 70%	63.4%	✓
Year 8	124	0% - 65%	59.3%	✓
Year 9	105	0% - 60%	43.0%	✓
Year 10	105	0% - 55%	35.4%	✓



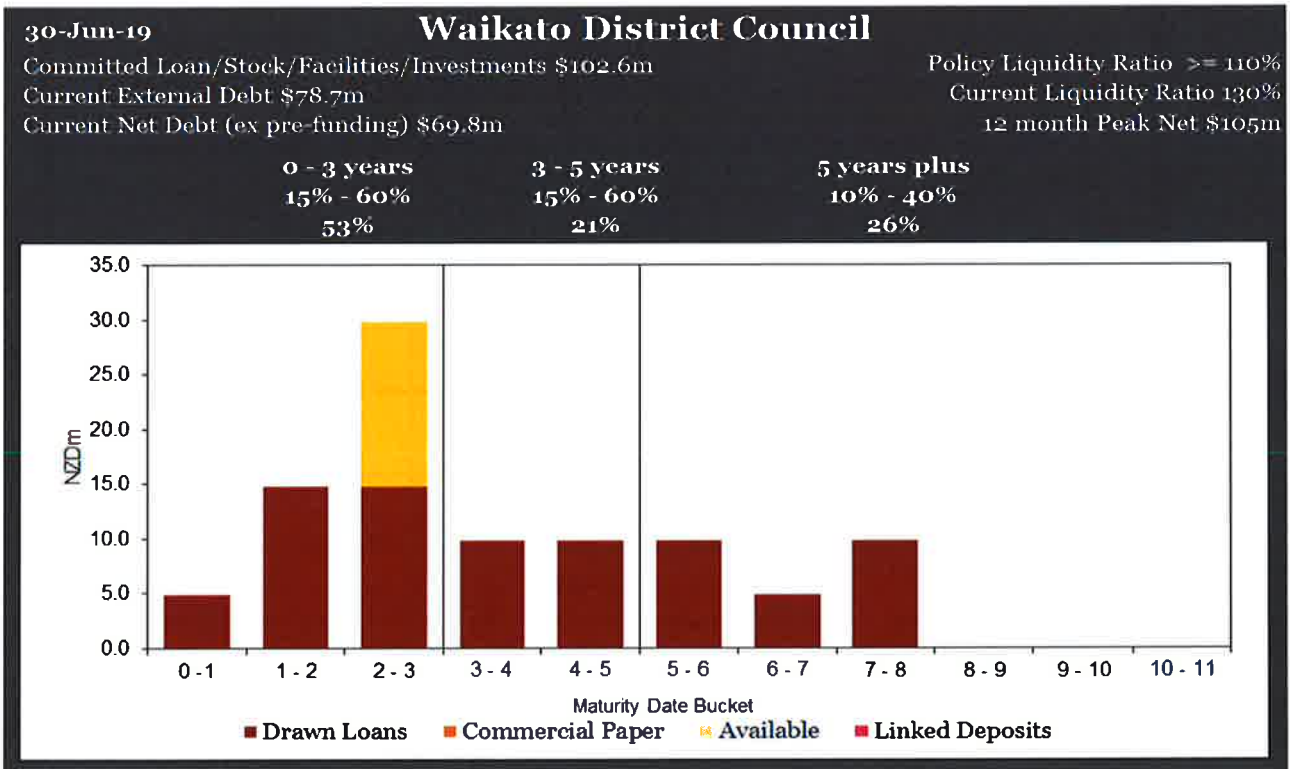
	Policy criteria	Policy limit	Actual	Within policy?
11	Debt affordability benchmark - limit on debt (actual debt <= limit on debt)	<= \$185.5m	\$80m	✓
12	Balanced budget benchmark (revenue / expenses)	>= 100%	109%	✓
13	Essential services benchmark (CAPEX / dep'n - infrastructure)	>= 100%	162%	✓
14	Debt servicing benchmark (borrowing costs / revenue) borrowing costs =	< 15%	2.5%	✓
		finance expenses per statement of comprehensive revenue and expense		

15 Borrowing at June 2019

This graph depicts actual borrowing - LGFA plus bank (BNZ).



16	Actual monthly (gross) borrowing is within end-of-year budget	\$116,931,000	\$80,000,000	✓
17	The maturity profile of the total committed funding in respect of all loans and committed facilities			
	0 to 3 years	15% - 60%	53%	✓
	3 to 5 years	15% - 60%	21%	✓
	5 years plus	10% - 40%	26%	✓



18	Financial assets			\$'000
	<i>Share investments held for strategic purposes</i>			
	Local Authority Shared Services Limited			220
	Waikato Regional Airport Limited			13,267
	Strada Corporation Limited			700
	Civic Financial Services Limited			66
	<i>Investments held to reduce the current ratepayer burden</i>			
	Community loans as below			141
	<i>Short-term investments held for liquidity & working capital requirements</i>			
	Bank & cash balances			627
	Short-term bank deposits			8,900
	Total investments			\$15,021
	For treasury purposes, LGFA borrower notes are netted off against related borrowing			
19	Community loans	Current balance \$\$	Maturity date	Interest rate
	Borrower			
	Tamahere Hall Committee	114,222	Jun-22	} all at 5.49%
	Te Kowhai Hall Committee	15,474	Jun-22	
	Woodlands #2	4,815	Jun-19	
	Tauhei Hall Committee	3,361	Jun-20	
	Opuatia Community Centre	2,800	Dec-20	ex Franklin
	Glen Murray Community Centre	-	Dec-18	loans @ 0%
	Onewhero Society of Performing Arts	-	Dec-18	
		<u>\$140,673</u>		
	Policy criteria	Policy limit	Actual	Within policy?
20	Counterparty credit risk - investments			
	NZ Government	unlimited	\$0m	✓
	NZD resistered supranationals	\$20m	\$0m	✓
	LGFA	\$20m	\$1.44m	✓
	NZ registered banks (each)	\$20m		
	- ANZ / National		\$2.225m	✓
	- ASB		\$2.225m	✓
	- BNZ		\$2.225m	✓
	- HSBC		\$0m	✓
	- Westpac		\$2.225m	✓
21	Counterparty credit risk - total			
	NZ registered banks (each)	\$50m		
	- ANZ / National		\$2.225m	✓
	- ASB		\$2.225m	✓
	- BNZ		\$28.245m	✓
	- HSBC		\$0m	✓
	- Westpac		\$2.225m	✓

Open Meeting

To	Strategy & Finance Committee
From	A Diaz Chief Financial Officer
Date	13 August 2019
Prepared by	A Diaz - Chief Financial Officer N Johnston – Funding & Partnership Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2329893
Report Title	Submission on the Local Government Funding and Financing Draft Report

I. EXECUTIVE SUMMARY

The Productivity Commission (“the Commission”) has completed its inquiry into local government funding and financing and has released a draft report which is open for submissions until the 29 August 2019. The final report will be presented to the Government on 30 November 2019.

This inquiry looked at the cost of services provided by local government and how they are paid for. The adequacy and efficiency of the current local government funding and financing framework and the factors that drive costs now and in the future, has been reviewed with a number of findings and recommendations contained in the draft report.

The Commission was mindful of the need to consider the range of circumstances across local authorities, and has sought to understand the drivers of costs in these different situations. The inquiry has resulted in a range of new funding mechanisms being proposed.

This inquiry follows on from the work previously undertaken by the Commission being:

- An assessment of local government regulatory performance (2013)
- An assessment of local government processes surrounding the supply of land for housing in high growth areas (2015)
- Review of the urban planning system (2017)

This inquiry has been conducted within the context of existing government work programmes. In particular, the Urban Growth Agenda, which is a programme of work to improve housing affordability by removing undue constraints to land supply, development capacity and infrastructure provision. At the same time, the Department of Internal Affairs (DIA) is reviewing how to improve the management, service delivery, funding and regulatory arrangements for of drinking water, stormwater and wastewater (three waters).

The summary of findings and recommendations is attached to this report with the full document available online at www.productivity.govt.nz

Council's proposed submission is attached to this report for review and amendment/approval.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Strategy & Finance Committee approves the submission on the Productivity Commission's Local Government Funding and Financing Draft Report (Attachment D to the staff report).

3. ATTACHMENTS

- A At a glance summary of the draft report
- B LGFF draft report
- C Findings and recommendations
- D Submission on the Local Government Funding and Financing Draft Report
- E Feedback on draft report recommendations

At a glance

Local government funding and financing

Draft report – July 2019



The Government has asked the Productivity Commission to undertake an inquiry into local government funding and financing. The Government wants to know whether the existing funding and financing arrangements are suitable for enabling local authorities to meet current and future cost pressures.

This *At a glance* summarises the main findings and recommendations from the Commission's draft report. Your feedback and submissions on the draft report are invited by **29 August 2019**.

High-performing local government is vital for community wellbeing

Local government matters a great deal to communities and the wellbeing of New Zealanders. High-performing local government can provide greater access to housing; better protection of New Zealand's natural environment and cultural values; strong, engaged communities; and quality infrastructure at the right time in the right place.

If councils struggle to deal with rising costs, or are not incentivised to improve their performance, communities are unlikely to reach their potential. The funding and financing framework for local government must incentivise good performance, and enable local authorities to deliver quality amenities and services that reflect the preferences and aspirations of their communities.

The current funding and financing framework is broadly sound

Local authorities currently have a wide range of funding and financing options, which gives them considerable flexibility in how they raise revenue.

The current funding and financing framework measures up well against the principles of a good system. The current system, based on rating properties, is simple and economically efficient, compared to alternatives, such as local income taxes. Wholesale change to a radically different model would be expensive, disruptive and uncertain.

The current system should therefore remain as the foundation of a fit-for-purpose future funding and financing system for local government. However, councils need new tools to help them deal with some specific cost pressures.

There is scope for councils to make better use of existing tools

Many councils could make better use of the funding tools they already have available to them, and better organisational performance and decision making would also help to relieve funding pressures. Council decision making and broader performance also need to be more transparent.

Changes are needed to strengthen governance and increase the transparency of council performance. All councils should have an assurance committee that is independently chaired; and the legislative requirements for councils' Long-Term Plans should be clarified and streamlined. In addition, the current performance reporting framework for local government is not fit-for purpose. It requires fundamental review, aimed at significantly simplifying and improving the required financial and non-financial disclosures.

The best way to use the current funding tools

The Commission favours the "benefit principle" as the primary basis for deciding who should pay for local government services. That is, those who benefit from (or cause the need for) a service should pay for its costs. Councils may also use "ability to pay" as a consideration, taking into account central government's primary role in income distribution. Where local services also benefit national interests, central government should contribute funding. User charges or targeted rates should be used wherever it is possible and efficient to do so.

Improving equity

There is little or no evidence that rates have generally become less affordable over time. However, legislative changes are needed to make the current funding system more equitable and transparent, including changing rating powers to give more prominence to the benefit principle, phasing out the current rates rebate scheme (which is not equitable or effective), and introducing a national rates postponement scheme.

New funding tools are needed to address key pressures

The Commission has identified four key areas where the existing funding model is insufficient to address cost pressures, and new tools are required:

- supplying enough infrastructure to support rapid urban growth;
- adapting to climate change;
- coping with the growth of tourism; and
- the accumulation of responsibilities placed on local government by central government.

These pressures are not distributed evenly across councils, because they face widely differing circumstances. In addition, small rural and provincial districts are facing particular challenges in funding essential infrastructure and services. These councils need to be open to scalable new technologies and alternative organisational arrangements. They may also require support from central government to make the necessary investments.

New funding and financing tools for growth infrastructure

The failure of high-growth councils to supply enough infrastructure to support housing development has led to some serious social and economic problems. Councils currently have funding and financing tools to make growth “pay for itself” by ensuring revenue for new property developments is derived from new residents rather than existing ratepayers. However, the long time it takes to recover the costs of development, the risks involved, debt limits, and the continued perception that growth does not pay for itself are significant barriers.

Value capture and user charging would help growth “pay for itself”

The Commission has previously recommended a new “value capture” funding tool for councils. This tool would raise revenue because property owners who enjoy “windfall gains” in their property value as a result of nearby publicly-funded infrastructure investment would be required to pay a portion of this gain to the council. Such a tool, combined with powers for councils to levy road-congestion and volumetric wastewater charges, would help give councils sufficient means to fund growth.

Special Purpose Vehicles could help councils nearing their debt limits

Special Purpose Vehicles (SPVs) are a financing option for new development, that involve debt sitting off a council’s balance sheet. This provides a means for high-growth councils approaching their debt limits to continue to invest in development. The Commission supports the Government’s current work around expanding the use of SPVs to brownfields development.

Considering two additional options

To address the perception that growth does not pay for itself, the Commission recommends considering a **new funding stream from central government** to local authorities, based on new building work put in place within an authority’s boundary. This can be justified because of the strong national interest in an adequate supply of infrastructure-serviced land and new houses. The Commission seeks feedback on the advantages and disadvantages of such a payment scheme, and how it could be designed. The Commission is also seeking submissions on whether a **tax on vacant land** would be a useful mechanism to further improve the supply of land for housing.

Adapting to climate change is a significant challenge

As the impacts of climate change unfold over coming decades, local authorities will face a significant and growing challenge. Future sea-level rise and increased flood risk from climate change directly threaten local government infrastructure such as roads and bridges, as well as stormwater, wastewater and flood-protection assets. Moreover, councils are responsible for planning and regulating development on at-risk land.

To help local government prepare for the impacts of climate change, **central government should take the lead** on providing high-quality and consistent science and data, standard setting, and legal and decision-making guidance. Institutional and legislative frameworks also need to move from their current focus on recovery after an event towards reducing risk before an event.

The Government should **extend the role of the New Zealand Transport Agency** in co-funding local roads to include assistance to councils facing significant threats to

the viability of local roads and bridges from climate change. The Commission also recommends that the Government creates a **climate-resilience agency and associated fund** to help at-risk councils redesign, and possibly relocate and rebuild, wastewater, stormwater and flood-protection infrastructure threatened by the impacts of climate change.

Funding support for tourism hotspots

The large and rapid increase in tourism is placing considerable pressure on several types of “mixed-use” infrastructure in popular tourist destinations, such as local roads, parking, public toilets, water and wastewater. Tourists are not paying the full cost of the demands they are placing on this infrastructure.

The Government should legislate to enable councils in tourist centres to implement an **accommodation levy**. Councils in tourist centres should also make greater use of **user pays** for mixed-use facilities. For small councils that cannot reasonably use either accommodation levies or user pays, the Government should provide **funding from the international visitor levy**.

Need to reset the relationship with central government

Another cause of funding pressures on local government is the continued accumulation of tasks and responsibilities passed from central government, without adequate funding means. The Commission sees significant value, and has previously recommended, that central and local government work together to develop a “**Partners in Regulation**” protocol. This would involve the co-design and joint-implementation of appropriately-funded regulatory regimes, and would promote a more constructive relationship between central and local government.

A new regulatory regime for the three waters

Improving the safety and environmental performance of three-waters services (drinking water, wastewater and stormwater) will be expensive, and will create additional funding pressure on councils. A new approach that both rigorously enforces minimum standards, and is permissive about how councils meet these standards would substantially improve the performance of the three-waters sector. The new regime would be administered by an independent regulator, such as the Commerce Commission. The performance regime would be permissive and flexible, but have a backstop arrangement applied to councils that fail by a specified time period to lift their performance sufficiently to meet minimum health and environmental standards.

Read the full version of the draft report and make a submission at www.productivity.govt.nz, email us at info@productivity.govt.nz or call us on 04 903 5150.

The **New Zealand Productivity Commission** is an independent Crown Entity. It conducts in-depth inquiries on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.

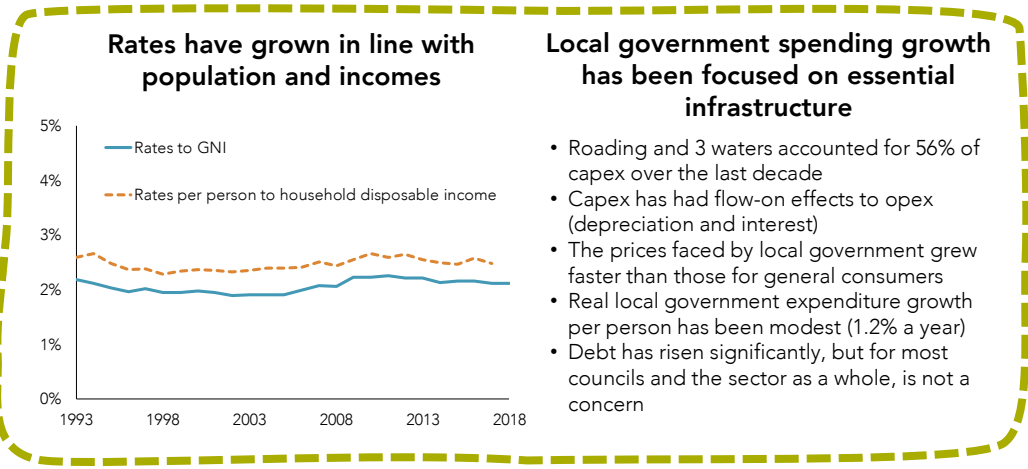
Local government funding & financing at a glance

Terms of Reference

85

- Understand the drivers of local government costs, now and into the foreseeable future
- Assess the adequacy, efficiency, sustainability, equity and affordability of the existing local government funding and financing framework
- Advise whether new or improved approaches are required

- The inquiry evidence base:
- 136 submissions
 - 70+ engagement meetings
 - Four in-depth case studies
 - Expert advice and input

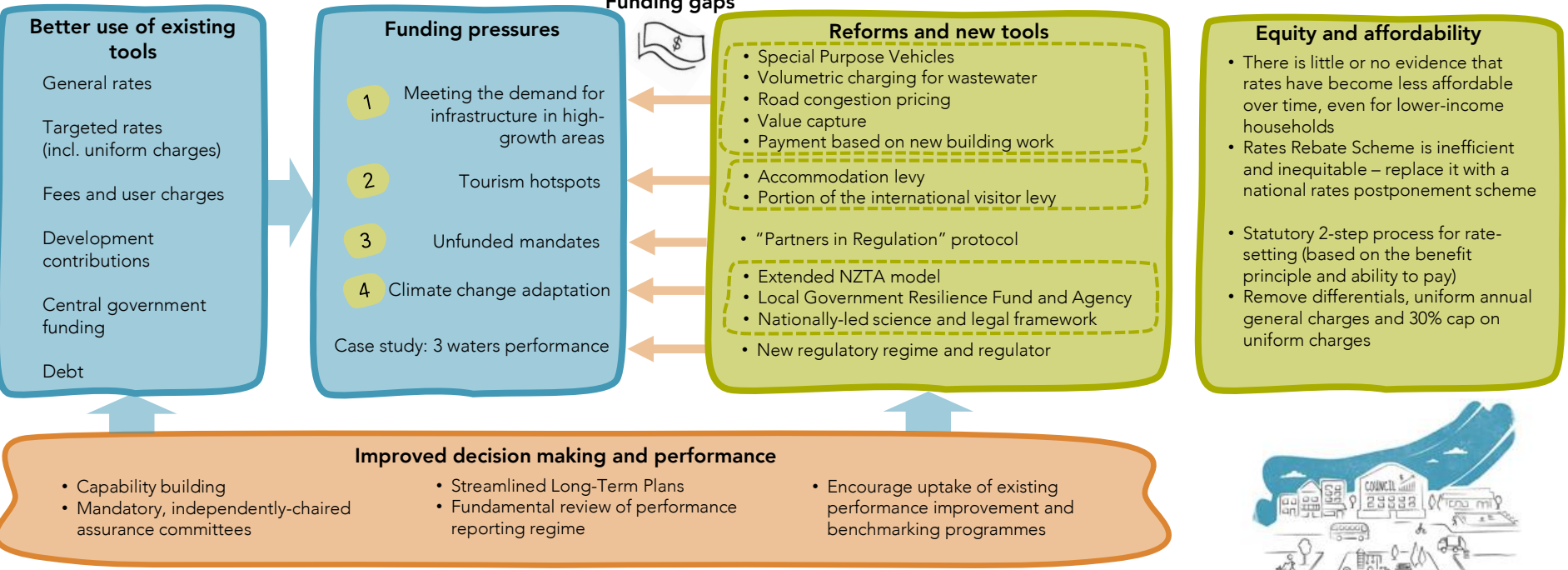


The current funding and financing framework is broadly sound

- Radical reform is not required; and there is no clearly superior alternative to a property-tax-based system
- However, there is significant scope for councils to make better use of the current funding tools, and improve their performance, productivity and decision making

The best way of using the current funding tools

- The “benefit principle” should be the primary basis for deciding who should pay for local government services
- Councils should consider “ability-to-pay” in a second step, taking into account central government’s primary role in income distribution
- Local services should be funded by local ratepayers. Where local services also benefit national interests, central government should contribute funding
- User charges or targeted rates should be used wherever possible and efficient



Findings and recommendations

The full set of findings and recommendations from the report are below.

Chapter 3 – Trends in local government, expenditure, prices and debt

Findings

F3.1

Over long periods of time, and with some variation, increases in local government revenue and rates have roughly matched increases in national and household income.

F3.2

Local governments face higher price inflation than general consumers largely because of the specialised inputs councils use to construct and operate infrastructure. Councils have little direct influence on the prices of many of these inputs, but can adjust their demand and mix of inputs, in response to changes in prices.

F3.3

Modelling of price inflation in local government goods and services using an index that reflects yearly changes in the composition of expenditure produces a slightly lower measure of inflation than the Local Government Cost Index currently used by councils. This suggests that councils do adjust their mix of inputs in response to prices, to some extent.

F3.4

After adjusting for price inflation using the Commission's preferred price index, local government operating expenditure (opex) per capita (excluding depreciation and interest) grew at an average of 1.2% a year between 2007 and 2017. The opex per capita of regional and rural councils grew faster than that of metropolitan and provincial councils.

Chapter 4 – Pressures on funding and financing

Findings

F4.1

New Zealand's population has grown by about 30% in the last twenty years, but this growth has not been evenly distributed. Councils in high-growth areas are facing pressure from the costs of funding growth infrastructure, while some councils in small districts or districts with declining populations face pressure from high fixed costs distributed between a relatively small number of ratepayers. These challenges are likely to increase as New Zealand's population becomes increasingly concentrated in the future.

F4.2

All districts across New Zealand are ageing, and this is happening much more rapidly in some districts. An ageing population creates additional costs for councils as elderly residents require a different mix of accessible infrastructure and services.

F4.3

If some councils are not able to comply with all the responsibilities and functions being passed to them, then the objectives of central government legislation will ultimately not be achieved.

F4.4

When central government passes new responsibilities to local government, without providing adequate funding, this creates cost pressure for councils. Unfunded mandates fall broadly into four categories:

- new or stronger standards that councils must meet – without commensurate funding;
- new responsibilities, functions or processes that councils must undertake – without commensurate funding;
- reduction, cessation or removal of central government funding, or of government-funded programmes and services within the community; and
- restrictions on the ability of councils to set cost-recovery fees for services or functions.

F4.5

Central government's passing of new responsibilities and functions on to local government is not new. However, this process has continued, and some councils are finding the cumulative impact increasingly difficult to manage.

F4.6

Central government is sometimes passing new responsibilities to local government without adequate analysis, including consideration of the range of council circumstances. This can result in regulation that is "one size fits all", making it unfit for purpose, or particularly costly to implement, in some localities.

F4.7

To date there has been no comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – either to councils or iwi. Such analysis would be valuable to clearly identify the additional resources councils must deploy to carry out this role.

F4.8

Co-governance and co-management arrangements established through Treaty settlement agreements between the Crown and Māori can impose considerable costs on local authorities. So far, central government support has been ad hoc, and fallen short of covering the initial and ongoing costs to councils.

F4.9

Some councils are struggling to meet the costs of implementing Treaty settlement arrangements. The durability and effectiveness of some Treaty settlement arrangements may be at risk if funding issues remain unresolved.

F4.10

Evidence reveals no major shifts over the last several decades in the range of services that local government generally provides. The Local Government Act 2002 defines the purpose of local government as "to enable democratic local decision-making and action by, and on behalf of, communities". The nature, quality and extent of services provided by councils is reliant on the quality of their democratic decision-making.

F4.11

Community expectations for levels of service from local (and central) government are rising over time in response to factors such as:

- changing perceptions of risk from climate change;
- drinking water quality and impacts of discharges into waterways;
- changes in the age mix of local populations; and
- rising incomes (which make it easier for people to meet the cost of better quality and additional services).

F4.12

Tourists use the same local infrastructure as residents. The seasonal nature of tourism in New Zealand creates the need for this local mixed-use infrastructure to be able to accommodate peak visitor numbers, even if that peak only lasts for a few weeks or months. Some communities have a high visitor-to-resident ratio during peak tourist season, which can create significant pressure.

F4.13

Local authorities have access to a range of tools to address pressure from tourism. Councils appear to under-use some of these tools, including user charges and targeted rates. Yet, even with more effective use of existing tools, a funding gap remains because tourists do not fully pay for the costs of the local mixed-use infrastructure and services they use.

F4.14

Rates of afforestation will increase as New Zealand transitions to a low-emissions economy. This increase in forested land will result in considerable new pressure on many local roads, particularly at harvest time. This will, in turn, lead to a need for more frequent maintenance and replacement of roads, resulting in increased costs. The cost pressure this creates for some councils may indicate a need to re-examine how funds from Road User Charges are distributed.

Chapter 5 – Improving decision making

Findings

F5.1

The elected member governance model does not consistently deliver a mix of councillors that collectively possesses the full range of skills required for effective governance, and evidence shows that many councils lack the necessary expertise for effective decision making. A lack of skilled councillors can be ameliorated by having a well-qualified and suitably experienced Chief Executive.

F5.2

A wide range of training, resources and supports are available for elected members. However, the uptake of these is patchy. Reported barriers include reluctance to travel, public scrutiny of travel and training expenses, dissatisfaction with training provided, and lack of personal awareness of the need for capability development.

F5.3

The accountability of local government to local communities is highly reliant on the transparency of its processes, decision making, and performance.

F5.4

The current performance reporting requirements on local authorities, including the financial and non-financial information disclosures, are excessively detailed, inappropriately focused and not fit-for-purpose.

F5.5

Successive legislative reforms aimed at increasing the transparency of council performance through prescriptive reporting requirements have been counterproductive. The local government performance reporting framework requires fundamental review, with a mind to significantly simplifying the required disclosures, and improving their overall coherence and fitness-for-purpose.

F5.6

While the purpose and content of Long-Term Plan consultation documents are prescribed in legislation, the form and manner of engagement are not. Councils are free to undertake early engagement to ask open-ended questions, and use a wide range of techniques tailored to their local communities. Some are doing this effectively.

F5.7

There is scope for greater transparency across councils, in how they have considered and balanced the range of community views in their decision making.

F5.8

Long-Term Plans (LTPs) are long, complex and contain duplication. This is partly a function of the legislative requirements, which are disjointed and require an unnecessary level of detail. This works against the strategic intent of LTPs.

F5.9

The benefits associated with auditing Long-Term Plans and their consultation documents currently exceed the costs. These benefits include assurance and transparency for the general public, as well as recommendations and advice for councils about good practice.

F5.10

A clear strategic framework is an important mechanism for guiding councils' prioritisation and resource-allocation decisions. While the current legislative requirements impose parameters around the content of Long-Term Plans (LTPs), they do not preclude the preparation of a strategic framework, and alignment of the LTPs and other accountability and planning documents within this. A number of councils have done this successfully; others lack a coherent framework to guide their strategic planning.

F5.11

Undertaking long-term planning within a spatial planning approach promotes a more coordinated and integrated approach to strategic planning as well as investment decision making.

F5.12

The effectiveness of the decision-making procedures by local government depends on the public understanding, and taking part in, local democratic processes – both of which are notoriously deficient. This weakens the incentives that those processes provide for local governments to be accountable for the quality of their decisions.

Recommendations

R5.1

The Department of Internal Affairs, Local Government New Zealand (LGNZ) and the New Zealand Society of Local Government Managers should work together to improve basic governance, including financial governance, skills and knowledge across elected members. In undertaking this work, they should consider:

- a range of mechanisms, such as formal training; peer support, mentoring (eg, via “sister council” links), and networking; and sharing of resources and best practice; and
- a variety of delivery platforms, including online media and collaboration tools.

LGNZ should ensure that resources and initiatives are well evaluated.

R5.2

Local Government New Zealand should work to achieve greater participation in ongoing professional development by elected members, including new and existing members, to ensure skills and knowledge are built and periodically refreshed.

R5.3

The Local Government Act 2002 should be amended to require all local authorities to have an Audit and Risk Committee (or equivalent assurance committee).

- Audit and Risk Committees should have an independent Chair, and ideally include at least one other external expert, to ensure they span the full range of necessary skills and experience.
- Independent members should be appropriately skilled and qualified.
- Councils should draw on the good practice guidance and resources that are available to develop and run their committees.

R5.4

The local government reporting framework (including the financial disclosures, Funding Impact Statement and performance measures for service delivery) should be subject to a fundamental, first principles review. This review would:

- identify financial disclosures of low value to users of financial statements;
- examine the mix of financial and non-financial disclosures, and recommend a revised framework that provides the most efficient, coherent and accessible way of reporting the range of information sought by both types of users;
- consider the potential for new forms of external reporting, including integrated reporting, to shape changes in the reporting framework; and
- be undertaken by a working group comprising the Department of Internal Affairs, the External Reporting Board and representatives of the local government sector and information users. The Office of the Auditor-General would be consulted.

R5.5

The Department of Internal Affairs, Local Government New Zealand and the New Zealand Society of Local Government Managers should continue to work together to promote and encourage councils’ participation in existing performance review and improvement initiatives, such as CouncilMARK™ and the Australasian Local Government Performance Excellence Program. The emphasis should be on learning for continuous improvement, rather than a one-off exercise. This work should include efforts to boost public awareness of initiatives such as CouncilMARK™ to increase demand for their use.

R5.6

The legislated information requirements for the consultation processes of local authorities should be amended to:

- make the terminology around the required analysis of alternative options consistent across relevant sections of the Local Government Act 2002;
- clarify that Long-Term Plan (LTP) consultation documents must describe the reasonably practicable alternative options for addressing each identified issue; and
- explicitly require that LTP consultation documents include high-level information on the implications for rates and future service levels associated with each of the identified options.

R5.7

The Local Government Act 2002 should be revised to clarify and streamline the required content of Long-Term Plans so as to reduce duplication, ease the compliance costs on councils, and help make them more accessible documents.

R5.8

The scrutiny on long-term planning provided by the audit requirements should not be considered a substitute for internal quality assurance processes. Councils should have robust quality assurance procedures across their Long-Term Plan process, including the use of expert review where appropriate (such as for significant decisions).

Chapter 6 – Future funding and financing arrangements

Findings

F6.1

The roles and funding tools of local government do not impinge on the prime responsibilities of central government to stabilise the macro economy and redistribute income and the cost of services from those well-off to those in need. The responsibilities for making choices about public goods and infrastructure are mostly coherent across the two levels of government.

Some areas of difficulty and tension between central and local government have emerged. These tend to be where the benefits or costs of local government infrastructure and services cross local-authority boundaries, yet current funding arrangements do not consider this.

F6.2

The rating tools of New Zealand local governments have low compliance and administration costs. The complexity of development contributions (DCs) causes them to have higher administration and compliance costs.

Rates based on (unimproved) land values cause little or no economic distortion and therefore are a highly efficient way to raise revenue.

Rates on capital value are relatively less efficient because they can disincentivise land and building development. Rates on the capital value of businesses can, in addition, cause unnecessary productive inefficiency.

Even so, when rates, user charges, DCs and connection charges reflect benefits received and the marginal cost to the council of providing services, these are efficient ways to raise revenue.

F6.3

The fiscal adequacy of the local government funding system is under strain in the areas of tourism, adaptation to climate change, growth infrastructure and unfunded mandates from central government. Pressures in these areas are mostly uneven across councils, and in the first two areas are set to continue rising.

Since the early 1990s, rates revenue per person, council expenditure per person and income per person have grown at similar rates. While this suggests that the current funding system has proved adequate and sustainable in the past, the new and growing pressures may require new funding tools for the future.

F6.4

The current main funding tools of local government in New Zealand measure up well against the principles of appropriateness for local government use, coherence within national policies and institutions, efficiency, enforceability, and the stability and predictability of revenue. Yet scope exists for many councils to make better use of their funding tools and this would help relieve funding pressures.

F6.5

Development contribution (DC) policy and implementation are inherently complex. Good examples exist of council DC policies. Councils appear to have been refining and improving them over time. Yet the DC policies of some councils still fall considerably short of best practice. The good policies provide a transparent and reliable platform for setting DC charges in line with the purpose and principles of DCs in the Local Government Act 2002.

F6.6

Councils have a portfolio of charging and rating tools to recover the costs of their growth-related infrastructure investments. Yet cost recovery may take many years, councils face investment risks (eg, over-investment or investing in the wrong location) and some councils face debt limits. Councils also face political pressure to not support growth. The result is that some councils in fast-growing cities are either not willing, or not able to, invest in growth-related infrastructure at levels that match demand.

F6.7

Giving councils powers to levy a value-capture rate, congestion charges and volumetric wastewater charges would give them additional means to recover the costs of growth without burdening existing residents. Yet some councils and their residents may still not be willing to accommodate growth to the extent needed for supply to match demand.

F6.8

Many councils and ratepayers still perceive that council revenue from local growth does not fully cover costs that councils incur from growth and that therefore growth is financially disadvantageous. This perception is exacerbated by the:

- highly visible way that property owners are billed for and pay rates;
- much less visible way that most people pay income tax and GST; and
- the automatic link between economic activity and revenue from income tax and GST which does not exist for rates.

F6.9

While local property taxes are in widespread use in other parts of the world such as the United States, they are not a panacea for aligning the incentives of existing voters and property owners with socially desirable growth rates in dwellings. Given that property prices in New Zealand have been neither stable nor predictable, property tax revenues would not be either, and this would be undesirable. The highly transparent system of rating in New Zealand provides a fiscal discipline on councils and should be retained.

F6.10

None of the options of a local property tax, a local income or sales tax, or a portion of national GST or income tax is a fully satisfactory solution to the problem of councils and existing property owners and voters failing to embrace growth, because no direct and transparent link exists between growth and council revenue.

Each option does not meet at least one important criterion for a good local tax. The revenue from local property tax would be neither stable nor predictable, local income and sales taxes would be complex and likely to have high administrative and compliance costs, and a portion of national GST or income tax would be likely to undermine local autonomy and accountability.

F6.11

A system of payments from central government to councils based on new building work in territorial local authorities could offer local government a practical additional funding source. The system would substantially preserve local autonomy and provide a direct link between council revenue and a council's effectiveness in keeping land supply and infrastructure responsive to demand. This could be effective in incentivising councils and their existing ratepayers to support growth.

F6.12

While councils vary widely in their use of debt, they should use it to spread the cost of long-lived infrastructure assets fairly over the people and properties that benefit from these assets. Most councils have adequate capacity on their balance sheets to finance their infrastructure development. A few high-growth councils face debt-limit barriers that have the potential to cause serious social harm by preventing council infrastructure investment keeping pace with demand for new development.

F6.13

Special Purpose Vehicles (SPVs) can be an effective way to reduce the barrier caused by council debt limits where these limits constrain a council's ability to invest in infrastructure to serve new greenfield developments. The SPVs raise finance for infrastructure investment in a way that puts debt on the balance sheets of new property owners who benefit from the infrastructure, rather than on the balance sheet of their council or the Crown.

F6.14

The Government and officials are working on ways to expand the use of Special Purpose Vehicles (SPVs) to finance large brownfield infrastructure investments that will benefit both new and existing residents. While more challenging to design, and requiring legislation, these expanded SPVs promise to deliver a further valuable means to reduce the barrier of debt limits for fast-growth councils.

F6.15

The factors driving population decline in rural districts and small centres are often difficult to counter and may result in funding shortfalls that affect a council's ability to supply basic infrastructure services.

F6.16

Tourists pay for many of the costs they create, either directly through a user-pays system, or indirectly by paying for services they buy from businesses. Yet, because tourists do not pay any equivalent of residential rates, tourists do not fully pay for the costs of local infrastructure and services that they consume directly. The payment shortfall is exacerbated by the strong seasonality of tourism that creates the need for infrastructure that can cater for peak loads.

F6.17

Greater user pays and accommodation levies are the two best options for recovering from tourists their share of the cost of facilities provided by local government for which it cannot otherwise charge. These are the only options that target the right group, are practical, do not involve an industry subsidy, promote economic efficiency, are consistent with local autonomy, and have reasonably modest compliance and administration costs.

Recommendations**R6.1**

The Government, Local Government New Zealand and the New Zealand Society of Local Government Managers should work together to develop standardised templates both for the development contribution (DC) policies of councils and council assessments of DC charges for individual property developments. Councils should be required to use the standardised templates.

R6.2

While local authorities' general approach to depreciating their infrastructure assets is satisfactory, three issues are of concern and may require action:

- councils' decisions about the best use of the large amounts of cash that depreciation funding can give rise to should be part of formulating their wider financial and infrastructure strategies;
- councils should prioritise improving their knowledge of the condition and performance of their assets to, among other benefits, avoid the risk of underestimating asset lives and overestimating depreciation expense; and
- the Essential Services Benchmark should be reviewed as part of the wider review of the local-government performance reporting framework referred to in Recommendation 5.4. Any reframing should avoid the implication that individual councils must invest in as much asset renewal each year as their depreciation expense.

R6.3

In choosing among funding tools, rating bases and whether to charge rates as a percentage of property values or as uniform charges or some other targeted feature, councils should emphasise the benefit principle and efficiency in the first instance. They should also balance greater economic efficiency against lower compliance and administration costs.

Councils should factor in any significant concerns about ability to pay at a second stage in their decision making.

R6.4

The Government should consider implementing a system of payments to territorial authorities, based on new building work put in place in each territorial local authority, to incentivise councils to increase the supply of infrastructure-serviced land to match growth in demand.

R6.5

The Government should direct officials to continue work on how to expand the use of Special Purpose Vehicles to finance investment in growth infrastructure in fast-growth local authorities that face debt limits. If needed, the Government should promote legislation in Parliament to enable the placement of debt-servicing obligations on existing residents who will benefit from the infrastructure.

R6.6

In its review to improve the service delivery of the three waters, the Government should favour models capable of applying efficient scale and specialisation to help small communities meet the challenges of maintaining and upgrading their water, wastewater and stormwater infrastructures.

R6.7

The Government should legislate to enable councils in tourist centres to choose to implement accommodation levies to recover the tourism-induced costs of providing local mixed-use facilities not otherwise charged for.

Councils in tourist centres should make greater use where possible of user pays for mixed-use facilities.

R6.8

The Government should provide funding from the international visitor levy for councils responsible for small tourist hotspots which cannot reasonably recover all their operating costs of providing mixed-use facilities from tourists through user pays or accommodation levies.

R6.9

The benefit principle and maintaining the integrity of local government autonomy, responsibility and accountability should guide central government funding of local government activities. This implies that central government should generally limit its funding to where there are national benefits. Central government should not expect local government to act simply as its regulatory agent. Rather, the two levels of government should seek a regulatory partnership based on mutual respect and an agreed protocol.

R6.10

Central and local government should strive to achieve a more constructive relationship and effective interface through:

- central and local government providing input (formally or informally) into each other's relevant policymaking processes, under an agreed set of principles or a protocol;
- central government engaging in a meaningful dialogue with local government early in the process of developing relevant new regulations;
- cooperative approaches to tackling problems with implementing relevant new legislation, regulations or environmental standards;
- the creation of formal and informal feedback loops to identify problems with delegated regulations when they first appear; and
- the spread of information through the system and the sharing of expertise and knowledge.

Chapter 7 – Equity and affordability

Findings

F7.1

Councils often make rating decisions in a non-transparent manner that follows a confused consideration of benefits, affordability and local politics.

F7.2

Local government legislation currently provides only weak support for allocating rates primarily according to who benefits from council services.

F7.3

Differentials and the uniform annual general charge are not transparent in allocating the burden of rates to those who benefit from council services. Targeted rates provide a more direct connection between the funding and the beneficiaries of services; and therefore are a much more transparent way of giving effect to the benefit principle.

F7.4

The statutory 30% cap on uniform charges (covering Uniform Annual General Charges and uniform targeted rates applying across the district, but excluding uniform water and wastewater rates) has no clear rationale and unnecessarily restricts the discretion of councils to use rates to reflect the benefit of services and amenities. Currently, few councils are close to the cap.

F7.5

There is little or no evidence that rates generally have become less affordable over time. Much concern focuses on affordability for low-income (particularly elderly) households who own their own homes. Yet such households generally have much lower housing costs than other low-income New Zealand households.

F7.6

Recipients of New Zealand Super are the main beneficiaries of the Rates Rebate Scheme. Most recipients are not eligible for the Government's Accommodation Supplement because their accommodation costs are below the threshold to qualify, unless they have a mortgage or substantial essential repairs.

F7.7

The Rates Rebate Scheme (RRS) is administratively inefficient and satisfies neither the horizontal equity principle nor the vertical equity principle. The level of assistance currently offered by the RRS is just over \$12 a week at most. Low-income homeowners can, as an alternative, access equity in their properties to help meet living costs including rates.

F7.8

The Accommodation Supplement is a well-tested major government programme that, compared to the Rates Rebate Scheme, efficiently and equitably provides support to eligible low-income households to meet housing costs, in a range of circumstances across New Zealand.

Recommendations

R7.1

The Local Government (Rating) Act 2002 should be amended to remove rates differentials and uniform annual general charges. Councils should have five years to implement their removal.

R7.2

Local government legislation should be amended to require councils to:

- match the burden of rates to the benefits of council services, as a first step in setting rates;
- consider ability to pay as a second step;
- set out the reasons for their rating decisions in each step in a clear and transparent manner; and
- (in applying the ability-to-pay principle) consider coherence and consistency with the income-redistribution policies of central government.

Councils should continue to have the power to determine, on reasonable grounds, the appropriate allocation of rates within their district or region.

R7.3

Local Government New Zealand and the New Zealand Society of Local Government Managers should develop advice for councils on how to apply the benefit principle (the burden of rates should reflect the benefits received) in their rating decisions.

R7.4

The Local Government (Rating) Act 2002 should be amended to remove the statutory cap on uniform charges.

R7.5

The Government should work with local government and suitable financial providers to develop and implement a national rates postponement scheme. The scheme should:

- have a single set of clear and generous eligibility rules;
- be accessible and have provisions that are easy to understand and work with;
- have moderate and transparent fees; and
- be nationally promoted.

R7.6

The Government should phase out the Rates Rebate Scheme (RRS) over a defined period, such as five years, from when an effective national Rates Postponement Scheme is in place. In the meantime, the current income abatement thresholds and maximum payments should be maintained.

Chapter 8 – Adapting to climate change

Findings

F8.1

Considerable guidance for councils on climate-change adaptation already exists. But more is needed, and providing it through central, specialised sources of knowledge will be more cost-effective than each council inventing its own solution. Most councils will welcome guidance and find it helpful not only as advice but as backing for taking the difficult and unpopular decisions that will sometimes be necessary.

F8.2

New Zealand's laws and institutions acknowledge the risks from climate change and require local governments to plan for the approaching and rising hazards it will cause. Yet much thinking and practice is still dominated by assumptions that risk profiles are static, like earthquake risk.

A systematic shift to a dynamic risk paradigm is needed to deal with the increasing and cumulative nature of climate-change risk. Such a shift will support decisions that:

- lean against the tendency to continue along current courses (with hard forms of protection for new and existing land use);
- encourage the use of anticipatory and flexible decision tools; and
- reduce risks and costs over the long term.

F8.3

Formulating a set of principles about funding the costs of adaptation to climate change is a helpful place to start. Persuasive, high-level principles include:

- decisions about whether, when and how to defend/protect, adapt, or retreat in the face of hazards related to climate change should aim to minimise long-run costs;
- the way costs of adaptation are shared should be fair and just across communities and generations; and
- active engagement with, and empowerment of, affected communities in developing adaptation pathways is vital.

The first two principles imply placing a high priority on avoiding behaviour that leads to increased risk exposure for private gain at others' expense ("moral-hazard" behaviour).

F8.4

Properties at growing risk from sea-level rise, river-plain flooding or other types of climate-change hazard will become increasingly uninsurable. This is because the nature of climate-change risk lacks two essential characteristics for insurability:

- it is not possible to calculate the chance of loss either mathematically or through experience due to the novel, uncertain and dynamic character of climate-change risk; and
- losses are not unforeseen – climate damage is foreseeable (even though its precise form, magnitude and location are uncertain).

F8.5

New Zealand has a strong tradition of social insurance in which society at large helps those in need who suffer hardship or loss through no fault of their own and where these losses may be uninsurable. This tradition provides a possible basis for some form and amount of central-government assistance to councils seriously threatened by losses due to climate change. Any such assistance will need careful design to incentivise risk reduction and avoid moral hazard.

F8.6

The New Zealand Transport Agency model of co-funding local roads could be extended to provide central-government assistance to relocate local roads and bridges that will be non-viable because of climate-change-induced sea-level rise, flooding and/or storms. This approach has potential benefits to:

- incentivise councils to anticipate climate risks to local roads, and encourage community engagement and buy in;
- prioritise spending in line with net social, economic and environmental benefits while taking account of equity across regions;
- counter optimism bias by requiring that the discipline of a strong business case and engineering and environmental quality standards are met; and
- make specialist knowledge and skills available to councils and help spread best practice and successful innovations around the country.

F8.7

The past approach of containing many New Zealand rivers within relatively narrow stopbanks for flood protection and to maximise the area of productive land for agriculture and other uses will become less viable as climate change increases the risk of more frequent and more intense rainstorms.

Best practice is now to allow wider river corridors that give rivers room and make space to more safely manage flood risk. But making this change faces barriers of existing property rights, expectations of continued protection, and high costs.

F8.8

Credible arguments exist both for leaving private owners to use current arrangements to find ways to adapt to climate change, and for public funding to support private owners to undertake cost-effective risk reduction up to and including managed retreat.

The decision whether to provide additional dedicated funding is for central government to make. Yet the existence or not of a scheme will impact local authorities' responsibilities for leading and implementing managed retreat or other forms of adaptation.

Recommendations

R8.1

The Government and local government should work together to establish centres of knowledge and guidance about climate-change adaptation for councils. One centre should be an authoritative and up-to-date source of advice on science and data while another should be a source of specialist advice on policy, planning, risk management, legal issues and community engagement.

R8.2

The Government should implement a review of existing legislation and policy to ensure that considerations about climate-change adaptation are integrated and aligned within that legislation and policy where relevant.

R8.3

National and local authorities should adopt anticipatory and flexible approaches to climate-change adaptation, in line with recognising the constantly changing nature of the risks. Any additional funding for climate-change adaptation should be conditional on the use of such approaches.

R8.4

The Government should provide legal frameworks that give councils more backing and knowledge to make land-use planning and infrastructure investment decisions that are appropriate in the face of constantly changing climate risks.

R8.5

The Government should extend the New Zealand Transport Agency's role in co-funding local roads to include assistance to councils facing significant threats to the viability of local land-transport infrastructure from sea-level rise and more intense storms and flooding due to climate change. The amount of assistance should reflect the size of the threat facing each council and its rating capacity.

Assistance should be conditional on a strong business case and meeting engineering and environmental quality standards. It should only be available to defend existing infrastructure when business cases indicate that this option is superior to other options by a significant margin.

R8.6

The Government should create a new agency and a Local Government Resilience Fund. The new agency should work with at-risk councils and co-fund the redesign and possible relocation and rebuilding of wastewater and stormwater infrastructure when it becomes no longer viable because of sea-level rise and more intense flooding due to climate change.

The new agency should also assist regional councils and communities to work out the best way to lessen future flood risks from rivers. This could include moving to a new, more sustainable and best-practice paradigm of giving rivers room and developing multiple innovative uses of the wider river corridors.

Chapter 9 – Case study: Three waters

Findings

F9.1

Considerable evidence is available that shows poor performance of the three waters sector in many parts of New Zealand, in terms of their impact on human health, the natural environment, productivity and costs to consumers and ratepayers. However, some councils and providers are taking the tough decisions needed to improve their performance, including Auckland's Watercare, Tauranga City Council, Kāpiti Coast District Council and the five councils involved in Wellington Water.

F9.2

The inherent economic features of three waters makes it a natural monopoly in many cases, and poor-quality water treatment can impose large negative externalities on communities. These natural monopoly and externality features are not the reason for the poor performance of councils. Even so, they do make it very important that councils have effective decision-making, governance, accountability, funding and delivery arrangements in place.

F9.3

The poor performance of the three waters sector in New Zealand can be attributed to the following factors in some cases.

- Inadequate supplier expertise and capabilities, resulting from some local councils prioritising local control of their three waters activities rather than increasing their operational scale through shared services, joint ventures or mergers.
- Poor governance capabilities and incentives, due to lack of independent directors and insufficient use of company-type structures when they are likely to be beneficial.
- Poor financing, funding and pricing arrangements, due to under-recovery of costs and funding from council rates rather than water service charges and development fees.
- Weak safety, environmental and economic regulation, due to poorly designed regulations, weak enforcement and lack of regulatory expertise.

F9.4

The performance of the three waters sector would substantially improve by using an approach that (1) rigorously enforces minimum performance standards; and (2) is permissive about how councils meet these minimum performance levels. This approach would have the following features.

- The new regulatory regime is administered by an existing, credible and independent regulator such as the Commerce Commission, which already regulates similar activities, has a credible “industry watchdog” reputation and has significant experience applying light-handed regulation to some suppliers and stronger forms of control to other suppliers.
- The performance regime would be permissive and flexible, leaving it to councils to decide how to achieve the regulatory standards. However, a backstop arrangement would need to be put in place for those councils that fail to lift performance sufficiently to meet minimum health, environmental and economic-performance standards.
- While significant cost efficiencies should be possible for most council-led water services, some communities will require financial assistance from government to help them make the transition to achieving minimum performance standards for drinking, wastewater and stormwater services.

ATTACHMENT

16 August 2019

Local Government Funding and Financing Inquiry
New Zealand Productivity Commission
PO Box 8036
The Terrace
WELLINGTON 6143

info@productivity.govt.nz

Dear Sir/Madam,

RE: Submission from the Waikato District Council on the Local Government Funding and Financing draft report

The Waikato District Council (WDC) appreciates the opportunity to make a submission on the Productivity Commission's ("the Commission) Local Government Funding and Financing draft report.

WDC agrees with the Commission's conclusions regarding the funding and financing framework being "broadly sound" and the summation of the key pressures that need to be addressed as; infrastructure supply for rapid growth, climate change adaptation, tourism growth and responsibilities placed on local government by central government.

Submission

Council's observations on the key pressures outlined in the draft report are provided below. The attachment, which signals support or not with brief explanatory comments against each of the report's recommendations, forms part of WDC's overall submission.

Value capture

Waikato district has experienced high growth for a number of years and being situated between two major cities of Hamilton and Auckland we expect this to continue. In our Council's experience, value capture is already addressed through virtue of running a capital value rating system, implementing capital contribution fees for connection to new infrastructure and charging for availability of services as network infrastructure extends. A significant amount of rating valuation objections relates to capital value movements in the absence of capital improvements. This demonstrates that property owners do pay for value capture albeit based on the frequency of the valuation cycle.

Extending local government tools to allow for road use charges (such as congestion charging) and volumetric wastewater is supported as it would expand current funding options while reinforcing the benefit principle.

New central government growth funding stream

The proposal to introduce a new central government funding stream based on new building work is supported by our Council. Greenfield development costs are high and while provincial and rural councils have opportunities to ease the housing shortage by releasing additional land, we lack the critical mass and economies of scale to fund the infrastructure required without central government assistance.

As infrastructure costs to service growth in greenfield areas is higher than with urban in-fill, our Council would expect this funding opportunity to be based on a set of criteria rather than build value alone. A new home in a city urban area may have higher build cost, but from a council perspective the level of attributed infrastructure spend is likely to be far less than that required to support new builds in rural or provincial areas. Additional criteria capturing the quantum of building consents as a proportion of overall property numbers may assist to right-size the distribution of central government funds between city, provincial and rural councils. This approach assumes that the government want to support growth in the regions.

In terms of the tax on vacant land proposal, WDC does not believe this supports the benefits principle that underpins the inquiry, as the linkage to infrastructure and service provision is questionable. Normal cyclical valuation movements will increase vacant land contributions towards council costs over time. Removing the ability to charge a uniform annual general charge seems in conflict with the proposal to introduce a new tax on vacant land. A scheme that increases the cost of holding vacant land to incentivise supply of land would have limited success from WDC's perspective. In provincial areas our property rates can already be comparatively higher than city rates due to economies of scale (as is the case with Auckland currently), however, in our experience this has not impacted on the speed with which land is developed.

Climate Change

WDC supports a redistribution of climate change focus to risk reduction. Noting that funding for recovery activities after an event should remain in place given risk management practices will take time to reach sufficient maturity. Proposed central government funding in this space is welcomed. Council is supportive of the Society of Local Government Managers (SOLGM) submission, in that both the data/science centre and funding role be assigned to the Climate Change Commission.

Funding support for tourism hotspots

Council supports the distribution of international visitor levies to local authorities where user pays mechanisms and accommodation levies would be administratively difficult to implement. This fund should be non-contestable and split formulaically for the individual council's to control funding decisions at the local level.

Central to local government mandates

WDC is already benefiting from a more constructive relationship between central government and local government, although funding discussions have been limited. Disappointingly we observe more traction between central government and city council representatives with boundary changes still an underlying discussion point, when much of the greenfield development space and hence funding opportunities to support growth sits with the provincial councils. A work-on for all parties.

Unfunded and under-funded mandates from central to local government have led to compliance challenges and additional expense. Developing a "partners in regulation" protocol would be well received.

It is unclear in the draft report how agility will be achieved in the proposed additional funding streams. WDC's preference would be for formulaic methods of distribution rather than the creation of contestable funds which ultimately result in winners and losers.

Summary

- Waikato District Council believes value capture is already passed on via capital rating systems, but is supportive of the addition of new road and wastewater charging mechanisms
- Council is supportive of the new building works funding stream proposal, however, would like to see a proportionate approach for distribution of funds rather than solely on build value due to the variation in infrastructure costs to service greenfield versus urban in-fill developments
- Climate change recommendations are supported with the exception of new agency creation. The Climate Change Commission should assimilate the data and funding roles
- Funding for tourism hotspots should be distributed formulaically with the use of funds controlled at the local council level
- New or improved funding and financing mechanisms should be agile – not same size fits all

WDC would like to thank the Commission for the opportunity to make a submission. The Council will speak to this submission if required and are willing to be part of any further discussions.

Yours sincerely,

Allan Sanson

MAYOR

Feedback on draft report recommendations			
Recommendation	✓ Support	× Not support	Comments
R5.1	✓		
R5.2	✓		
R5.3	✓		Waikato District Council has an Audit & Risk Committee with a well-qualified/appropriately skilled independent chair and believes local government as a whole would benefit from adding this as a requirement.
R5.4	✓		
R5.5	✓		
R5.6	✓		
R5.7	✓		
R5.8	✓		
R6.1		×	Waikato District Council supports the SOLGM submission. Providing good guidance materials rather than 'regulating' standardised templates would be of greater benefit.
R6.2	✓		
R6.3	✓		
R6.4	✓		<p>Waikato District Council is supportive of the proposed new funding stream based on new building work.</p> <p>The Council would like to see the disbursement of such funds based on a set of thresholds rather than build value alone. Rural and provincial councils may have lower build value yet experience a higher number (quantum) of new builds in greenfield areas and can therefore be subject to greater demand for new infrastructure (higher servicing costs) than city in-fill development would generate.</p> <p>Council would like to ensure this 'fund' would not be contestable but distributed based on an agreed calculation method.</p>
R6.5	✓		<p>While Council supports the SPV approach in relation to debt limits, existing residents and ratepayers should already be paying their fair share of the costs if the benefits principles have been applied correctly at the outset of the projects.</p> <p>For example, putting a new wastewater scheme into a previously unserved township should have the costs split between growth (DC's) and existing residents (capital contributions/lump sum payments). The recommendation assumes that this practice does not take place currently.</p>

R6.6	✓		Waikato District Council has negotiated a long-term three waters servicing arrangement with WaterCare Services Limited (a CCO of Auckland Council) to take advantage of scale and specialisation for the benefit of our ratepayers/customers. We support proactivity in this space.
R6.7	✓		<p>Waikato District Council supports the legislative change. However, in areas where tourism activities are still in their infancy or part of the appeal is the 'laid' back environment, the opportunities to collect tourism dollars through accommodation levies would have high administration costs (e.g. Raglan has a good level of tourism activity but mostly through air bnb, private rentals etc. rather than motels/hotels).</p> <p>Council's do not hold sufficient information to make this transition easy/cost-effective.</p>
R6.8	✓		<p>Waikato District Council, in reference to R6.7, supports this approach as a more practical solution to tourism funding.</p> <p>Again Council would like to ensure this 'fund' would not be contestable but distributed based on an agreed calculation method. The control of the decision making process should be localised.</p>
R6.9	✓		
R6.10	✓		
R7.1		✗	<p>It is unclear what benefits will be delivered via the removal of the UAGC and rating differentials, this is a restriction of the tools available which seems outside of the scope of the review.</p> <p>In practice, we suspect both mechanisms will be replaced by similar targeted rate charges. This will restrict the use of that income stream which could have an unintentional impact on the level of core general rate income required. Council believes this recommendation is short-sighted even noting the 5 year transition period.</p>
R7.2	✓		<p>This supports good practice. However, where a Council has had UAGC and differentials removed the ability to pay may be affected and the amount of collectible rating income may adversely impact cash flow.</p> <p>If we accept that property tax is an efficient and effective method to fund infrastructure and services at the local level then moving too far away from the principles of taxation seems counterproductive.</p>

R7.3	✓		
R7.4	✓		Waikato District Council believes this is moot point if recommendation 7.1 is implemented.
R7.5		x	<p>Waikato District Council has a rates postponement policy in place; however the ability to exercise the policy is limited given the high administrative hurdles.</p> <p>The rates rebate scheme ensures Council actually receives the rating income albeit split between the government and the ratepayer.</p> <p>A national postponement scheme would have cash flow implications for the local authority unless the government are proposing to reimburse the lost income until the postponement is triggered for repayment – not clear.</p>
R7.6		x	As above
R8.1	✓		
R8.2	✓		
R8.3	✓		
R8.4	✓		
R8.5	✓		
R8.6	✓		

Open Meeting

To	Strategy & Finance Committee
From	Tony Whittaker Chief Operating Officer
Date	16 August 2019
Prepared by	Debra Dalbeth Business Improvement Analyst
Chief Executive Approved	Y
Document Set #	GOV1318
Report Title	2018-2019 Non-Financial Performance Report

I. EXECUTIVE SUMMARY

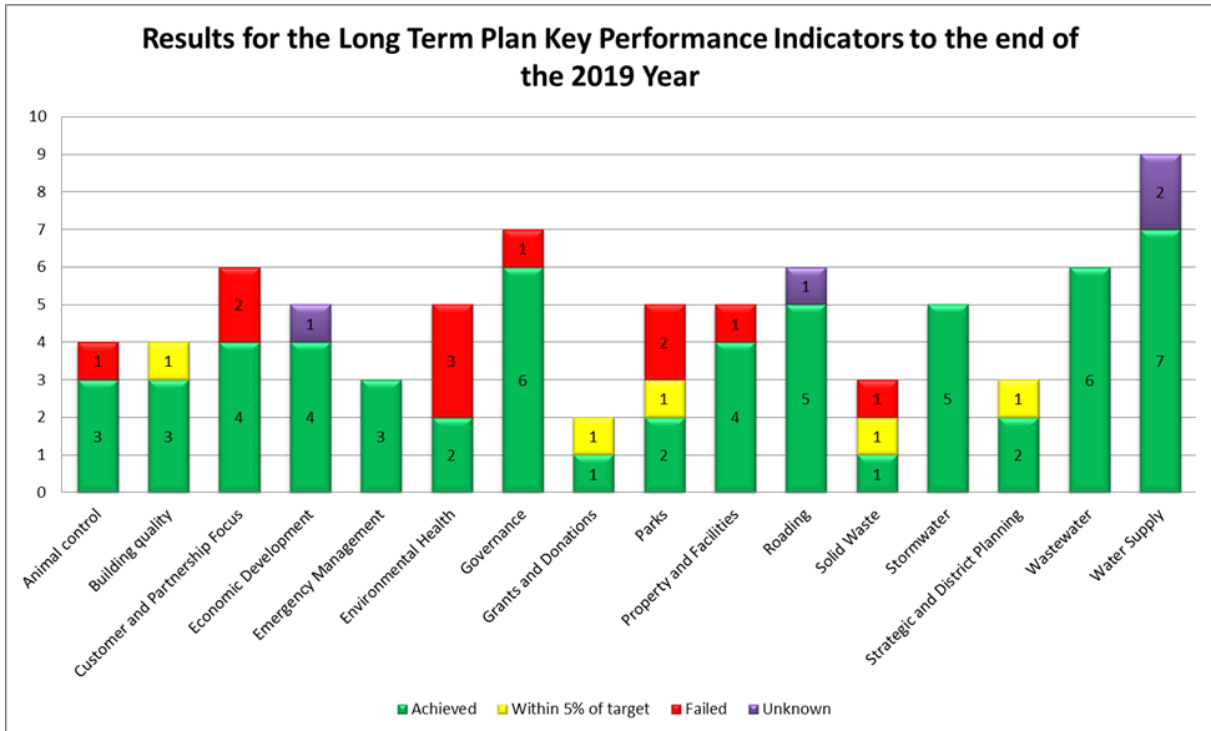
The purpose of this report is to provide the Committee with the end of year non-financial performance results. This includes the 2018/19 Long Term Plan (“LTP”) Key Performance Indicators (“KPIs”) and the Resident Satisfaction survey.

These results have been incorporated into the Annual Report.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. LTP KPIs



Achieved	With 5% of target	Failed	Not Measured
74%	6%	14%	5%

There are seventy eight KPIs that are reported in the Annual Report. The above graph shows the number of KPIs that were achieved, came close or did not achieve, grouped by category.

There are 2 KPIs that were not measured this year; one for Economic Development and one for Roading.

1. 'The percentage of customers satisfied or very satisfied that the quality of service and expertise meets their needs (Economic Development)'. This was not measured due to oversight; the question was not included in the Economic Development survey that is conducted yearly. Audit NZ have advised the Annual Report will need to advise why this wasn't measured and when it will be. The Economic Development team are working on it.
2. 'The percentage of footpaths that fall within the level of service or service standard that is set out in the LTP'. This is a mandatory KPI handed down from Central Government. The comment entered by the Roading Team says: 'The footpath rating is part of the RATA Data Contract however had not been carried out for two years. The next rating will be completed in the first quarter of 2019/20 financial year.' Audit NZ have been informed.

There are delays with getting the current results for 5 Mandatory Water KPIs so last year's results have been recorded instead. Again Audit NZ have been informed.

- The results for the mandatory measures in regard to Councils level of Compliance with resource consents for Wastewater and Stormwater are received from the Regional Council. These results are a year behind and affect 3 KPIs. Audit NZ have advised they will contact the Regional Council directly for these results. These have been recorded as meeting their target.
- The results for 'The average consumption of drinking water per day per resident' and 'The % of real water loss from Councils networked reticulation system' are not available due to delays caused by the Watercare transition. A consultant has been contracted to provide the results by the end of August. For the moment, these are reported as not measured and Audit NZ have been informed.

The below chart shows while results improved considerably in the first year of the last Long Term Plan, performance has gradually decreased over the three years. This is the first year of the new LTP and has highlighted issues with measuring some KPIs.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Achieved	27 (41%)	67 (68%)	65 (66%)	57 (58%)	58 (74%)
On track	7 (11%)	8 (8%)	4 (4%)	6 (6%)	5 (6%)
Not achieved	32 (48%)	23 (24%)	29 (30%)	35 (36%)	11 (14%)
Unknown					4 (5%)
TOTAL MEASURES	66	98	98	98	78

Attached to this report is *Appendix 1 - 2018-19 LTP KPI Report*.

4. RESIDENTS SATISFACTION SURVEY

The National Research Bureau ("NRB") surveyed Waikato District Council residents at approximately 10 residents per week over the last year. At the end of each quarter, after 100 residents were surveyed, we received interim data that was used to inform Council. This approach is optimal to mitigate seasonal bias or 'moment in time' events from slanting Councils annual results. This report contains the final weighted results that incorporate all the quarterly surveys.

Attached *Appendix 2 - 2018-19 Satisfaction Survey Summary*.

Increasing / Decreasing Trends

Trend graphs are attached for questions that have been asked in previous years. Satisfaction with most services has decreased or stayed the same. The only improvement has been satisfaction with Building and Inspection Services and a slight improvement with Stormwater Services.

Staff are frustrated to see static, and in some cases worsening, results reflected in this survey. We take some comfort, however, in the fact that the results represent a benchmark position of the pre-Gearing for Growth and Greatness Council environment.

The data reinforce the scale of the challenge we have in front of us and underscore the clear need for the organisational performance improvements that were part of the late 2018 structural, operational and cultural changes that have been undertaken, and which are still being implemented, as part of the Gearing for Growth and Greatness project.

Staff believe that the changes we are making to the organisation would not be expected to have made an impact in this dataset yet. The resident survey provides lag data, which is backward looking. Anecdotal recent lead data has shown more positive signs. We have seen positive results (above industry benchmarks) in our key focus areas such as leadership, culture, and internal communication. It is also clear from our recent staff survey that our people, on the whole, really enjoy working at Waikato District Council.

The areas where we scored low in our recent staff survey are also in the key areas where we know we have challenges and we are actively working on improvements already, such as information technology, project management and tackling a reduction in waste/re-work.

Our internal strategy to lift organisational performance in line with Council strategy of building Liveable, Thriving and Connected Communities is known to staff as Our Plan: Gearing for Growth and Greatness. This plan operationalises the changes imbedded in the “100 day plan” and the resulting restructure of October 2018. Staff believe that implementing Our Plan is what will make the difference to our organisation and how it’s perceived by the community. This, in time, should be reflected in resident survey results.

Attached Appendix 3 – Survey Trend Graphs 2019

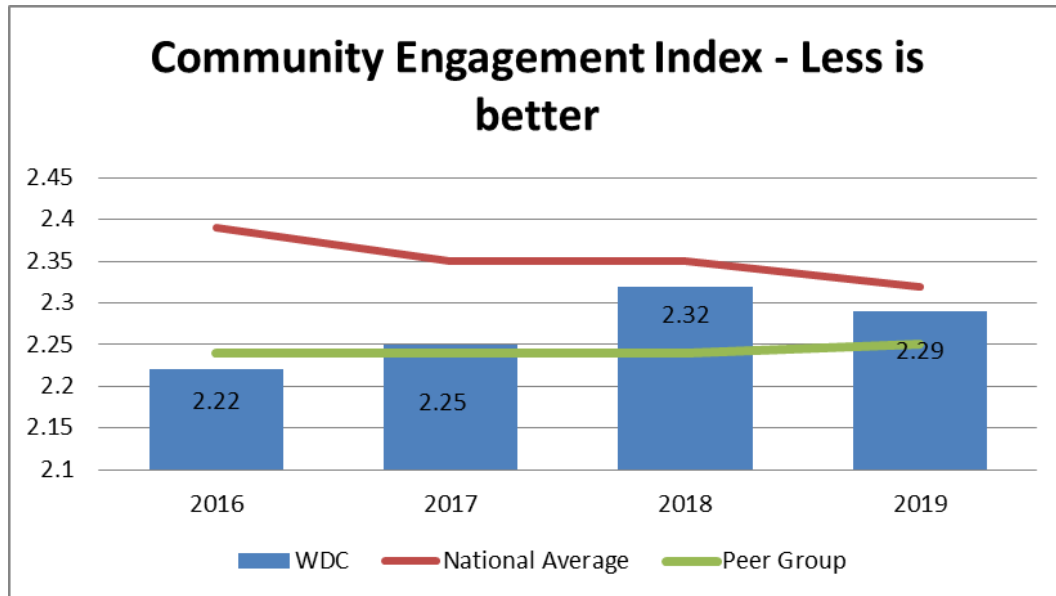
5. ENGAGEMENT

Engagement is measured from 5 key questions in our Residents Survey. These were chosen as they are also asked in the National Research Bureau’s Communitrak survey which gives us benchmarking data against other Councils.

1. Satisfaction with the way council involves the public in the decisions it makes
2. Satisfaction with Rates Spending
3. Satisfaction with Community Spirit
4. Satisfaction with Quality of Life
5. Satisfaction that Council makes decisions that meet the needs and aspirations of their residents

Residents are asked for their satisfaction on a scale of 1 to 5 and the results from these five questions form an engagement index, the target we have set for ourselves is to have 2.25 or less.

Our peer group of Councils have an index of 2.25 and we have an engagement index of 2.29.



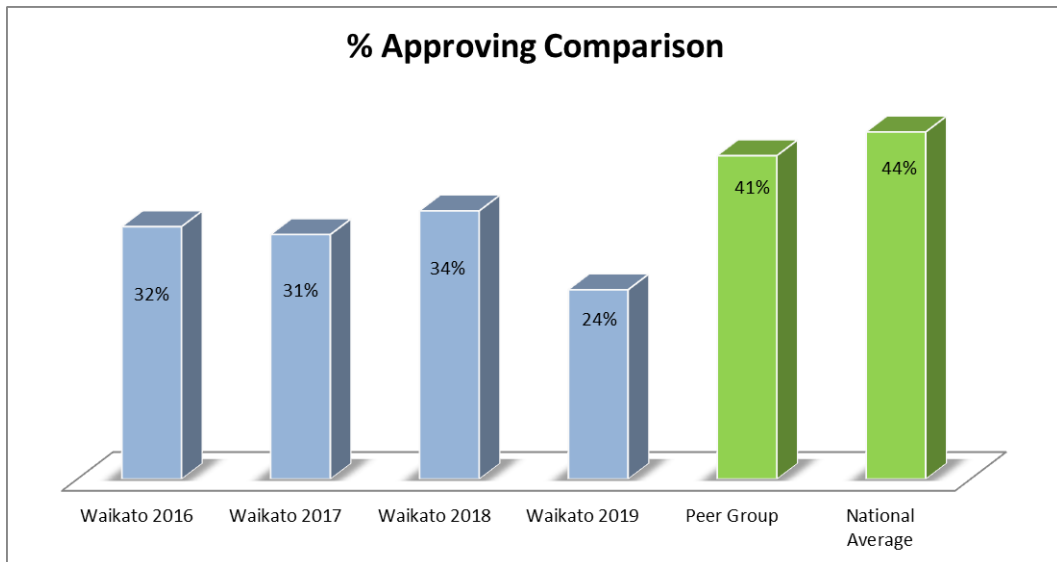
The end of year Residents Survey breaks down the engagement questions by ward. Attached are the trend graphs of the engagement questions and index broken down by ward.

Attached *Appendix 4 – Engagement Trend by Ward*

6. OUTCOMES - COUNCILLORS ASKED FOR 2 QUESTIONS TO BE ADDED TO THIS SURVEY.

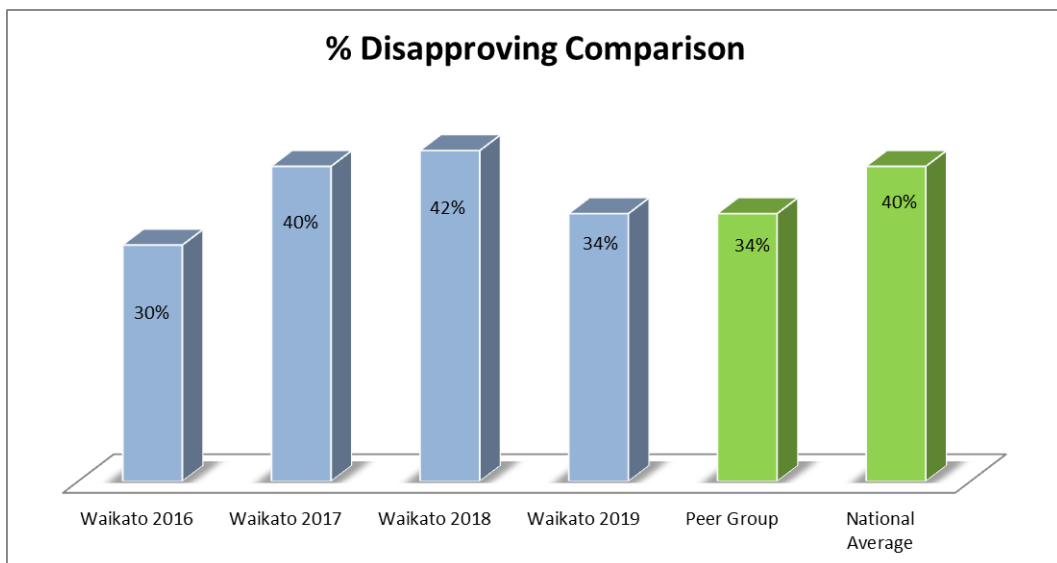
1. Is there any one thing about the Council's actions, decisions or management in the last few months that comes to mind as something you do like or approve of?
2. Is there any one thing that comes to mind with regard to the Council's actions, decisions or management in the last few months that you dislike or disapprove of?

This is asked to gauge the level of support residents had for Council's actions and decisions. This year 24% of residents say there is a Council action / decision / management they approve of compared to 34% last year. This is below our peer group average of 41% and the national average of 44%.

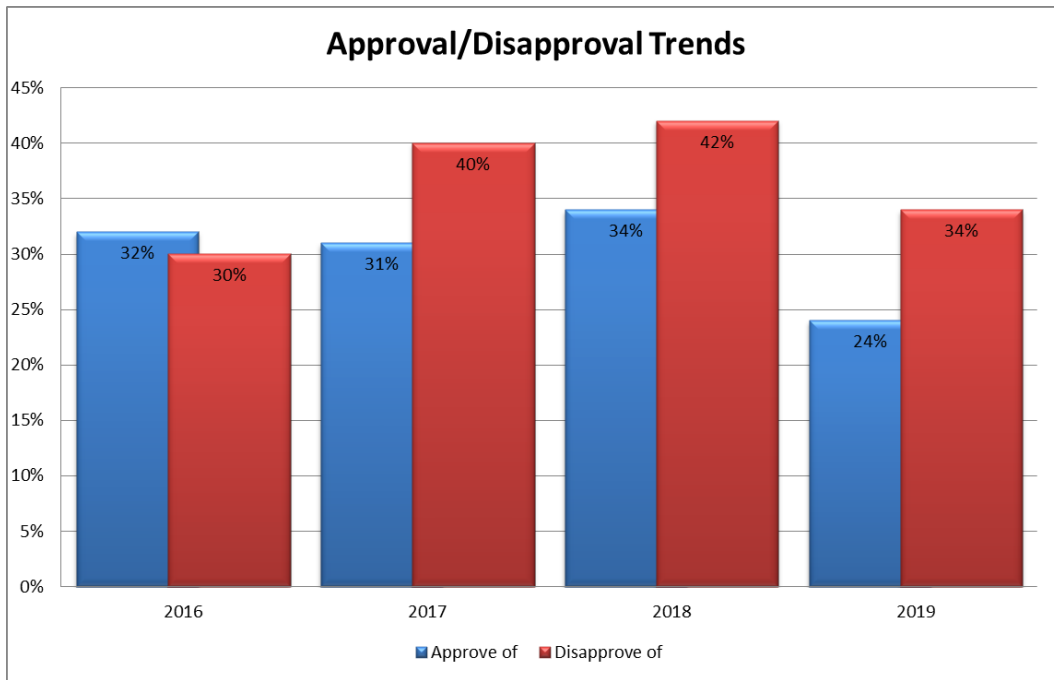


Tamahere Ward residents are more likely to have in mind an action / decision / management they approve, than other Ward residents. The main actions that residents said they approved of were good communication / consultation, improved roading / footpaths / road safety and parks / reserves / playgrounds.

34% of residents say there is a Council action / decision / management they disapprove of which is below last year's result of 42%. This is the same as our peer group average but below the national average of 40%.



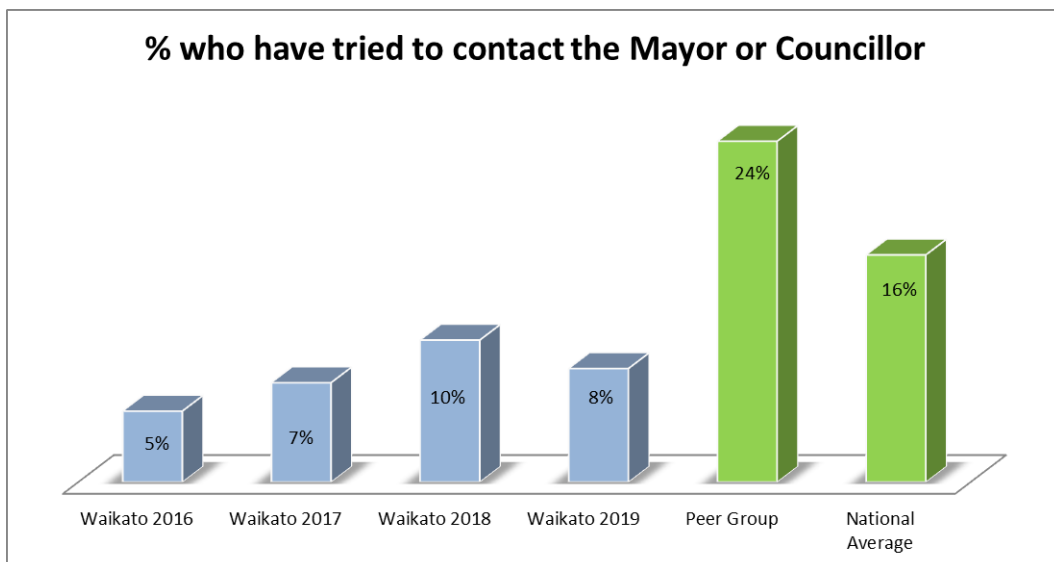
Raglan Ward residents are more likely to have an action / decision / management they disapprove of than other Ward residents. The main actions that residents disapproved of was with a lack of consultation / communication / information / don't listen / rubbish collection / recycling / cost issues and roading / footpaths / road safety. These are similar to the topics residents approved of which indicates the importance of them and how polarising they can be.



The full Satisfaction Survey report is available in the Councillors lounge. It has more detail on outcomes along with comments from residents.

7. LOCAL MEASURES

The % of residents who have tried to contact the Mayor or Councillor has decreased from 10% last year to 8% this year. This is below the peer group result of 24% and the national average of 16%.



Tamahere Ward residents are the most likely to try to make contact with 16% saying they tried, followed by Raglan Ward residents with 13%.

In regard to Governance / Democracy, respondents were asked if they feel they have the opportunity to be involved and participate in the way the Council makes decisions; 66% said yes they feel they have the opportunity while 32% said they had actually tried to participate.

Over the last few years Council has undertaken a significant amount of consultation and engagement with the public in line with legislative requirements. There has not been a great deal of change in the results reported below; however the number of residents who have tried to participate has been increasing.

The results from the first five questions below are based on the answers from the 32% of residents who said they had tried to participate.

New Measures	2016-18 LTP Target	Current LTP Target	2016 - End of Year	2017 - End of Year	2018 - End of Year	2019 - End of Year	Trend
The public are consulted about the right issues	60%	60%	41%	45%	40%	56%	↑
Information available on these issues is clear and instructive	60%	60%	42%	49%	52%	49%	↓
There is a suitable range of consultation options available	60%	Not an LTP measure	50%	49%	49%	48%	↓
Information about key community issues is easily accessible	60%	Not an LTP measure	46%	52%	52%	57%	↑
There is sufficient time and opportunity available to provide feedback	60%	Not an LTP measure	47%	55%	49%	64%	↑
Satisfaction of residents that they were able to contact their councillor/Mayor as and when required	100%	90%	76%	83%	77%	80%	↑
Average level of effort to conduct business with council	<=3	<=3	2.6	2.25	2.51	2.68	↓

8. CONCLUSION

This has been the fourth year where we used the quarterly approach of surveying residents for the Residents Satisfaction Survey. This approach smoothed out seasonal bias and enabled us to get an early indication of how we were progressing toward our goals.

When there have been no major events impacting our communities, the quarterly results are a good indication of the end of year results. The full end of year report from NRB is available in the Councillors lounge and can be supplied in electronic form on request.

9. ATTACHMENTS

- Appendix 1 2018-19 LTP KPI Report
- Appendix 2 2018-19 Satisfaction Survey Summary
- Appendix 3 Survey Trend Graphs 2019
- Appendix 4 Engagement Trend by Ward



Waikato District Council

Scorecard Report

Period: Jul-18 - Jun-19

Scorecard Name

2019-21 LTP Waikato District Council - All KPIs

Date From

01-Jul-2018

Date To

30-Jun-2019

LINKED ITEMS	UNIT	TARGET	ACTUAL	INDICATOR
2019-21 LTP Governance				
Satisfaction of residents that they were able to contact their Councillor as and when required	%	90.00	80.00	
<i>COMMENTS:</i> The contact details of our Councillors are publicly available on the website or through the Call Centre. Some of our Councillors also write regular columns for community newspapers with their contact details provided and their contact details are also regularly provided in The Link newsletter				
Iwi ki te Haapori - Number of joint committee meetings held per annum	#	4.00	4.00	
<i>COMMENTS:</i> Two Waikato Tainui JMA and two Nga Wai o Waipa Co Governance Committee meeting were held during the year .				
Iwi ki te Haapori - Number of identified or notified breaches/ objections under Joint Management Agreements, MOU's and MOA's	#	0.00	0.00	
<i>COMMENTS:</i> Nil				
Iwi ki te Haapori - Number of formal governance hui held between council and iwi / hapu groups	#	4.00	4.00	
<i>COMMENTS:</i> A number of Hui have been held (in excess of the 1 required per quarter to meet this KPI) regarding Maori Representation, Raglan Wastewater, etc.				
Percentage of minutes of all open meetings that are made publicly available via the Council's website	%	100.00	100.00	
<i>COMMENTS:</i> All Confirmed Minutes online				
Percentage of Council decisions that comply with statutory requirements	%	100.00	100.00	
<i>COMMENTS:</i> All council decisions have complied with statutory requirements.				
Percentage of district plan changes that are undertaken as per the RMA statutory process	%	100.00	100.00	
<i>COMMENTS:</i> The Resource Management Policy team of Council is focussing on a full review of the District Plan. This process, known as the District Plan Review, is being conducted in accordance with the required RMA processes. The District Plan Review has been split into two stages. Stage 1 covers all aspects of the District Plan apart from issues relating to natural hazard risk and climate change which form part of Stage 2. For Stage 1, a new Proposed District Plan was notified on 18 July 2018, Submissions closed on 9 October 2018, Further Submissions were called for on 29 April 2019, and the period for Further Submissions will close on 16 July 2019. The next steps for Stage 1 will be Hearings. Stage 2 of the District Plan Review is currently in the policy drafting phase.				
2019-21 LTP Animal Control - LTP				
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour	%	95.00	95.00	
<i>COMMENTS:</i> 100% of service requests for aggressive dogs (current threat) were responded to within the 1 hour target time this month. This gives us YTD figure of 95%.				
The percentage of complaints regarding stray stock that have council personnel on site within 1 hour	%	95.00	98.21	
<i>COMMENTS:</i> 100% of service requests relating to stock on roads responded to within the 1 hour target time. This gives us YTD figure of 98.21%				

The number of reported serious dog attacks on people in public places (where medical attention is required) that occur in our district does not exceed 10 per year

#

10.00

15.00



COMMENTS: This is the first year this KPI has been measured and the target may have been optimistic. There is work being done in education and enforcement and numbers will continue to be monitored.

Complete Engagement and Education Visits throughout the district

#

120.00

152.00



COMMENTS: 19 school sessions and 9 sessions in libraries

2019-21 LTP Building Quality

The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually - YTD

%

33.00

35.00



COMMENTS: Due to ratepayer, public and community safety and well being, we try to insure this KPI is always met. We have met the KPI for the year.

The percentage of buildings that provide sleeping care or paid accommodation which are audited for compliance annually - YTD

%

100.00

100.00



COMMENTS: We have put the necessary resource into ensuring we met this KPI. Because of the risks to our ratepayer, the general public and our communities associated with Sleeping Care buildings, this is one of the not negotiable targets for the team

The percentage of swimming pools that are inspected for compliance annually - YTD

%

33.00

64.65



COMMENTS: Because of the risk to our ratepayers, the general public and our communities especially young children this is another Not Negotiable KPI. There were 52 inspections carried out in June on Pool Fencing and YTD there has been 1390 pool inspections carried out. Target per calendar year is 660 - as at 1 Jan 19 to 30 June 19 we have carried out 460 pool inspections. We will have inspected all our pools by the 3 year anniversary date i.e. January 2020. Consent numbers have been down so we have used our existing resource to carry out the inspections during the year. Should consent numbers rise again we do have a vacant position for a dedicated pool inspector we can fill to take up the workload to ensure we met the KPI.

The percentage of building consent applications which are processed within 20 working days - YTD

%

100.00

98.63



COMMENTS: YTD - Currently we are processing 98.63% of standard consents within the statutory timeframe with Dwellings achieving 97.75%. Out of 1796 BC's granted YTD, there has been 23 go over the 20 working day timeframe YTD for various reasons. We achieved 98.95% for June. We are still working on getting our processes sorted and getting staff levels to where they need to be. Whilst 100% is a statutory requirement 95% seemed to be an acceptable level of compliance by both MBIE and IANZ. However we do not accept that and intend to try and meet the 100 % compliance going forward.

2019-21 LTP Strategic and District Planning

Percentage of resource consent applications which are processed within the statutory time frames

%

100.00

98.85



COMMENTS: 871 resource consents were issued. 10 were not issued within statutory timeframes (9 had delays at lodgement and 1 had a delay with a technical report).

The percentage of current land use consents that are older than 2 years which have been monitored in the past 2 years

%

80.00

89.00



COMMENTS: Historic consents monitored and targets met

The number parking patrols that are carried out in communities that have parking controls under the bylaw.	#	150.00	152.00	
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COMMENTS: The annual target has been met

2019-21 LTP Solid Waste

The percentage of schools in the district that receive solid waste education	%	55.00	63.30	
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COMMENTS: Target met

The percentage of kerbside collection complaints that are resolved within agreed timeframes.	%	97.00	88.80	
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COMMENTS: Five days is the agreed timeframe for customer response. Some complaints required site visits and interaction with contractors and customers resulting in longer resolution times.

The % of time a contractor was engaged within 5 days from receiving the service request to to remove rubbish to resolution	%	95.00	92.00	
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COMMENTS: A total of 734 service requests for 2018/2019 reporting period - 56 service requests were outside of the 5 day limit, we will look into this.

2019-21 LTP Environmental Health

The percentage of licensed food premises that are verified/inspected annually	%	100.00	78.00	
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COMMENTS: Annual figure will be concluded at end of this 12 month period, on target to achieve. This KPI is for food premises verified under the new Food Act. Verification's are carried out over staggered period of time and are not required to be verified by end of financial year.
Last financial year we have had resignations from 3 full time Environmental Health Officers. This resulted in 1.5 verifiers filling in for 5 verifier roles which put our team under pressure to complete work on time.
It took our team 6 months to successfully fill these positions. Currently we are in training phase with new team members. Once this is completed we expect to see an improvement in service delivery for this area.

The percentage of medium risk or higher fee category licensed premises that are inspected annually	%	100.00	100.00	
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COMMENTS: All medium risk and high risk licensed premises were inspected during this financial year.

Percentage of excessive noise complaints responded to within agreed timeframes. (Due to geographical characteristics of the district response times will vary in different parts of the district)	%	85.00	72.77	
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COMMENTS: This is a contracted service and work is being done through monthly meetings with the contractor to increase their performance to meet the KIP's in future years. There have been a number of changes in their organization which should mean better contract compliance in the future

The percentage of hazardous land use information (Hail) reports that will be completed within 10 working days.	%	90.00	98.40	
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COMMENTS: All hail reports were completed within the required timeframe in June, 2019.

Percentage of environmental health complaints where the customer has been contacted within 3 working days	%	90.00	57.00	
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COMMENTS: Throughout the year the team has experienced turnover of staff which has reduced the capacity to meet service level targets. The team will be up to full capacity and capability by July 2019 which will enable the team to meet targets in the upcoming 19/20 year.

2019-21 LTP Economic Development

The percentage increase in measureable annual tourism expenditure (Same or higher than NZ growth rate) % 9.30 14.20

COMMENTS: Waikato district tourism expenditure grew by 14.2% in 2018. New Zealand's tourism expenditure grew by 9.3% in 2018.

The percentage increase in number of business units in the Waikato District (Same or higher than NZ growth rate in number of business units) % 0.70 1.20

COMMENTS: Business units grew by 1.2% to March 2018 compared to the NZ average of 0.7% of the same period

The percentage of customers satisfied or very satisfied that the quality of service and expertise meets their needs (Economic Development) % 90.00 0.00

COMMENTS: Unknown. No survey has been conducted.

Business perception Survey average rating # 8.50 8.80

COMMENTS: Waikato District Council achieved an 8.8 out of 10 rating in the November 2018 Business Net Promoter Score Survey.

The percentage delivery of the Economic Development strategic work programme % 95.00 100.00

COMMENTS: Programmes of work assigned were completed.

2019-21 LTP Grants and Donations

Number of discretionary grant funding rounds undertaken per year # 4.00 4.00

COMMENTS: Round four has been completed.

The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports % 100.00 95.00

COMMENTS: Staff continue to ensure funding recipients file a return on time.

2019-21 LTP Parks

Percentage of Customers who are satisfied with Parks And Reserves, including sports fields and playgrounds overall % 90.00 83.00

COMMENTS: Survey results have varied over the year with results ranging from 77% to 91% with an average result of 83%. Unfortunately, this is below our target of 90%. Survey comment offer insight into common issues such as: lack of suitable reserve land in Pokeno (size and geography referenced), freedom camping, rubbish left in reserves, and lack of toilet facilities. Staff will take into account the comments, investigate solutions and implement solutions if able.

Percentage of customers who are satisfied with the presentation of WDC cemeteries % 95.00 91.00

COMMENTS: This quarter has progressed with no issues in the cemeteries. All burials have occurred within the required timeframe and customers have had no concerns. Presentation of cemeteries has been good. The wet weather often comes with its challenges however this has not posed a problem so far this winter.

Percentage of new playgrounds built to New Zealand Standard - Playground Equipment and Surfacing (NZS 5828:2015) % 100.00 100.00

COMMENTS: All new playgrounds are to be constructed to NZS 5828:2015. This is specified in the tender process and prior to a playground being opened to the public, it is inspected by a qualified playground inspector to confirm it complies with the relevant NZ standards.

Percentage of customers who are satisfied with Public toilets in the residents satisfaction survey	%	75.00	69.00	
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COMMENTS: Survey results have varied over the year and we have finished with 69% customer satisfaction. This is disappointing as results peaked at 80% in quarter three. Staff will continue to work with our contractor who keeps the toilets maintained to a high level of cleanliness. Additional cleans are added during peak seasons to ensure customers' expectations are met.

Percentage of new public toilets built to NZS 4241:1999	%	100.00	100.00	
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COMMENTS: All public toilets are built to NZS 4241:1999

2019-21 LTP Property and Facilities

Percentage of buildings that require a warrant of fitness that comply	%	100.00	100.00	
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COMMENTS: Building warrant of fitness (BWoF) is a building owner's annual statement confirming the specified systems in the compliance schedule for their building have been maintained and checked for the previous 12 months. Within Waikato District Council, all buildings that require a building Warrant of Fitness are compliant as per the report received from Cove Kinloch.

Percentage of customers who are satisfied with the service provided at the Raglan campground	%	90.00	92.80	
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COMMENTS: Raglan Holiday Camp continues to be a popular Camping Ground within the Waikato District and the satisfaction score of 92.8% reflects this. Improvements are planned for the facilities at this site with a new school block and a conference centre planned which will help to keep up with customers continued expectations.

Percentage of customers who are satisfied with the service provided at the Huntly campground	%	90.00	82.50	
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COMMENTS: Lake Hakanoa Camping Ground continues to maintain a good relationship with business partners who make up a large majority of the camp's long term bookings. In the past year, customers have responded to survey with a score of 82.4% satisfaction which is unfortunately below target. Staff will continue to promote great customer service, ensure the facilities are clean and tidy and any repairs and maintenance required are completed in a timely manner..

Percentage of visitors that find the facilities clean, accessible and welcoming (pools)	%	90.00	91.00	
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COMMENTS: As per the annual dashboard received from Belgravia

Percentage of WDC Aquatic Centres that are operated under NZ Pool Safe Accreditation	%	100.00	100.00	
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COMMENTS: Waikato District Council has three pools within the district which are all managed by Belgravia. All three of these pools are operated under NZ Pool Safe Accreditation.

2019-21 LTP Emergency Management

Successfully participate in one exercise per annum that is fully moderated by an external party	#	1.00	1.00	
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COMMENTS: We successfully carried out an exercise in September 2018 in our EOC. This was attended by members of the Group Emergency Management Office (GEMO), Waikato Regional Council (WRC) and staff from a number of other councils. The exercise was moderated by a number of individuals from the GEMO (including the Group Controller), WRC and visiting councils. As part of the exercise moderation the two Local Controllers were assessed on their conduct in their roles. We will begin planning an exercise for this year in the near future.

Council maintains a minimum number of trained staff to Intermediate level, to fulfil core Emergency Operations Centre roles.	#	30.00	86.00	
--	---	-------	-------	--

COMMENTS: Our next Intermediate training has been postponed to October due to low numbers registered for the course. We have rescheduled for after our annual exercise to capture some of the momentum of staff participation in the exercise. We are maintaining a high number of skilled staff to undertake these roles.

Council maintains a minimum number of trained staff to foundation level, to fulfil core Emergency Operations Centre roles	#	100.00	154.00	
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COMMENTS: Our next training is scheduled for 30 August. We will continue to offer this course on a quarterly basis.

2019-21 LTP Customer and Partnership Focus

Percentage of customers satisfied that council consults with the community regarding the right issues	%	60.00	56.00	
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COMMENTS: The Significance and Engagement Policy is applied when determining which issues require feedback from the public however in determining this, Council has to be mindful that the public can suffer from consultation fatigue. The results could be a reflection of this.

Percentage of customers satisfied with the ease of access and clarity of information regarding key community issues	%	60.00	53.00	
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COMMENTS: We continue to provide information via a range of printed and electronic mediums. For cost effectiveness and ease of access, we encourage the viewing of information via our website, based on a digital-first philosophy, however we understand that printed material is still more appropriate for some people. We have retained The Link magazine, for this reason. The result could be an indication that some in our communities are still seeking more information or information in different ways. We will continue to look at new and different ways to provide information to our communities and customers to maximise the usefulness of our engagement and communication activities.

Level of Customer effort	#	3.00	2.68	
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COMMENTS: While the result is within target, the level of effort required by customers when dealing with Council has room for improvement

Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go)	%	90.00	90.00	
---	---	-------	-------	--

COMMENTS: Although not used as a true NPS calculation, this metric has shown our communities are on the balance, very supportive of our library services. The underlying data indicates that we have a healthy number of promoters vs detractors of our library service which should only serve to ensure we have many repeat as well as new customers. This KPI was only surveyed once in the year but the sample size of 206 is considerable.

Level of customer satisfaction that the quality of libraries resources meets their needs	%	90.00	90.00	
--	---	-------	-------	--

COMMENTS: 90% satisfaction is considered a success for us. In times when modern libraries are evolving we will never tick all the boxes for every customer, but this result shows we are ticking the majority. Our survey indicated that it is a vast range of unique and specialised requests that would move satisfaction higher (specialist authors, topics). As we continue to engage with our communities on their needs our understanding will increase, however it will remain unlikely that we meet all individual needs. We will continue to endeavour to provide resources and programming that suits the majority. This KPI was only surveyed once in the year but the sample size of 206 is considerable.

Percentage of time that access to a free internet service is available in libraries	%	100.00	100.00	
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COMMENTS: There have been no problems with the Internet service during the year. Our access arrangement through APNK has provided a valuable reliable service and is appreciated by many people across our district.

2019-21 LTP Roading

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. # -1.00 -4.00

COMMENTS: For the year under review, 44 fatal and serious injury crashes are recorded in the NZTA crash database compared with 48 for 2017/18. (Note: This measure is based on crashes, not the number of casualties.)

Target met

The average quality of ride on a sealed local road network, measured by smooth travel exposure. % 91.00 97.00

COMMENTS: Slight improvement on previous year based on survey completed as part of high speed data in April 2019.

Target met.

The percentage of footpaths that fall within the level of service or service standard that is set out in the LTP. % 90.00 0.00

COMMENTS: The footpath rating is part of the RATA Data Contract however had not been carried out for two years. The next rating will be completed in the first quarter of 2019/20 financial year.

The percentage of the sealed local road network that is resurfaced. % 6.00 7.00

COMMENTS: We have re-surfaced 125.5 kms of sealed roads and can confirm the network surface condition meets our Activity Management Plan targets.

The percentage of customer service requests relating to roads to which we respond within the timeframes specified. % 80.00 97.24

COMMENTS: Waikato District Alliance continued to exceed customer service request targets due to a strong focus on customer service request responses and timeframes.

The percentage of customer service requests relating to footpaths responded to within the timeframe specified in LTP. % 80.00 95.51

COMMENTS: Waikato District Alliance continued to exceed customer service request targets due to a strong focus on customer service request responses and timeframes.

2019-21 LTP Stormwater

The number of flooding events that occurred throughout the district. # 5.00 0.00

COMMENTS: Target met, no flood events.

The number of habitable floors affected in a stormwater flooding event expressed per 1000 properties connected to the councils stormwater system per event. # 0.30 0.00

COMMENTS: Target met, no flood events.

The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site. m 120.00 0.00

COMMENTS: Target met, no flood events

The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system. # 6.00 2.03

COMMENTS: Target met.

Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions received in relation those resource consents.	#	0.00	0.00	
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COMMENTS: Resource consents are annually audited by WRC for the previous compliance year. Results of the compliance audit are typically received between Q1 and Q2 of the following compliance year, at this time all enforcement notices are presented to Council.

No infringement notices, enforcement orders or convictions have been received in the previous compliance year (2017/18) for these consents.

Council expects a similar result following WRC audit of the 2018/19 compliance year.

2019-21 LTP Wastewater

The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system	#	3.00	1.51	
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COMMENTS: Target met.

4 dry weather overflows this quarter. 16 in total for the year.

The median attendance time where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, from the time that Council receives notification to the time that service personnel reach the site.	m	60.00	45.00	
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COMMENTS: Target met with a median of 45 minutes.

4 from 4 calls met the target time frame this quarter, 29 from 30 calls met the target time frame this year. More blockages are being recorded due to Fast Fibre installation strikes on mains and laterals.

The median resolution time where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, from the time Council receives notification to the time personnel confirm resolution of the blockage or other fault.	m	240.00	151.00	
--	---	--------	--------	--

COMMENTS: Target met with a median of 151 minutes for the year.

4 out of 4 calls resolved within required time frame of 240 minutes this quarter. 27 out of 30 calls resolved within the required time frame this year. More blockages are being recorded due to Fast Fibre installation strikes on mains and laterals.

The total number of complaints received by Council about odour, system faults, blockages, response to issues with its sewerage system.(expressed per 1000 connections to the sewerage system):	#	25.00	11.01	
--	---	-------	-------	--

COMMENTS: Target met.

21 complaints this quarter, 117 complaints for the year. More blockages are being recorded due to Fast Fibre installation strikes on mains and laterals.

Council's level of Compliance with resource consents for discharge from its wastewater system, measured by the number of abatement notices, infringement notices and enforcement orders	#	2.00	2.00	
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COMMENTS: Resource consents are annually audited by WRC for the previous compliance year. Results of the compliance audit are typically received between Q1 and Q2 of the following compliance year, at this time all enforcement notices are presented to Council.

During 2018/19, Council received two abatement notices relating to the 2017/18 compliance audit. The abatement notices covered the Te Kauwhata and Meremere WWTP discharges.

Council expects a similar result (two letters of enforcement) following WRC audit of the 2018/19 compliance year.

Council's level of Compliance with resource consents, measured by the number of Convictions for discharge from its wastewater system,	#	0.00	0.00	
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COMMENTS: Resource consents are annually audited by WRC for the previous compliance year. Results of the compliance audit are typically received between Q1 and Q2 of the following compliance year, at this time all enforcement notices are presented to Council.

Council received no convictions resulting from the 2017/18 compliance audit.

Council expects a similar result following WRC audit of the 2018/19 compliance year.

2019-21 LTP Water Supply

The extent to which Councils drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria)	#	18.00	18.00	
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COMMENTS: Compliance has been assessed by the DHB and initial feedback suggests that we have complied with the standard. The DHB report / results will not however be finalized until mid/late August.

The extent to which Councils drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	#	4.00	4.00	
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COMMENTS: Compliance has been assessed by the DHB and initial feedback suggests that we have complied with the standard. The DHB report / results will not however be finalized until mid/late August.

The median on site attendance time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	m	60.00	36.00	
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COMMENTS: Met target with a median of 36 minutes.

50 of 56 calls met the 60 minute time frame this quarter, 212 of the 225 calls met the 60 minute time frame this year.

The median resolution time for an urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	m	240.00	117.00	
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COMMENTS: Met target with a median of 117 minutes.

55 out of 56 calls met the required time frame this quarter, 218 out of 225 calls met the required time frame this year.

The median on site attendance time for a non-urgent call out, where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	Days	5.00	1.00	
--	------	------	------	--

COMMENTS: Target met with a median of 1 day.

110 out of 112 complaints met the 5 day time frame this quarter, 438 of 444 complaints met the 5 day time frame this year.

The median resolution time for a non-urgent call out where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system	Days	5.00	1.00	
---	------	------	------	--

COMMENTS: Met target with a median of 1 day.

110 out of 112 calls met the 5 day time frame this quarter, 438 out of 444 calls met the time frame this year.

The total number of complaints received by Council about drinking water clarity, taste, odour, water pressure or flow, continuity of supply and response to any of these issues (expressed per 1000 connections to the water system)	#	25.00	18.25	
--	---	-------	-------	--

COMMENTS: Target met.

67 complaints this quarter, 332 complaints for the year. There seems to have been a big drop in dirty water complaints in Huntly, the flushing program appears to be helping. Overall, there has been an increase in the number of complaints received for February - staff are unsure why this has occurred.

The average consumption of drinking water per day per resident within the Waikato district	L	270.00	240.00	
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COMMENTS: This result is the 2017-18 result.

The 2018-19 result will only be available at the End of August. The delay is due to consultant availability and delays caused by the Watercare transition.

The percentage of real water loss from Council's networked reticulation system	%	30.00	0.00	
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COMMENTS: This result is a new KPI, 2017-18 result not available.

The 2018-19 result will only be available at the End of August. The delay is due to consultant availability and delays caused by the Watercare transition.

Overall Performance	%	0.00	0.00	
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C. EXECUTIVE SUMMARY

This report summarises the opinions and attitudes of Waikato District Council residents and ratepayers to the services and facilities provided for them by their Council and their elected representatives.

The Waikato District Council commissioned this survey as a means of measuring their effectiveness in representing the wishes and viewpoints of their residents. Understanding residents' and ratepayers' opinions and needs will allow Council to be more responsive towards its citizens.

SATISFACTION WITH SERVICES AND FACILITIES - OVERALL

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Standard of Council's roads overall (excluding State Highways)	49	14	37	-
Stormwater services	47	14	16	23

Comparison Between 2018 And 2017

	Waikato 2018		Waikato 2017	
	Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %	Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %
Standard of Council roads	49 =	37 ↑	48	26
Stormwater	47 =	16 =	43	18

Key: ↑ above/slightly above 2017 reading
= similar/on par

SATISFACTION WITH COUNCIL SERVICES/FACILITIES - USERS/VISITORS

	Base	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
Public libraries [†]	170	91	2	7	-
Parks and reserves, including sports fields and playgrounds	264	83	9	8	-
Recycling services	355	82	6	11	1
Animal control, ie, stock and dog control	71	79	10	11	-
Building and inspection services [†]	54	75	6	18	-
Footpaths	316	70	15	15	-
Public toilets	174	69	17	14	-
Standard of unsealed roads	168	37	24	39	-

[†] does not add to 100% due to rounding

Comparison Between 2018 And 2017

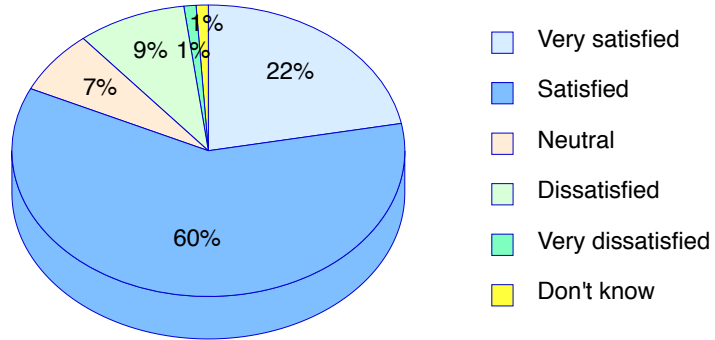
	Waikato 2018		Waikato 2017	
	Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %	Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %
Public libraries	91 =	7 =	97	3
Parks and reserves	83 =	8 =	86	9
Recycling services	82 =	11 =	84	11
Animal control	79 =	11 =	82	14
Public toilets	69 =	14 =	67	13
Building and inspection services	75 =	18 =	69	14
Footpaths	70 =	15 =	74	14
Standard of unsealed roads	37 ↓	39 =	46	34

Key: ↓ below / slightly below 2017 reading
= similar / on par

SATISFACTION WITH SERVICES PROVIDED BY COUNCIL

Water Supply

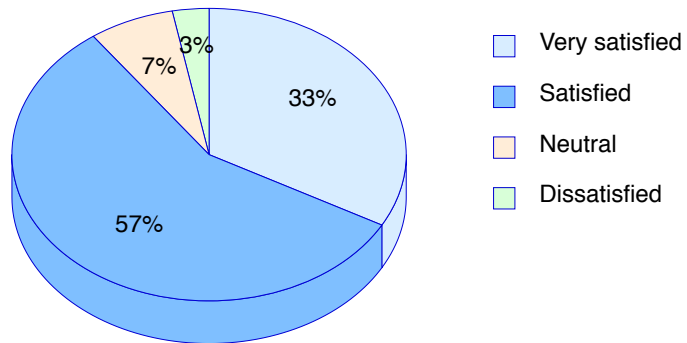
Council Provided Piped Water Supply



Base = 208

Wastewater Services

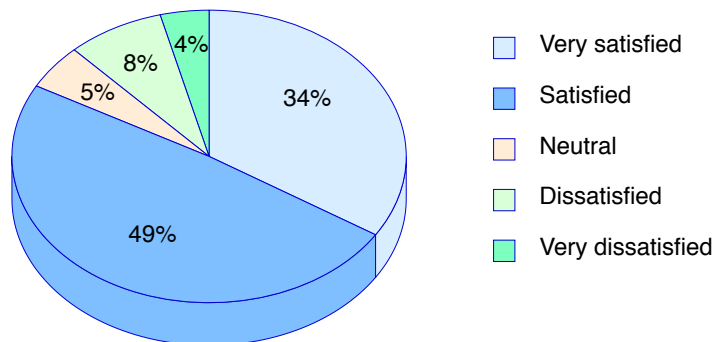
Council Provided Sewerage System



Base = 140

Rubbish Collection Service

Council Provided Regular Rubbish Collection Service



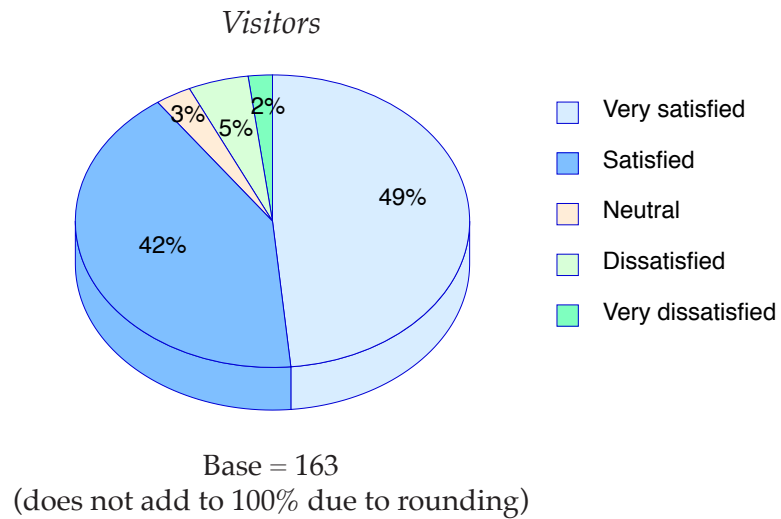
Base = 373

Comparison Between 2018 And 2017 (Service Provided

	2018 Base	Waikato 2018		Waikato 2017	
		Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %	Very satisfied/ Satisfied %	Dissatisfied/ Very dissatisfied %
Wastewater services	140	90 =	3 =	95	1
Rubbish collection	373	83 =	12 =	80	12
Water supply	208	82 =	10 =	83	9

Key: = similar/on par

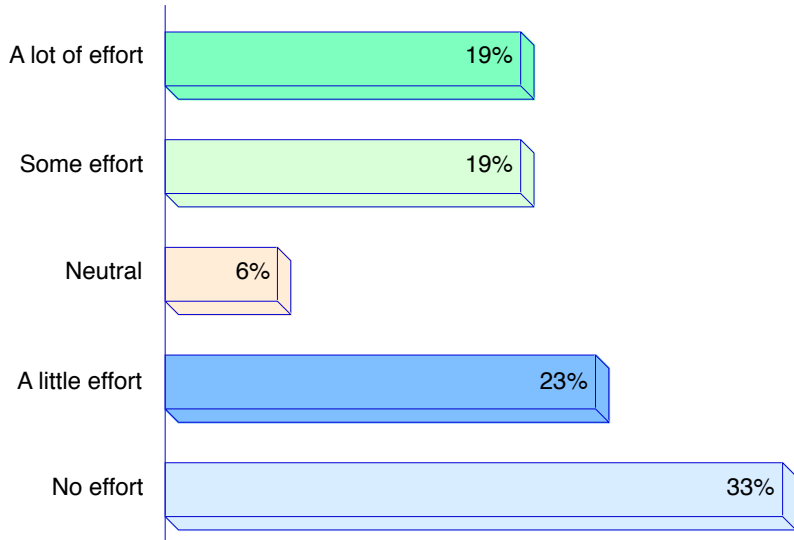
Cemeteries - Satisfaction With Presentation



CONTACT WITH COUNCIL

43% of residents have contacted Council staff at the Council offices or service centres by phone, in person and / or by email, in the last 12 months (49% in 2017).

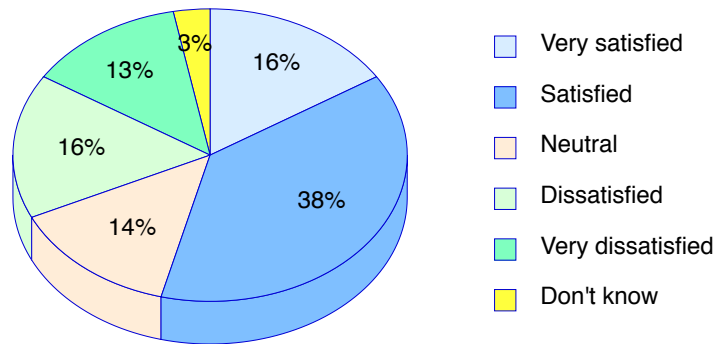
How Much Effort Did It Take To Conduct Business With Council ...



Base = 187[†]

Satisfaction With How Issue Was Resolved

Contacted Council Staff In Last 12 Months

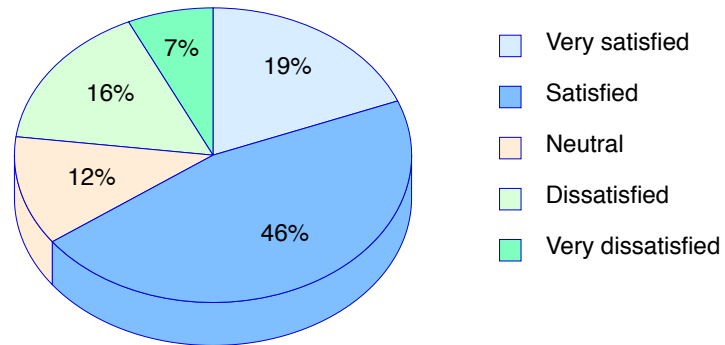


Base = 187[†]

[†] those residents who say they have contacted Council in last 12 months

Satisfaction With Overall Service Received

Contacted Council Staff In Last 12 Months



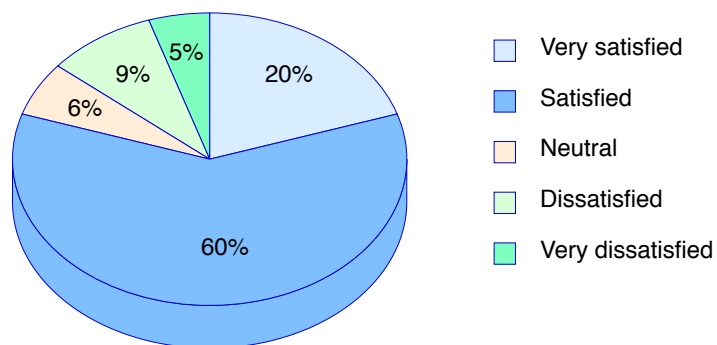
Base = 187[†]

[†] those residents who say they have contacted Council in last 12 months

Contact With Councillors/Mayor

In the last 12 months 8% of residents have contacted, or attempted to contact, a Councillor (including the Mayor), (10% in 2017).

Satisfaction That They Are Able To Contact Them Should The Need Arise ...



Base = 35[†]

[†] those residents who say they have contacted, or attempted to contact, a Councillor in last 12 months

LOCAL ISSUES

Governance/Democracy

66% of residents feel that as a ratepayer or resident they have the opportunity to be involved and to participate in the way the Council makes decisions, while 34% say they don't. These readings are similar to the 2017 results.

32% of residents have tried to participate in Council's decision making process (27% in 2017).

Level Of Satisfaction With Aspects Of The Consultation Process

	Very satisfied/ Satisfied %	Neutral %	Dissatisfied/ Very dissatisfied %	Don't know %
There is sufficient time and opportunity available to provide feedback [†]	64	10	23	2
Information about key community issues is easily accessible	57	19	20	4
The public are consulted about the right issues	56	22	21	1
Information available on these issues is clear and instructive [†]	49	24	27	1
There is a suitable range of consultation options available	48	24	23	5

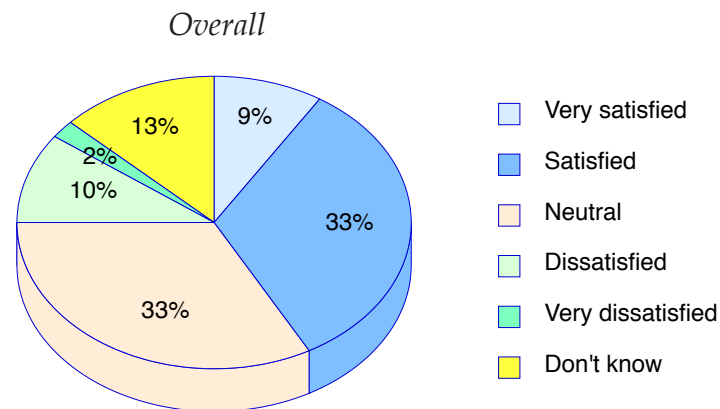
Base = 124

(those residents who say they have tried to participate in Council's decision making process)

% read across

[†] does not add to 100% due to rounding

Overall Satisfaction With The Way Council Involves The Public In The Decisions It Makes



The percent dissatisfied / very dissatisfied is below the Peer Group and National Averages.

Participation In Decision Making Process

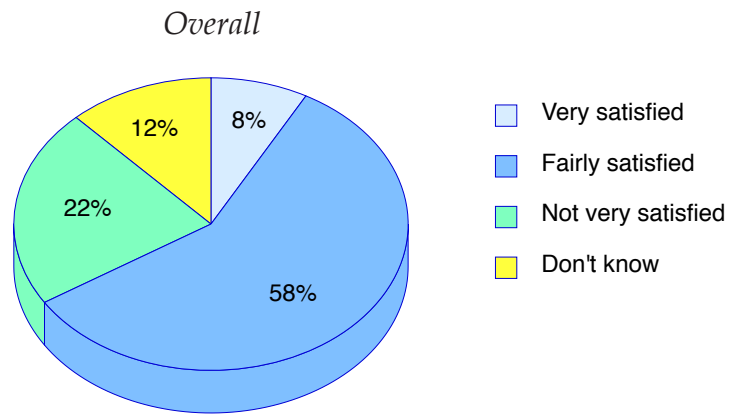
In general 17% of residents are interested in participating in Council's decision making process (15% in 2017), 32% say they are not (26% in 2017), while 51% say it depends on the issue (58% in 2017).

Outcomes

34% of residents say there is a Council action / decision / management they **dislike or disapprove** of (42% in 2017), while 24% say there is a Council action / decision / management they **like or approve** of (34% in 2017).

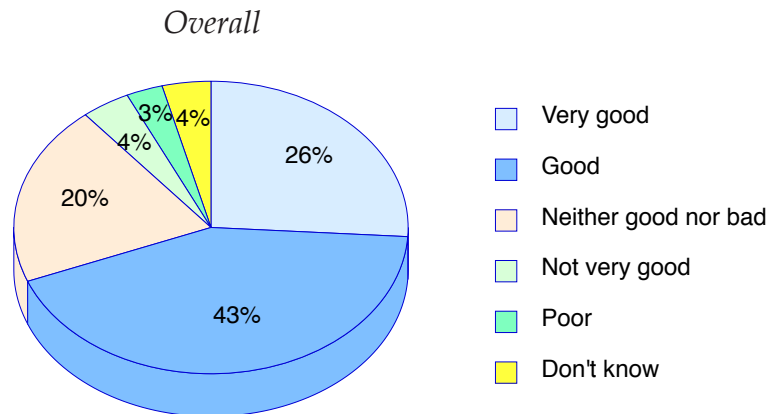
Community Engagement

Satisfaction With Rates Spending



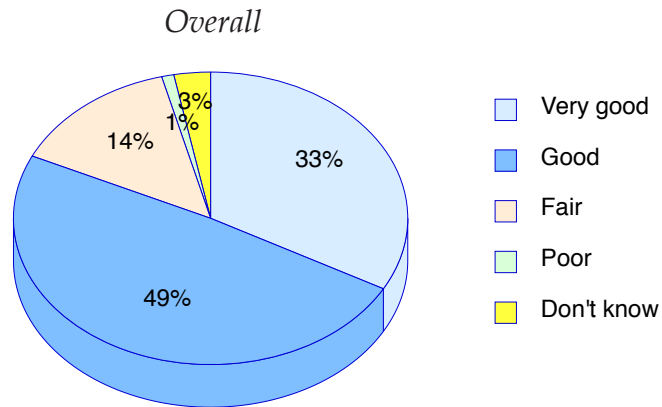
The percent not very satisfied is similar to the Peer Group and National Averages.

Community Spirit



The percent rating community spirit as very good/good (69%) is below the Peer Group Average (81%) and National Average (76%).

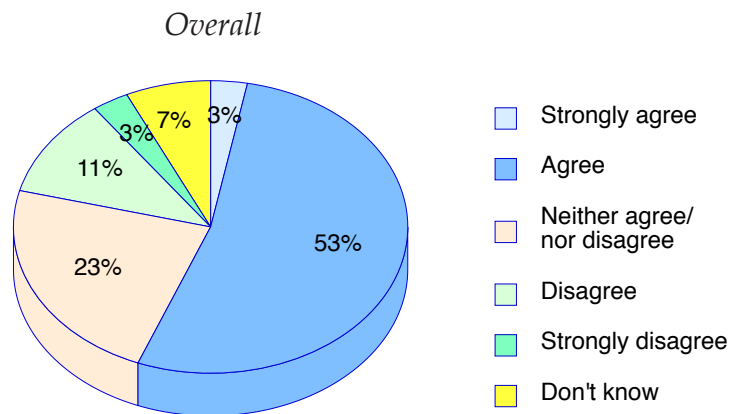
Quality Of Life



The 'very good/good' rating (82%) is similar to the Peer Group Average (83%) and on par with the National Average (85%).

Council Consultation And Community Involvement

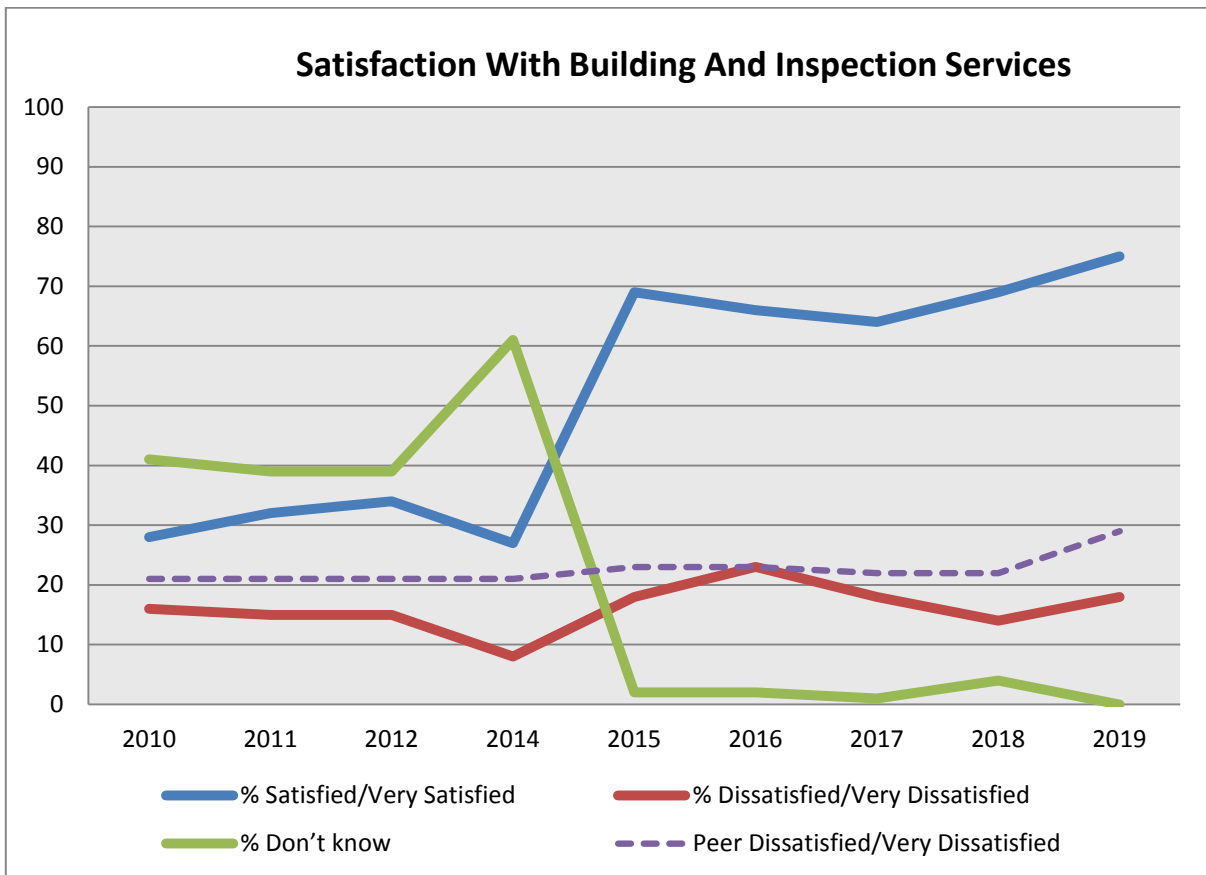
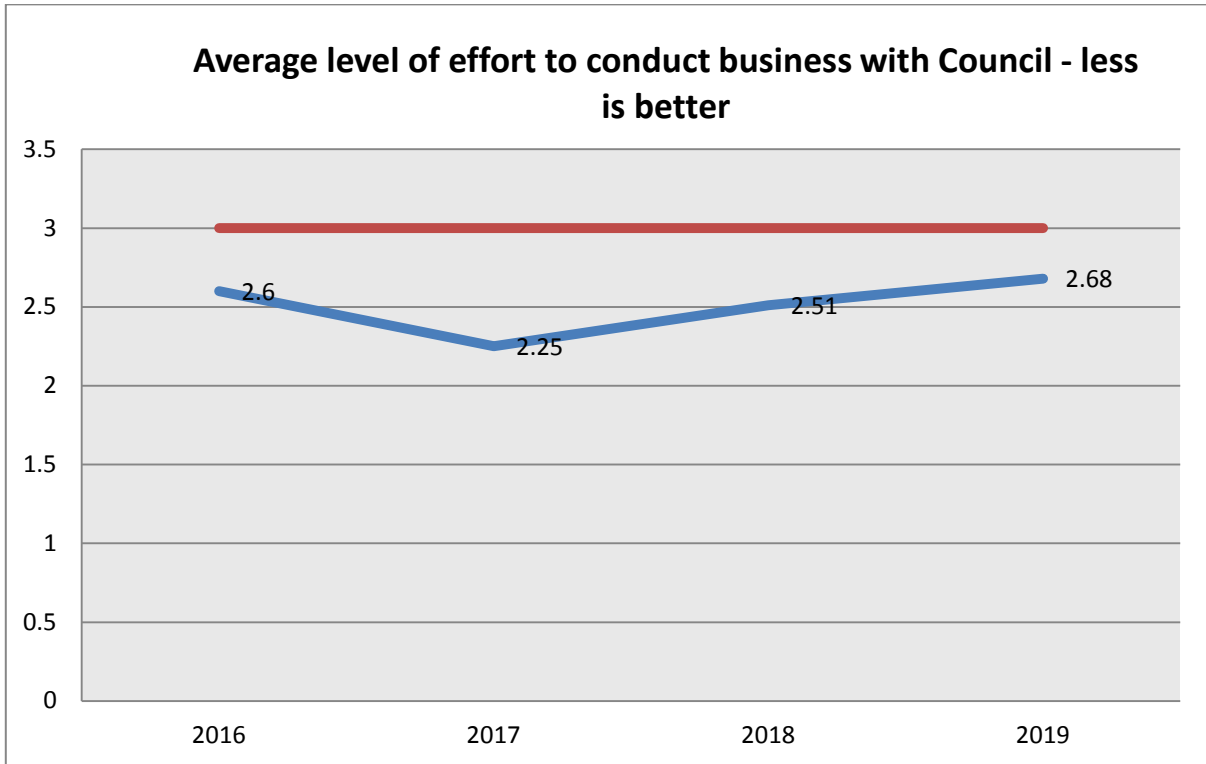
Council Makes Decisions That Meet The Needs And Aspirations Of Their Residents?



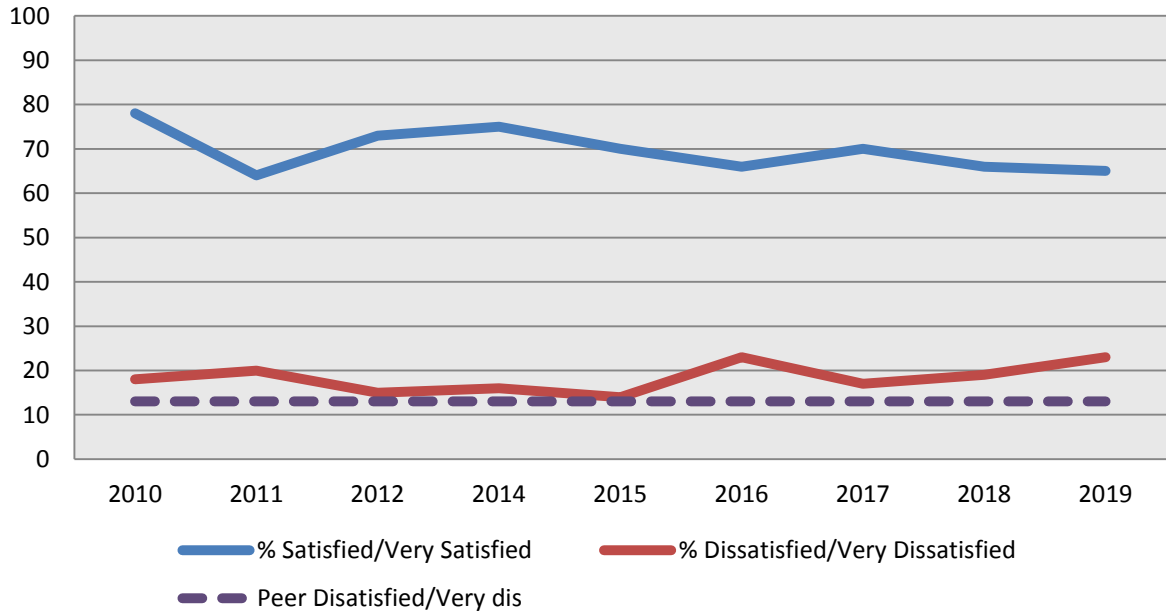
The percent who agree/strongly agree (56%) is similar to the Peer Group Average (53%) and above the National Average (44%).

* * * * *

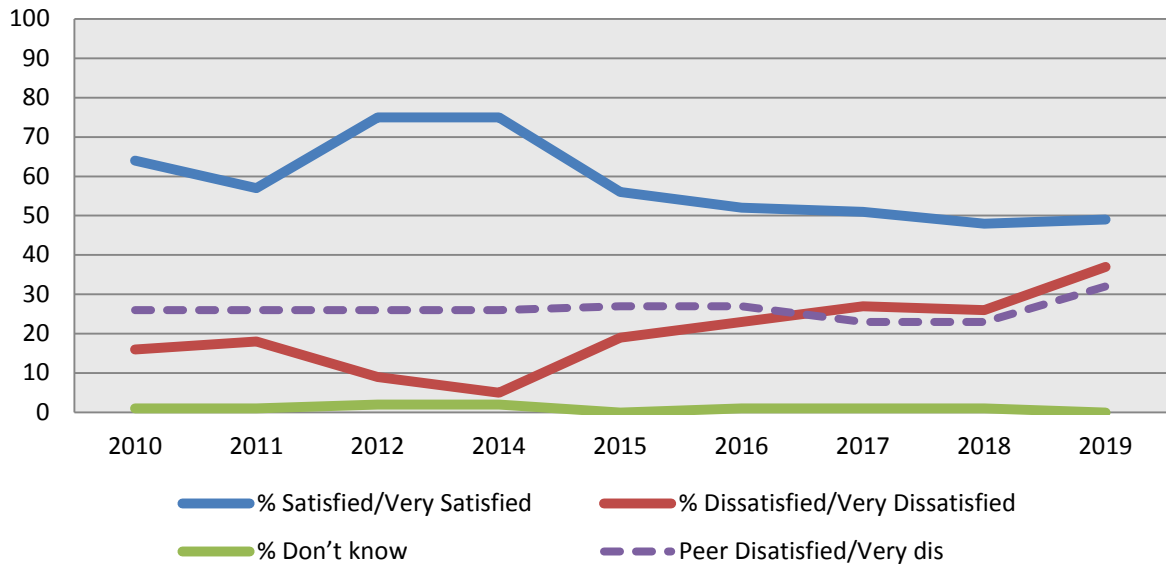
Appendix 3 – Survey Trend Graphs 2019

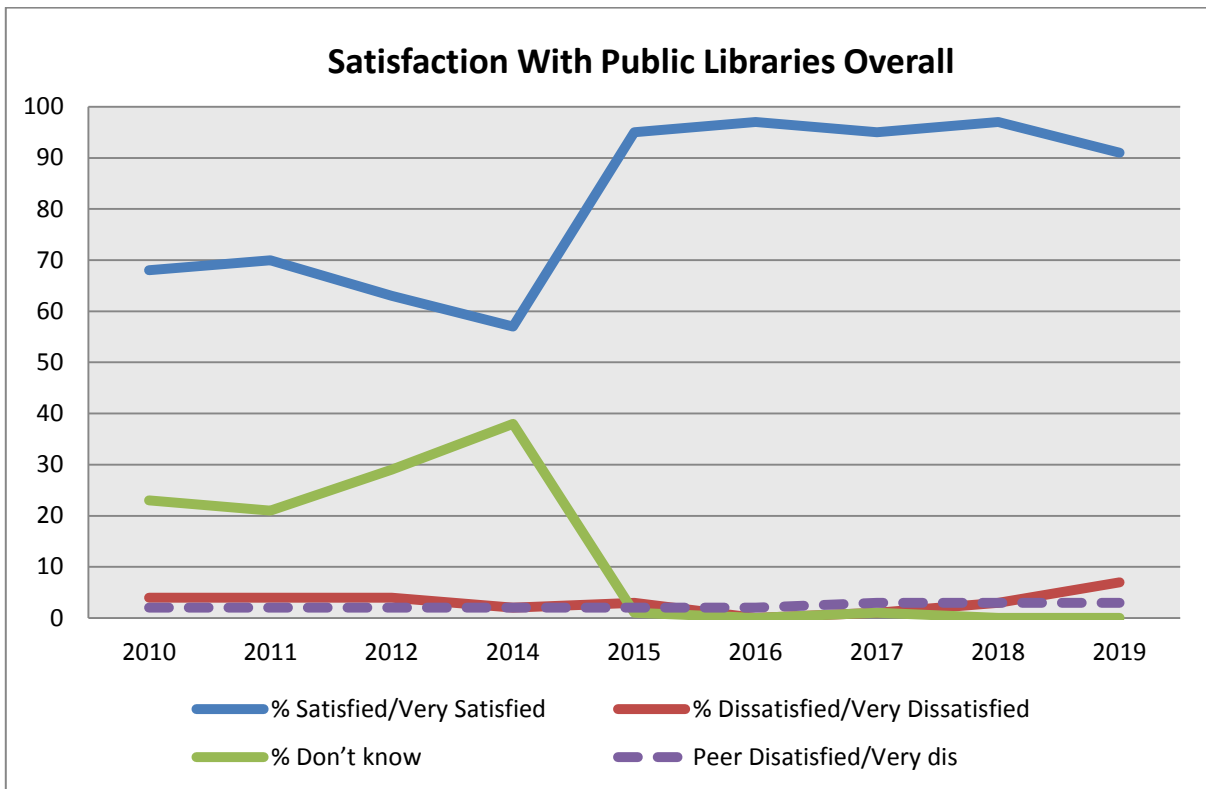
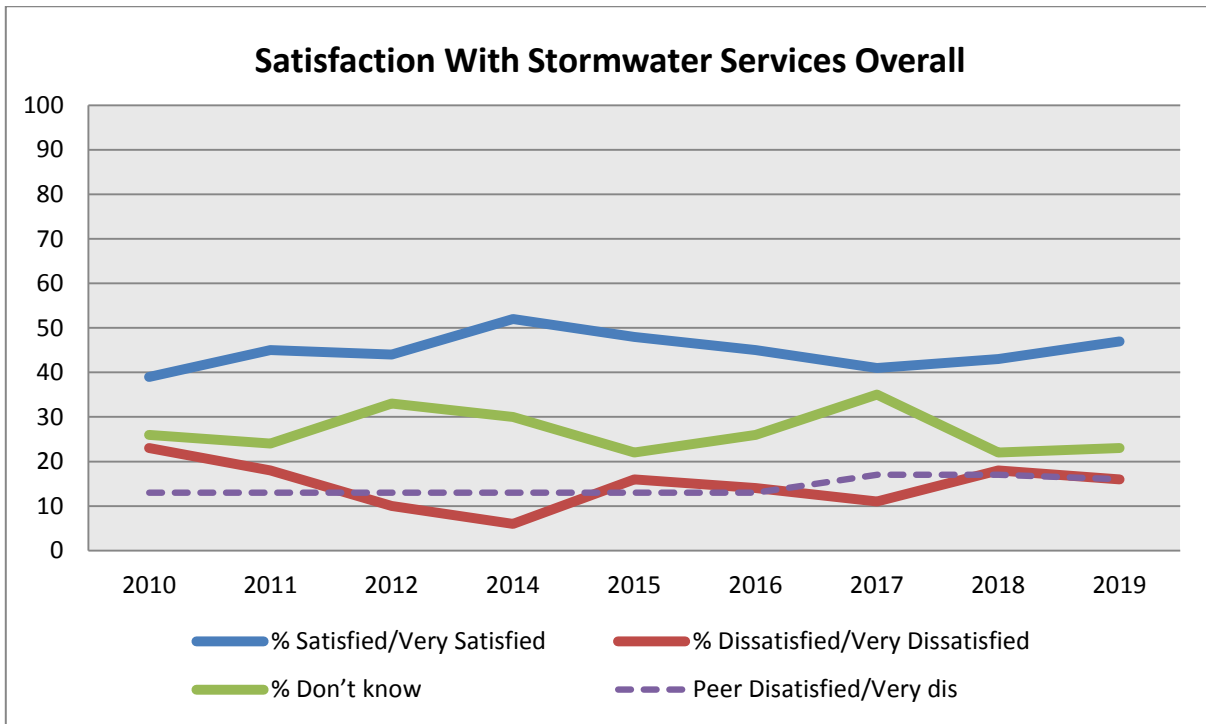


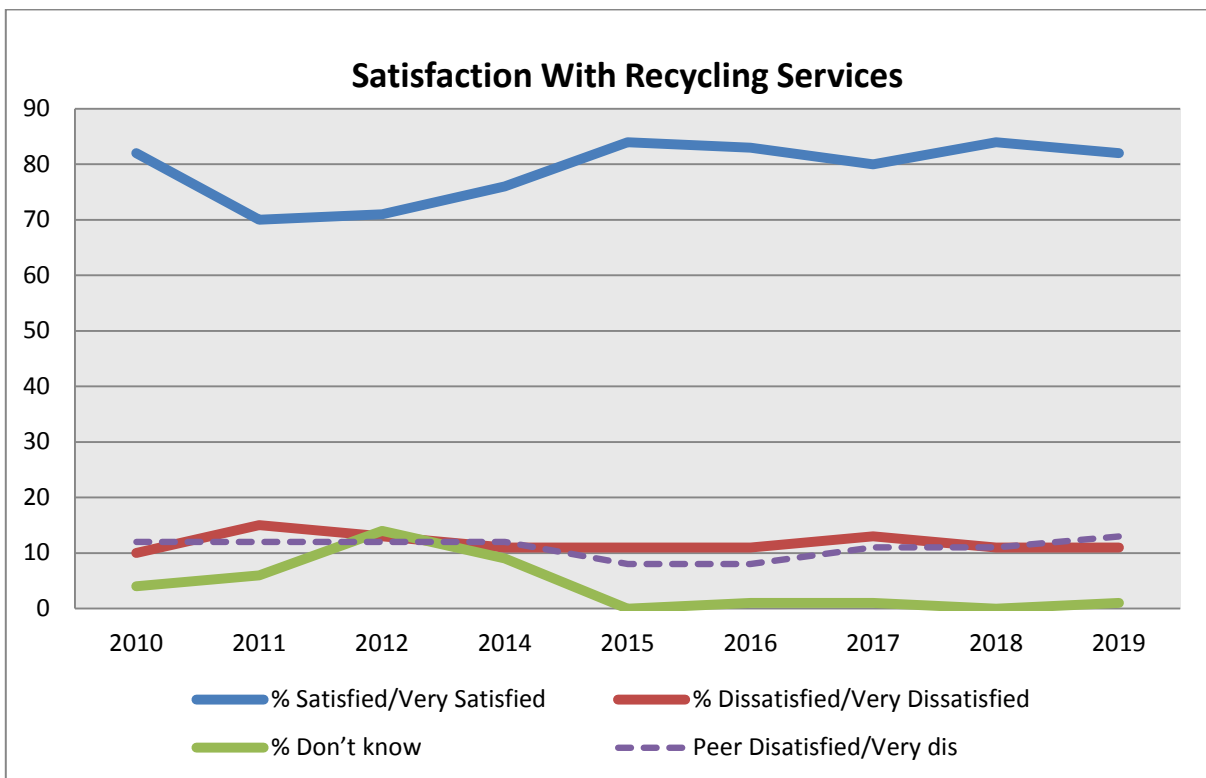
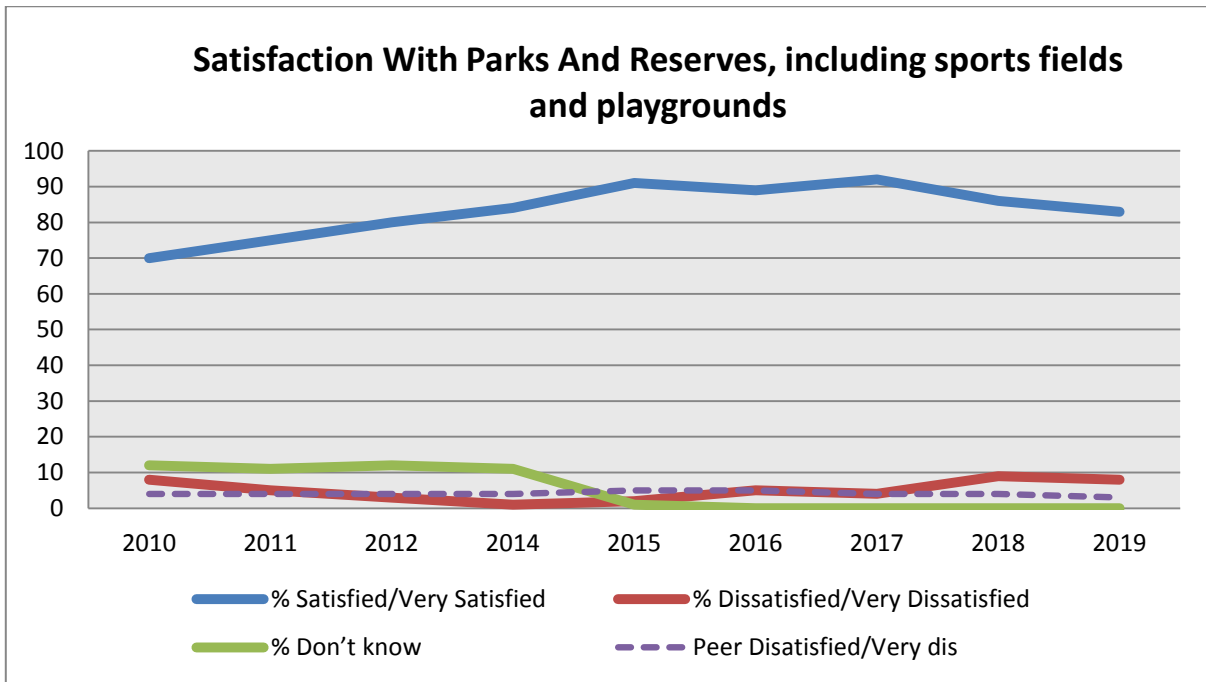
Overall Satisfaction With The Service Received When Contacting The Council Offices

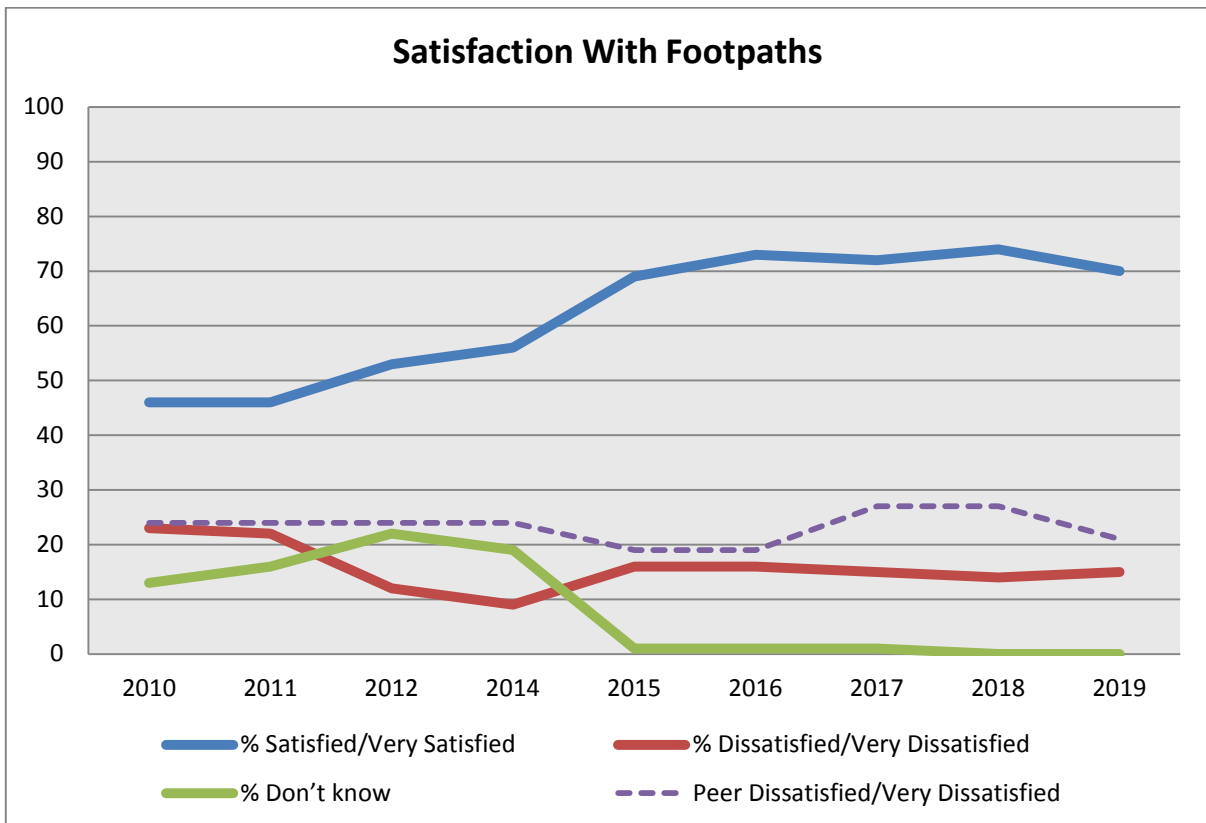
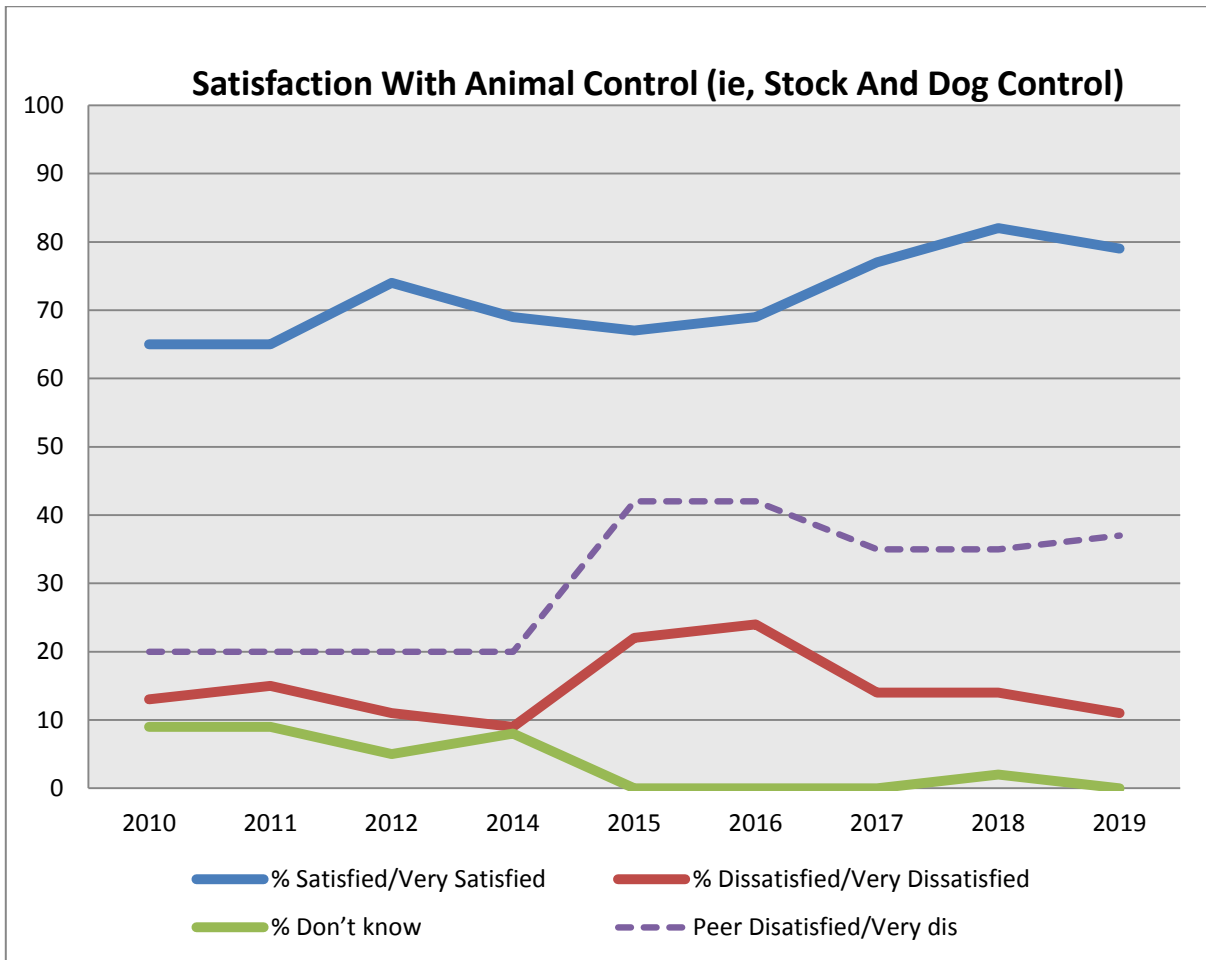


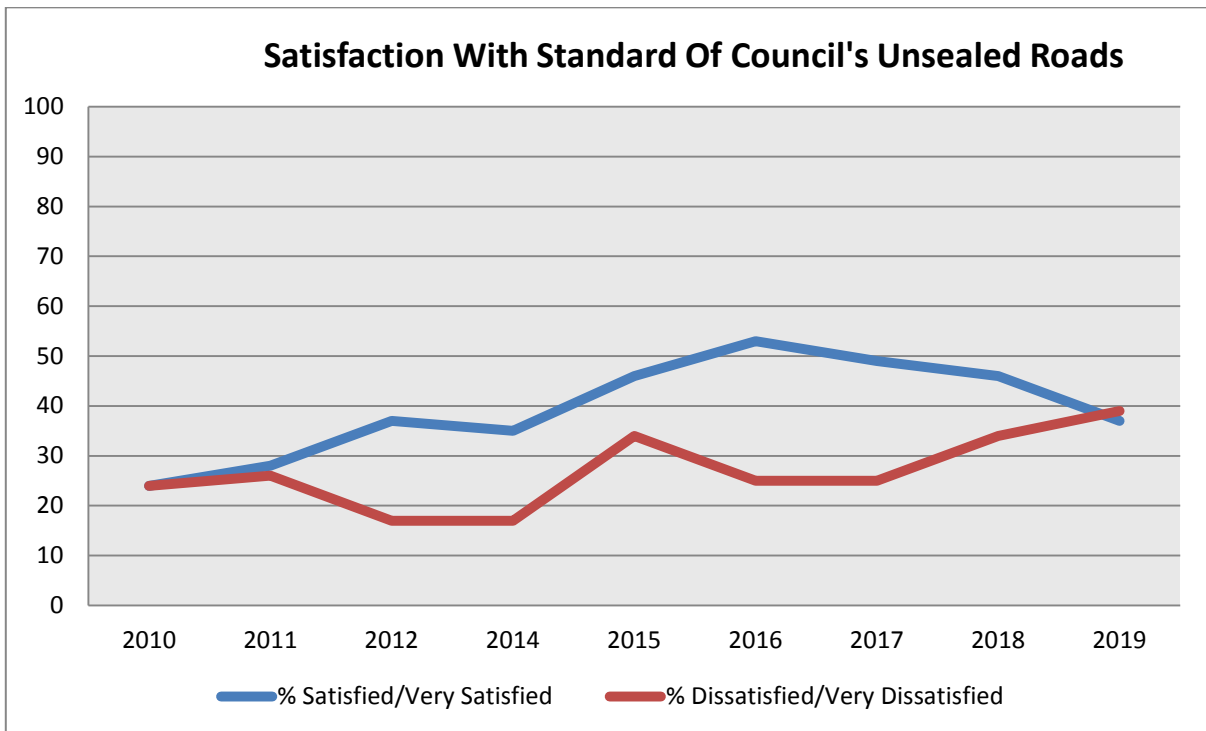
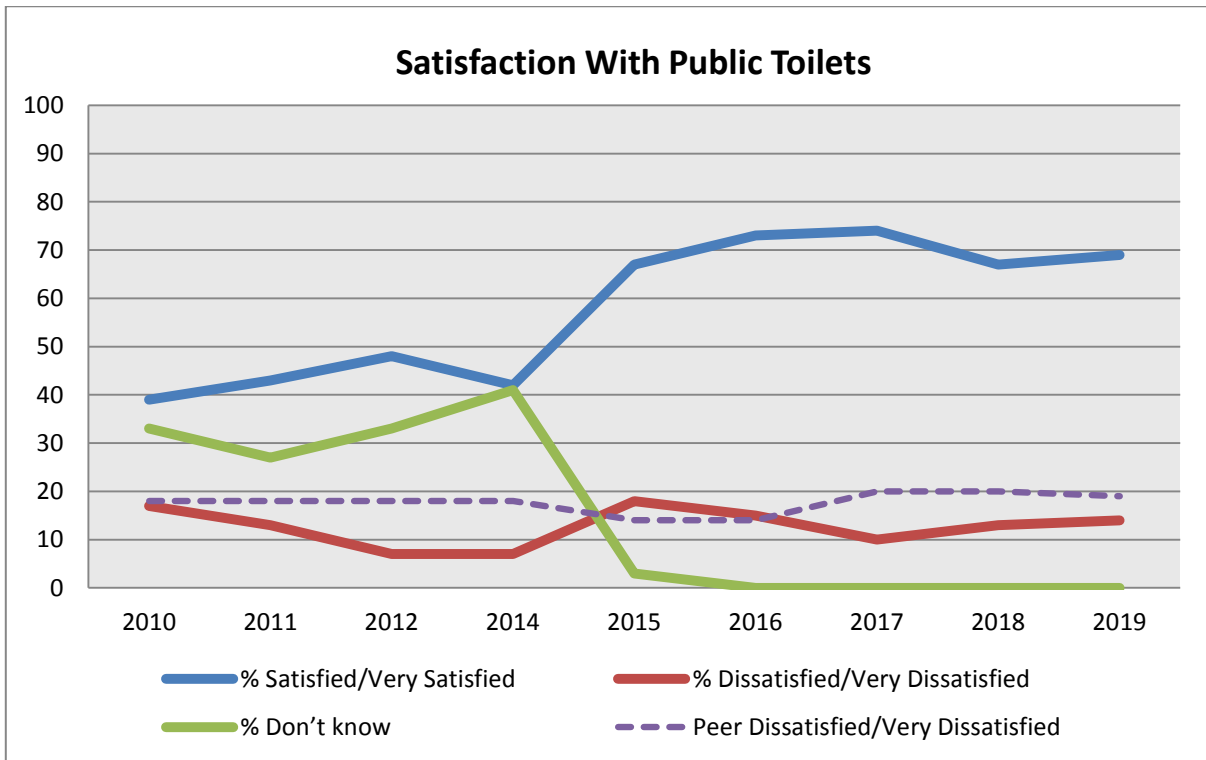
Satisfaction With The Standard Of Council Roads Overall

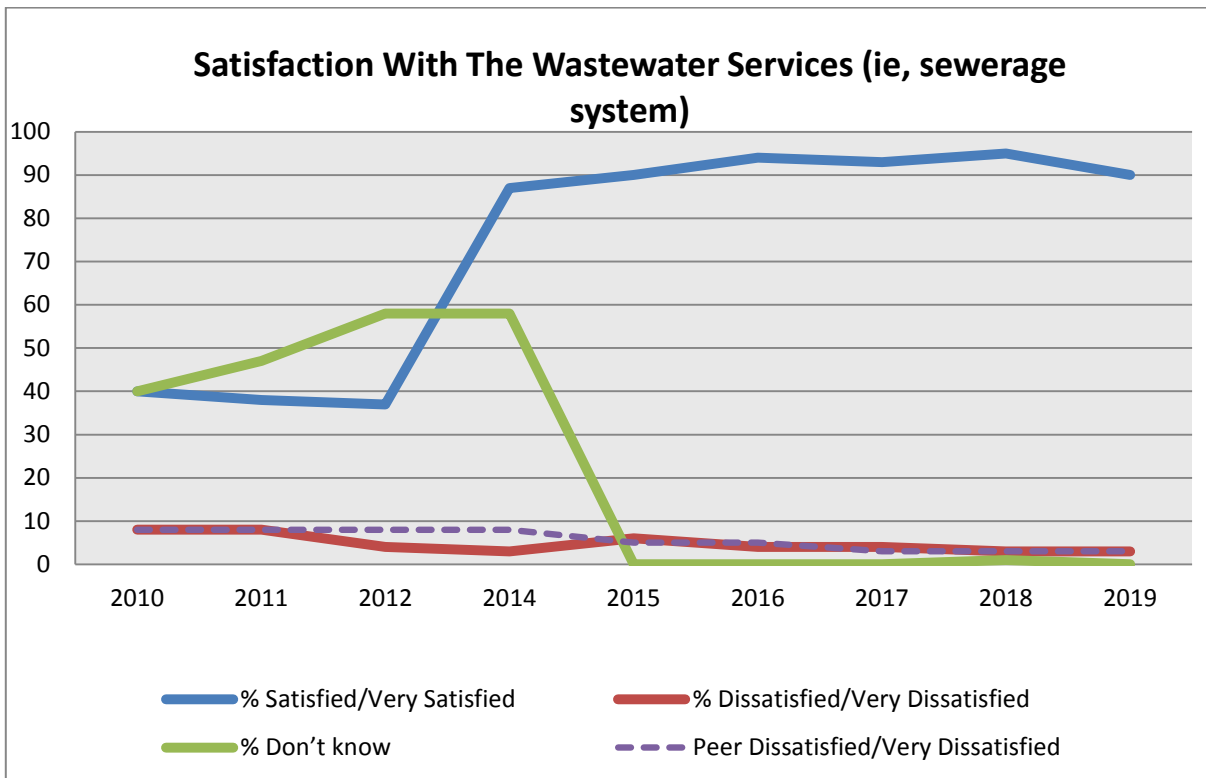
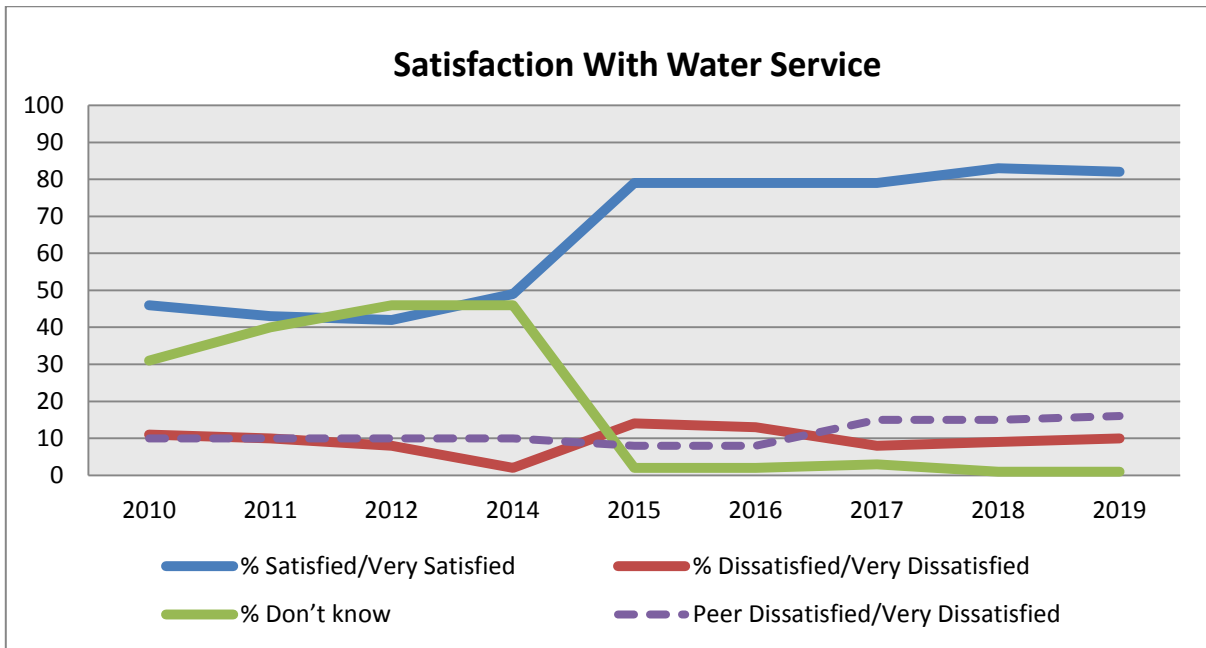


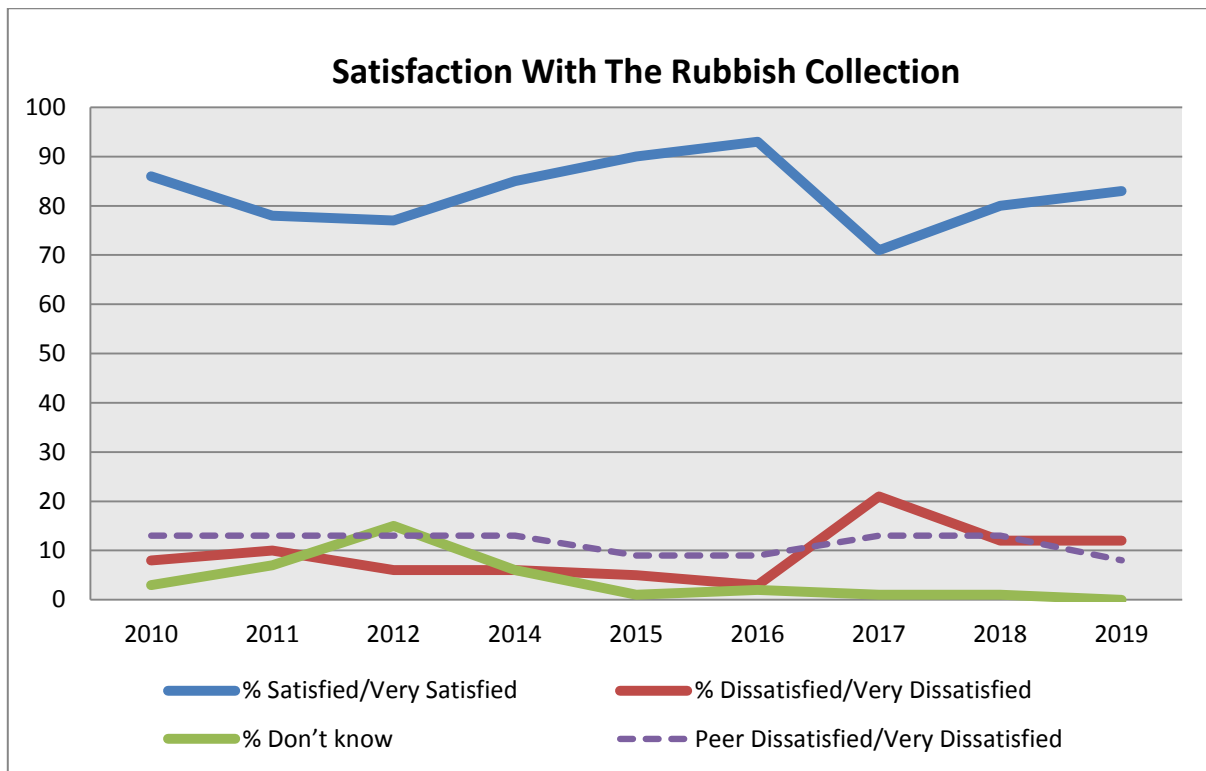




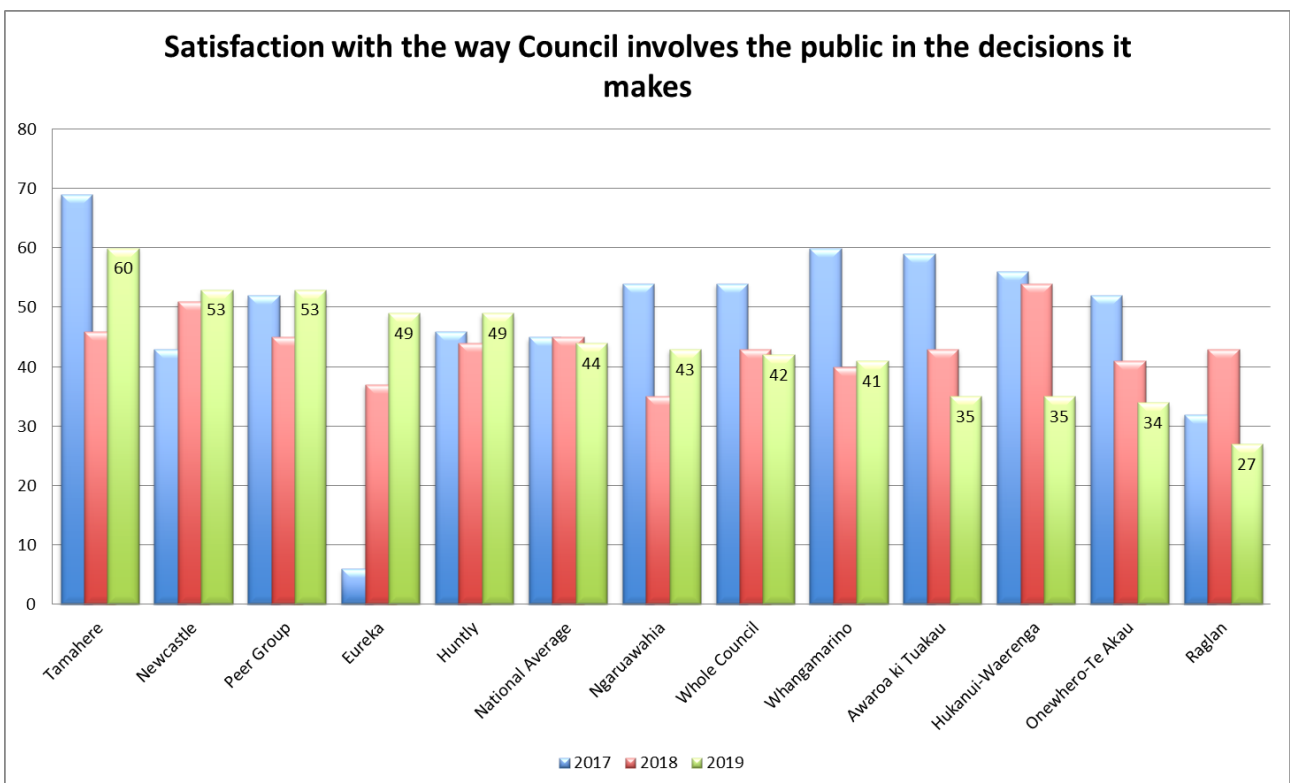
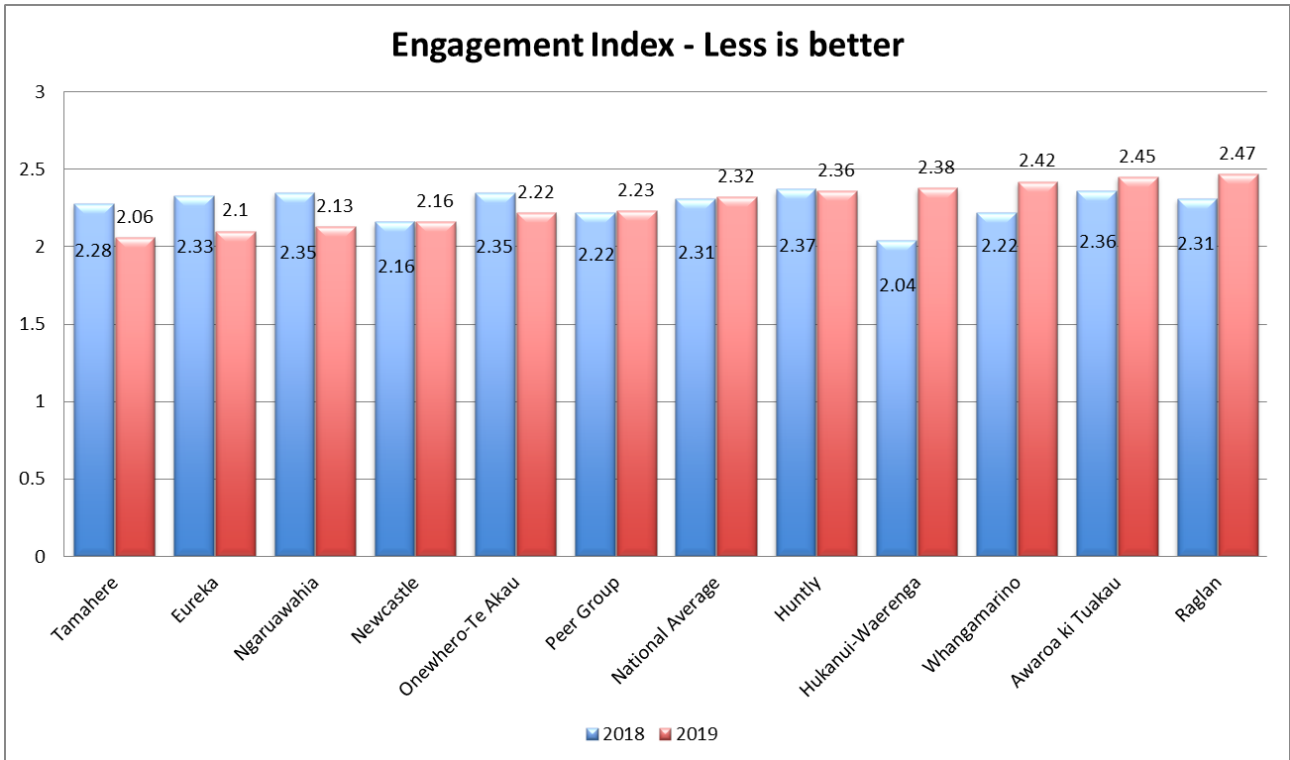


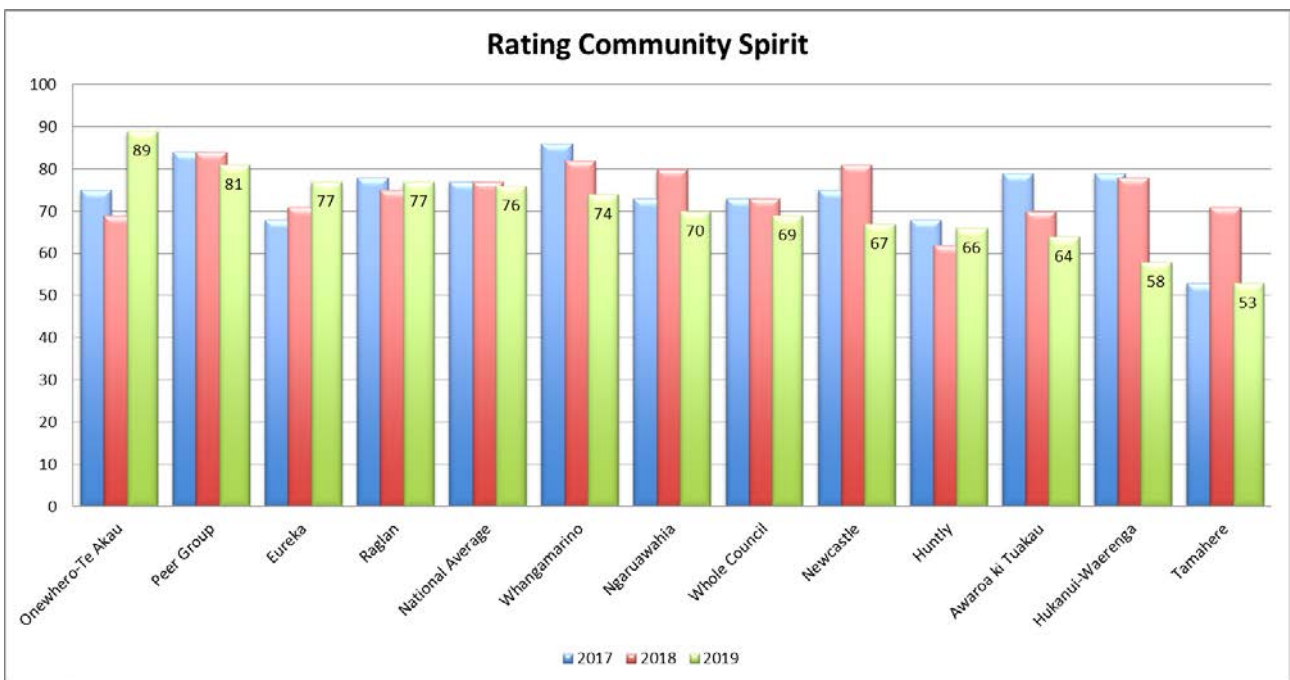
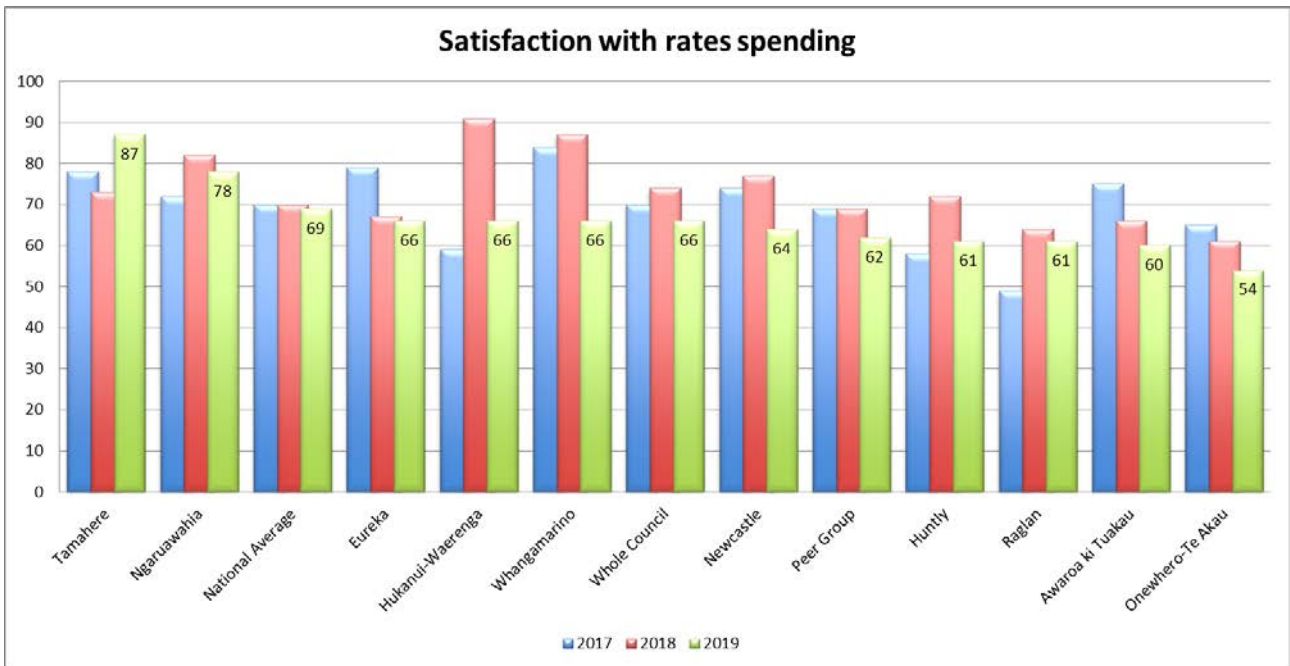


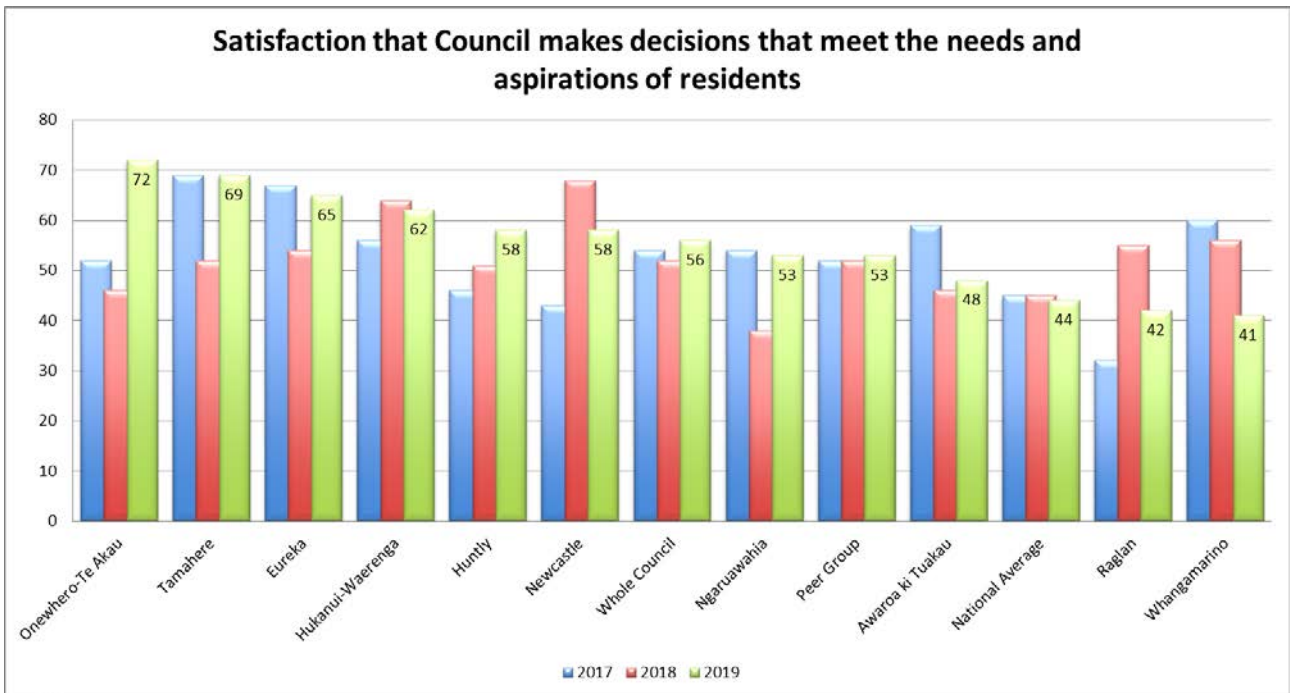
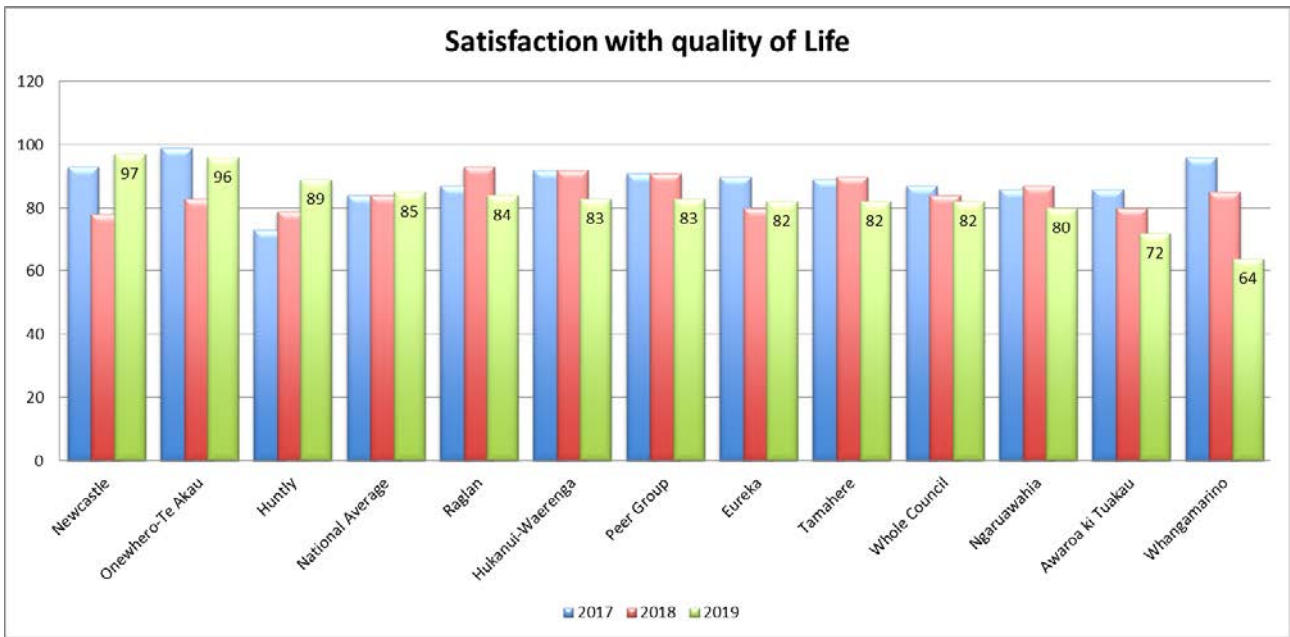




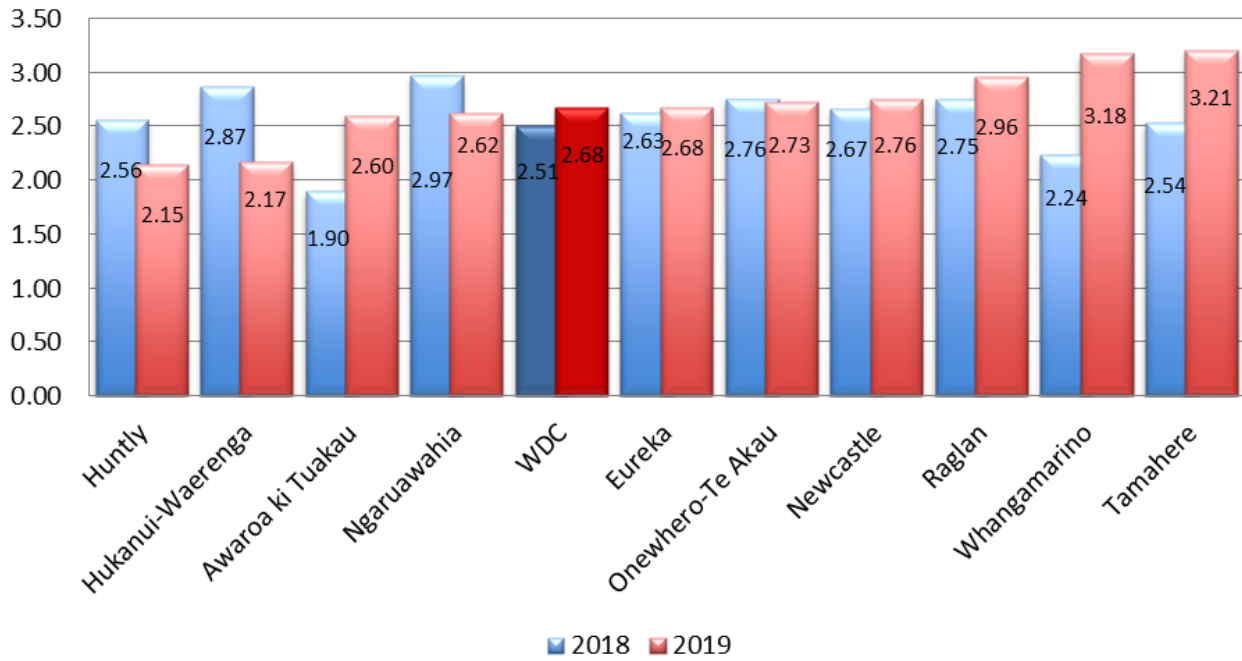
Appendix 4 – Engagement Trend by Ward







Average Level of Effort to conduct business with Council - less is better



Open Meeting

To	Strategy & Finance Committee
From	Gavin Ion Chief Executive
Date	20 August 2019
Prepared by	Lynette Wainwright Committee Secretary
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Exclusion of the Public

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.

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 29 June 2019

REPORTS

a. Professional Negligence and Weathertight Homes Claims Report

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 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)(a)

b. Development Agreement Sanderson Group Limited & Tamahere Country Club Limited

The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 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:

Section 7(2)(b)(ii)

Section 48(1)(a)