

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 27 MARCH 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.*

<b>1.</b>	<b><u>APOLOGIES AND LEAVE OF ABSENCE</u></b>	
<b>2.</b>	<b><u>CONFIRMATION OF STATUS OF AGENDA</u></b>	
<b>3.</b>	<b><u>DISCLOSURES OF INTEREST</u></b>	
<b>4.</b>	<b><u>CONFIRMATION OF MINUTES</u></b>	
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	GJ Ion	
	<b>CHIEF EXECUTIVE</b>	

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	28 February 2019
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Confirmation of Minutes

### **1. EXECUTIVE SUMMARY**

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To confirm the minutes of the Strategy & Finance Committee meeting held on Wednesday 27 February 2019.

### **2. RECOMMENDATION**

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**THAT the minutes of the meeting of the Strategy & Finance Committee held on Wednesday 27 February 2019 be confirmed as a true and correct record of that meeting.**

### **3. ATTACHMENTS**

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S&F Committee Minutes - 27 February 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 27 FEBRUARY 2019** commencing at **9.00am**.

**Present:**

Cr JM Gibb (Chairperson)  
Cr AD Bech  
Cr JA Church  
Cr DW Fulton [*until 10.33am and from 10.58am*]  
Cr SL Henderson  
Cr SD Lynch [*until 12.20pm and from 12.32pm*]  
Cr RC McGuire  
Cr FM McNally  
Cr BL Main  
Cr EM Patterson  
Cr JD Sedgwick  
Cr NMD Smith [*until 12.08pm and from 12.11pm*]  
Cr LR Thomson

**Attending:**

Mr B MacLeod (Raglan Community Board Chairperson)  
Mr G Ion (Chief Executive)  
Mr T Whittaker (Chief Operating Officer)  
Mr C Morgan (General Manager Community Growth)  
Mrs LM Wainwright (Committee Secretary)  
Ms A Diaz (Chief Financial Officer)  
Mr J Ebenhoh (Planning & Policy Manager)  
Ms A Murphy (Corporate Planner)  
Ms S Soloman (Junior Corporate Planner)  
Ms L Van Den Bemd (Community Development Advisor)  
Mr W Gauntlett (RM Policy Team Leader)  
Ms D Dalbeth (Business Analyst)  
Ms J Dolan (Economic and Community Development Manager)  
Ms K Cousins (Economic Development Marketing Manager)  
Mr C Bailey (Rates Team Leader)  
Dr S McTaggart (University of Auckland)  
Mr J Dawson (Chief Executive Hamilton & Waikato Tourism)  
Members of staff  
Member of the public

**APOLOGIES AND LEAVE OF ABSENCE**

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

**THAT an apology be received from His Worship the Mayor, Mr Sanson.**

**CARRIED on the voices**

**S&F1902/01**

**CONFIRMATION OF STATUS OF AGENDA ITEMS**

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

**THAT the agenda for a meeting of the Strategy & Finance Committee held on Wednesday 27 February 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 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&F1902/02**

**DISCLOSURES OF INTEREST**

Cr Church advised members of the Committee that she would declare a non financial conflict of interest in item 5.1 *[Impact of rapid urbanisation on the governance of small and rural primary schools in the Northern Waikato]*.

Cr Henderson advised members of the Committee that she would declare a non financial conflict of interest in item 5.1 *[Impact of rapid urbanisation on the governance of small and rural primary schools in the Northern Waikato]*.

**CONFIRMATION OF MINUTES**

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

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

**CARRIED on the voices**

**S&F1902/03**



## **STRATEGY REPORTS**

### Impact of rapid urbanisation on the governance of small and rural primary schools in the Northern Waikato

Agenda Item 5.1

The report was received [*S&F1902/02 refers*] and discussion was held. Dr McTaggart gave a verbal presentation and answered questions of the committee.

### Hamilton & Waikato Tourism Six Monthly Report: 01 July – 31 December 2018

Agenda Item 5.2

The report was received [*S&F1902/02 refers*] and discussion was held. Mr Dawson gave a verbal and powerpoint presentation and answered questions of the committee.

### Approval of draft Waikato Blueprint for public feedback

Agenda Item 5.3

The report was received [*S&F1902/02 refers*] and discussion was held. The Planning & Policy Manager gave a verbal update and answered questions of the committee. The Corporate Planner was thanked by the committee and answered questions of the committee.

**Resolved: (Crs Smith/Bech)**

**THAT the Strategy and Finance Committee agree to release the attached draft, Waikato Blueprint document, including District and Local Area Blueprints, with factual amendments, for one month of public feedback.**

**CARRIED on the voices**

**S&F1902/04**

Cr Fulton withdrew from the meeting at 10.33am following discussion on the above item.

The meeting adjourned at 10.33am and reconvened at 10.55am.

### Housing and Urban Development Authority

Agenda Item 5.4

The report was received [*S&F1902/02 refers*] and discussion was held. The Planning & Policy Manager gave a verbal update presentation and answered questions of the committee.

Cr Fulton re-entered the meeting at 10.58am during discussion on the above item.

Submission on the Local Government Funding and Financing Issues Paper  
Agenda Item 5.5

The report was received [*S&F1902/02 refers*] and discussion was held. The Chief Financial Officer gave a verbal update and answered questions of the committee.

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

**THAT the Committee recommends to Council that the submission on the Productivity Commission's Local Government Funding and Financing Issues Paper be approved retrospectively.**

**CARRIED on the voices**

**S&F1902/05**

Submission on WEL Energy Trust Draft Annual Plan 2019/2020  
Agenda Item 5.6

The report was received [*S&F1902/02 refers*] and discussion was held. The General Manager Community Growth gave a verbal update and answered questions of the committee.

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

**THAT Council approves the submission on the WEL Energy Trust Draft Annual Plan 2019/2020.**

**CARRIED on the voices**

**S&F1902/06**

Consultation Results on the Proposed Target Rate Increase for Matangi Hall  
Agenda Item 5.7

The report was received [*S&F1902/02 refers*] and discussion was held. The Junior Corporate Planner gave a verbal update and answered questions of the committee.

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

**THAT the Strategy & Finance Committee recommend to Council to implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 June 2019 to support the ongoing maintenance of the Matangi Hall.**

**CARRIED on the voices**

**S&F1902/07**

Request for Community Committee Grant – Pokeno Community Committee  
Agenda Item 5.8

The report was received [*S&F1902/02 refers*] and discussion was held. The Community Development Advisor gave a verbal update and answered questions of the committee.

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

**THAT an allocation of \$1,000.00 is made to the Pokeno Community Committee towards the cost associated with the running of the Committee.**

**CARRIED on the voices**

**S&F1902/08**

Economic Development Update  
Agenda Item 5.9

The report was received [*S&F1902/02 refers*] and discussion was held. The Economic and Community Development Manager and Economic Development Marketing Officer gave verbal updates and answered questions of the committee.

Publication of the summary of submissions on the Proposed District Plan (Stage 1)  
Agenda Item 5.10

The report was received [*S&F1902/02 refers*] and discussion was held. The RM Policy Team Leader and Planning & Policy Manager answered questions of the committee.

Mayoral Delegation to China November 2018  
Agenda Item 5.11

The report was received [*S&F1902/02 refers*] and discussion was held. The General Manager Community Growth and Economic Development Marketing Officer answered questions of the committee.

**FINANCE REPORTS**

Financial Review of Key Projects  
Agenda Item 6.1

The report was received [*S&F1902/02 refers*] and discussion was held. The Chief Operating Officer gave a verbal update and answered questions of the committee.

Summary of Movements in Discretionary Funds to 31 January 2019

## Agenda Item 6.2

The report was received [*S&F1902/02 refers*] and discussion was held. The Chief Financial Officer answered questions of the committee.

Cr Smith withdrew from the meeting at 12.08pm during discussion on the above item.

Treasury Risk Management Policy – Compliance Report at 31 December 2018

## Agenda Item 6.3

The report was received [*S&F1902/02 refers*] and discussion was held. The Chief Financial Officer gave a verbal update and answered questions of the committee.

Cr Smith re-entered the meeting at 12.11pm during discussion on the above item.

2019 Second Quarter Non-Financial Performance Report

## Agenda Item 6.4

The report was received [*S&F1902/02 refers*] and discussion was held. The Business Analyst answered questions of the committee.

Cr Lynch withdrew from the meeting at 12.20pm following discussion on the above item.

**EXCLUSION OF THE PUBLIC**

## Agenda Item 7

**Resolved: (Crs McNally/Patterson)**

**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 28 November 2018.**



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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	20 March 2019
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference/Doc Set #</b>	GOV1318
<b>Report Title</b>	Receipt of Audit & Risk Committee Minutes

**1. EXECUTIVE SUMMARY**

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To receive the minutes of a meeting of the Audit & Risk Committee held on Wednesday 13 March 2019.

**2. RECOMMENDATION**

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**THAT the minutes of the Audit & Risk Committee meeting held on Wednesday 13 March 2019 be received.**

**3. ATTACHMENTS**

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A&R Committee Minutes - 13 March 2019

**MINUTES** of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia held on **WEDNESDAY 13 MARCH 2019** commencing at **9.02am**.

**Present:**

Ms M Devlin (Chairperson)  
His Worship the Mayor Mr AM Sanson  
Cr AD Bech  
Cr JM Gibb  
Cr BL Main [*until 10.18am and from 10.22am until 12.05pm*]

**Attending:**

Mr GJ Ion (Chief Executive)  
Mr TG Whittaker (Chief Operating Officer)  
Mrs S O’Gorman (General Manager Customer Delivery)  
Mr C Morgan (General Manager Community Growth) – Item 5.1.6  
Mr R MacCulloch (Deputy General Manager – Service Delivery)  
Mrs LM Wainwright (Committee Secretary)  
Ms A Diaz (Chief Financial Officer)  
Mr K Abbott (Projects & Innovation Manager)  
Mr J Ebenhoh (Planning and Policy Manager) – Item 5.1.6  
Mr D MacDougall (Open Spaces Team Leader) – Item 5.1.4  
Mr N Barber (Reserves Team, Raglan) – Item 5.1.4  
Mrs K Jenkins (Project Management Advisor)  
Ms M Russo (Acting Corporate Planning Team Leader)  
Mrs M Baena-Escamilla (Continuous Improvement Analyst)  
Mr L Pieterse (Director Audit New Zealand)  
Mrs L Shirley (Zero Harm Manager)

**APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Crs Bech/Gibb)**

**THAT** an apology be received from **Cr Sedgwick**.

**CARRIED on the voices**

**A&R1903/01**

**CONFIRMATION OF STATUS OF AGENDA ITEMS****Resolved: (Crs Main/Gibb)**

**THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 13 March 2019 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be discussed with the public excluded.**

**CARRIED on the voices****A&R1903/02****DISCLOSURES OF INTEREST**

The Chair, Ms Devlin, advised members of the Committee that there were references to Watercare and Waikato Regional Airport in reports in the agenda. She declared an interest as a Director of Watercare and Waikato Regional Airport. It was also noted that there were no decisions required in respect of Watercare nor of Waikato Regional Airport.

The Chief Executive advised members of the Committee that he would declare a non financial conflict of interest in item PEX 2.3 [*Risk Assessment of Council Controlled Organisations' draft Statements of Intent*].

**CONFIRMATION OF MINUTES****Resolved: (Crs Bech/Main)**

**THAT the minutes of a meeting of the Audit & Risk Committee held on Wednesday 12 December 2018 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices****A&R1903/03****REPORTS****Strategic Risk Register March 2019**

Agenda Item 5.1.1

The report was taken as read. In speaking to the report the following points were highlighted by the Project Management Advisor:

- GAP analysis. Analysis has identified where further work is required to close the gap between the effect of the mitigations and the agreed Risk Appetite;
- Physical space changes at the Ngaruawahia office – congratulations to organisation; and
- Contract management, procurement – work to be carried out on the interdependencies of the new staff roles. An Audit & Compliance Officer has recently been appointed to Service Delivery.



**Resolved: (Cr Gibb/His Worship the Mayor)****THAT the report from the Chief Operating Officer be received.****CARRIED on the voices****A&R1903/04**Risk Framework March 2019

## Agenda Item 5.1.2

The report was taken as read. In speaking to the report the Project Management Advisor highlighted the following points:

- 3C risk register with internal team for testing;
- External engagement being worked on – other Councils have requested copies of our risk register/framework;
- Case studies are being worked on;
- Risk culture – where is this sitting at the moment? Executive level at this stage. Survey going out in April 2019 on culture to enable a GAP analysis to be prepared;
- Communication of risk appetite is happening within the organisation;
- Risk is discussed monthly at Executive Leadership Team meeting; and
- Education campaign with teams – risk will be part of this education process as it is part of the organisation's day-to-day life.

**Resolved: (His Worship the Mayor/Cr Bech)****THAT the report from the Chief Operating Officer be received.****CARRIED on the voices****A&R1903/05**Emerging Risks March 2019

## Agenda Item 5.1.3

The report was taken as read and in speaking to the report, the Project Management Advisor highlighted the following points:

- Employee wellbeing – maintaining momentum. Question on whether there are different cultures within the teams at Waikato District Council. A utilisation study has been carried out and project work is currently happening;
- Flexible work arrangements – staff are looking at policy and procedures, including where Council's responsibility and liability sit;
- Zero Harm risk - contractors need to be included in this process;
- Climate change – looking at business resilience risks within the organisation; work is ongoing in this area. Question on the area of waste – this has been captured and is an ongoing project;
- The Solid Waste Team Leader has just been recruited;
- Waste Minimisation Plan has been subscribed to. A Community Resilience Officer is being employed; and
- The Committee endorsed the inclusion of affordable housing as an emerging risk.

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/06**

Risk Conversations – Open Spaces Team, Wainui Reserve Farm  
Agenda Item 5.1.4

The report was taken as read and in speaking to the report, the Open Spaces Team Leader and Reserves Team, Raglan Team Leader highlighted the following points:

- Farming and public activities – aware of risk to public. Public safety is a key concern;
- Trials are being carried out on quad bike scenarios – working with our Zero Harm team;
- Cattle on Wainui Farm - the farm now selects its own cattle which are hand raised;
- No backup person in the Raglan team to cover sickness, annual leave and resignation;
- There is cellphone coverage at the Wainui Reserve if an emergency happens;
- Common sense approach is required when farming. EPERP (satellite tower based) required for safety – Zero Harm team looking into this; and
- Reserve Management Plan for Wainui Reserve is being worked through at this stage. The reserve is a significant regional park and is widely used.

The Committee queried whether someone from a rural background had assessed the risk report as it was felt that there were some missing gaps. It was agreed that this would be further discussed with Cr Main, who volunteered to assist as required.

**Resolved: (Cr Main/His Worship the Mayor)**

**THAT the report from the General Manager Service Delivery be received.**

**CARRIED on the voices**

**A&R1903/07**

Audit New Zealand Broader Audit Risk Assessment  
Agenda Item 5.1.5

The report was taken as read and in speaking to the report, the Chief Operating Officer highlighted the following points:

- Risk assessment, contract management, procurement and asset management had been assessed; and
- Audit NZ outlined the area of risk assessment carried out.

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

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/08**

Regional/National Strategic Planning Strategic Risk Deep Dive Report  
 Agenda Item 5.1.6

The report was taken as read and in speaking to the report, the Planning & Policy Manager highlighted the following points:

- There are a number of components with Regional/National Strategic Planning;
- Engagement needs to be carried out in the right way;
- Staying informed and involved, good planning and keeping the organisation's strategic framework tuned up is necessary; and
- District development strategy – culture and empowering people is important. Staff were encouraged to challenge everything as there may be a better way of doing things. This all links into the Gearing for Growth and Greatness process.

Support was given for the recommendations relating to the current strategic risks on page 135 of the Open Agenda.

**Resolved: (Cr Bech/His Worship the Mayor)**

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

**CARRIED on the voices**

**A&R1903/09**

Cr Main withdrew from the meeting at 10.18am and re-entered the meeting at 10.22am during discussion on the above item.

The meeting adjourned at 10.28am and resumed at 10.45am.

Tax Risk Governance Framework  
 Agenda Item 5.2.1

The report was taken as read and in speaking to the report, the Chief Financial Officer referred to minor changes made to the framework.

**Resolved: (Crs Gibb/Bech)**

**THAT the report from the Chief Operating Officer be received;**

**AND THAT the Audit & Risk Committee approves the updated Tax Risk Governance Framework.**

**CARRIED on the voices**

**A&R1903/10**

Internal Audit Programme

## Agenda Item 5.2.2

The report was taken as read and in speaking to the report, the Chief Operating Officer highlighted the following points:

- Internal audit is not consultancy;
- The internal audit programme is determined with regard to the Strategic Risk Register; and
- Clear view on internal audit requirements, ensuring that the scope of the internal audits are clearly defined.

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

**THAT the report from the Chief Operating Officer be received;**

**AND THAT the Audit & Risk Committee provide direction to staff on the development of an updated internal audit programme.**

**CARRIED on the voices**

**A&R1903/11**

Waikato District Council Zero Harm Safety Management System

## Agenda Item 5.3.1

The report was taken as read and in speaking to the report, the Zero Harm Manager highlighted the following points:

- Key points on the strategic plan is being worked on;
- A risk assessment is being carried out on contracts and contractors from a Health & Safety perspective. Education with contractors is required; and
- Managing risk around volunteers. Job safety analysis/suite of tools had been put together with Council's Legal Counsel.

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

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

**CARRIED on the voices**

**A&R1903/12**

Update on Process Audit and Quality Improvement

## Agenda Item 5.3.2

The report was taken as read and no questions were raised.

**Resolved: (His Worship the Mayor/Cr Gibb)**

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/13**

Team Up – Gearing for Growth & Greatness Launch Post Implementation Report  
Agenda Item 5.3.3

The report was taken as read and in speaking to the report, the Change Manager highlighted the following points:

- Video showing the Team Up 2019 at Hampton Downs was presented;
- Events coming up:
  - Drop in sessions for staff are planned;
  - April 2019 - placemaking competition;
  - May 2019 - change management training series;
  - Business planning;
  - People leaders design; and
  - Staff survey.

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

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/14**

Updated Future Work Plan and Action List

Agenda Item 5.3.4

The report was taken as read and no questions were raised.

**Resolved: (Cr Main/His Worship the Mayor)**

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/15**

Aon New Zealand Renewal Report

Agenda Item 5.3.5

The report was taken as read and no questions were raised.

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

**THAT the report from the Chief Operating Officer be received.**

**CARRIED on the voices**

**A&R1903/16**

2018-19 Annual Report

## Agenda Item 5.3.6

The report was taken as read and in speaking to the report, the Acting Corporate Planner Team Leader highlighted the following points:

- The second interim audit will be earlier than usual;
- Annual Report to be presented to the Committee on 18 September 2019; presented to the Council for adoption on 7 October 2019; and
- All issues will be completed by the end of the calendar year.

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

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

**CARRIED on the voices**

**A&R1903/17**

Update on Progress against Audit Issues – March 2019

## Agenda Item 5.3.7

The report was taken as read and in speaking to the report, Mr Pieterse highlighted the focus from Audit NZ this year will be:

- Revaluation of fair valuations of plant and equipment;
- Development contributions;
- 3 waters – change process;
- Risk of management override of internal controls;
- Bribery & corruption;
- Good practice guidance on communication; and
- Health & Safety.

The Committee requested that Sensitive Expenditure be included as an Audit Issue for the 2018/19 Audit.

**Resolved: (Crs Gibb/Bech)**

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

**CARRIED on the voices**

**A&R1903/18**



**d. Register of Members' Interests Elected Members and Senior Staff**

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)(f)(h)(i)(j)

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

**e. Fraud Declaration**

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)(a)

Section 48(1)(a)(d)

**f. Committee Time with Audit New Zealand**

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)(f)(g)(h)(i)(j)

Section 48(1)(a)(d)

**AND FURTHER THAT Mr Pieterse (Audit New Zealand) remains in the meeting after the public has been excluded to contribute to the discussion on items in PEX 6 [Public excluded items] in the public excluded section of the meeting.**

**CARRIED on the voices**

**A&R1903/19**

*Resolutions A&R1903/20 - A&R1903/24 are contained in the public excluded section of these minutes.*



It was resolved [*Resolution No. A&R1903/22*] during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

Risk Assessment of Council Controlled Organisations' Draft Statements of Intent

Agenda Item PEX 2.3

*“THAT the report from the Chief Operating Officer be received;*

*AND THAT any Audit & Risk Committee feedback is incorporated in Council’s response to the draft Statement of Intents for Council Controlled Organisations;*

*AND FURTHER THAT the resolution be released into Open Meeting but the report remain confidential and unavailable to the public.”*

CARRIED on the voices”

Having resumed open meeting and there being no further business the meeting was declared closed at 12.09pm.

Minutes approved and confirmed this                                      day of                                      2019.

Margaret Devlin  
**CHAIRPERSON**

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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	14 March 2019
<b>Prepared by</b>	Sandy Mason PA General Manager Community Growth
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2198266
<b>Report Title</b>	Waikato Enterprise Agency

### **1. EXECUTIVE SUMMARY**

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Kim Bredenbeck, General Manager Waikato Enterprise Agency will be in attendance to present the i-Site Operational Report for July 2018 to December 2018.

### **2. RECOMMENDATION**

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

### **3. ATTACHMENTS**

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Waikato Enterprise Agency Operational Report for July 2018 to December 2018.

# **Huntly & Raglan** **i-SITE Operational Report**

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*1 July 2018 - 31 December 2018*





# Huntly & Raglan I-SITE Operational Report

1 July 2018 - 31 December 2018

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The following report is a reflection of the operational activities undertaken as tourism hosts for Huntly and Raglan as contracted by the Waikato District Council. This time period contains Low and Medium Seasons and the beginning of the High Season.

Jul	Aug	Sep	Oct	Nov	Dec
<i>Low Season</i>		<i>Med Season</i>		<i>High Season</i>	



# Huntly i-SITE Operational Statistics

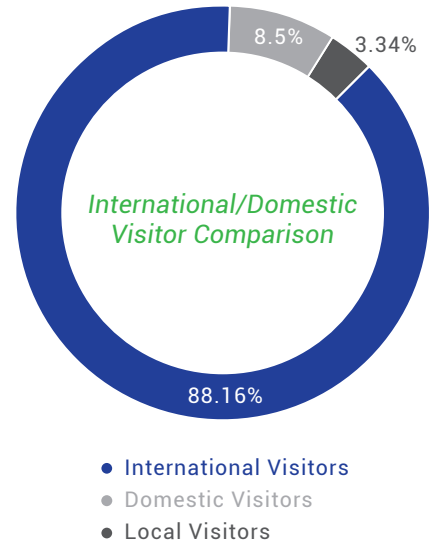
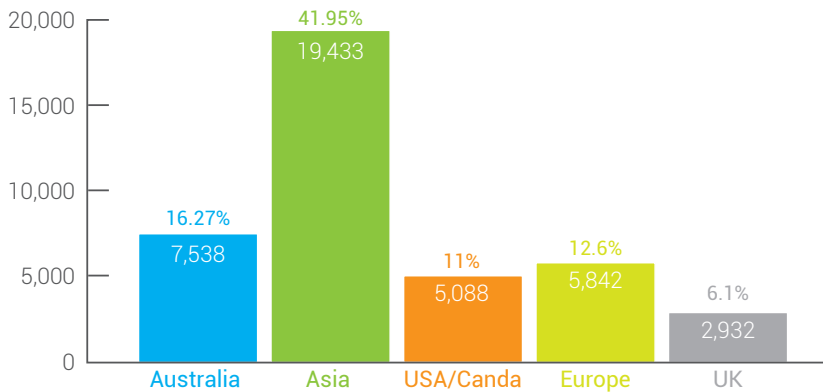
1 July 2018 - 31 December 2018

**46,336** Total Visitors

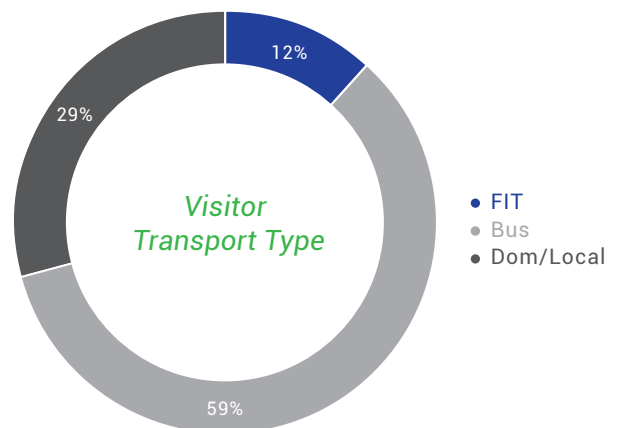
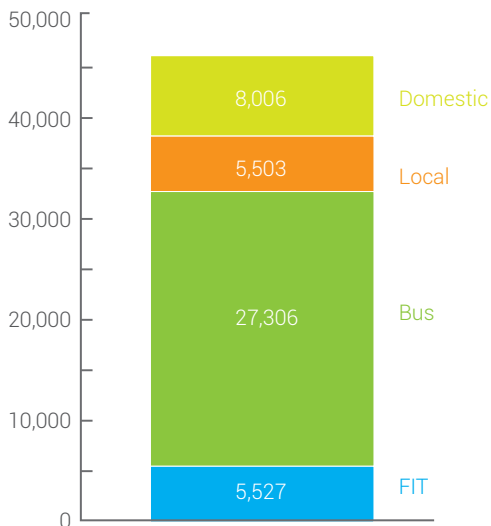
**49** hrs/week average open time

## Visitor Breakdown

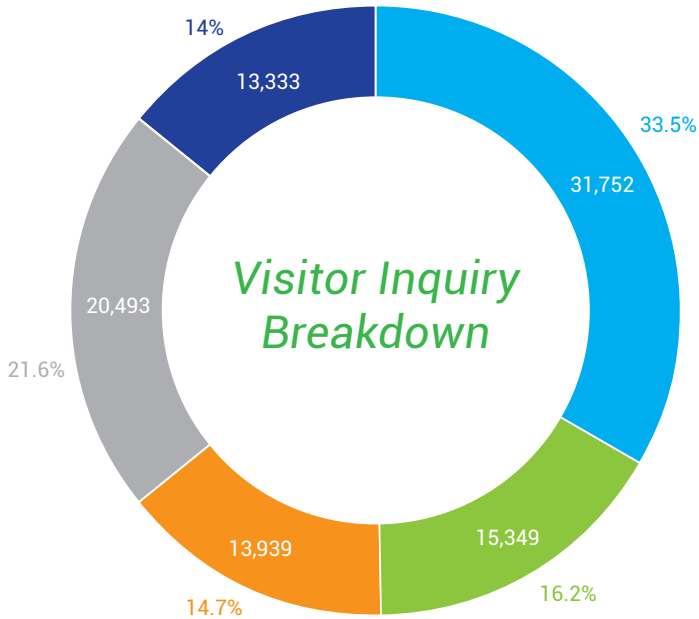
International Visitor by Country:



FIT: Free Independant Traveller:



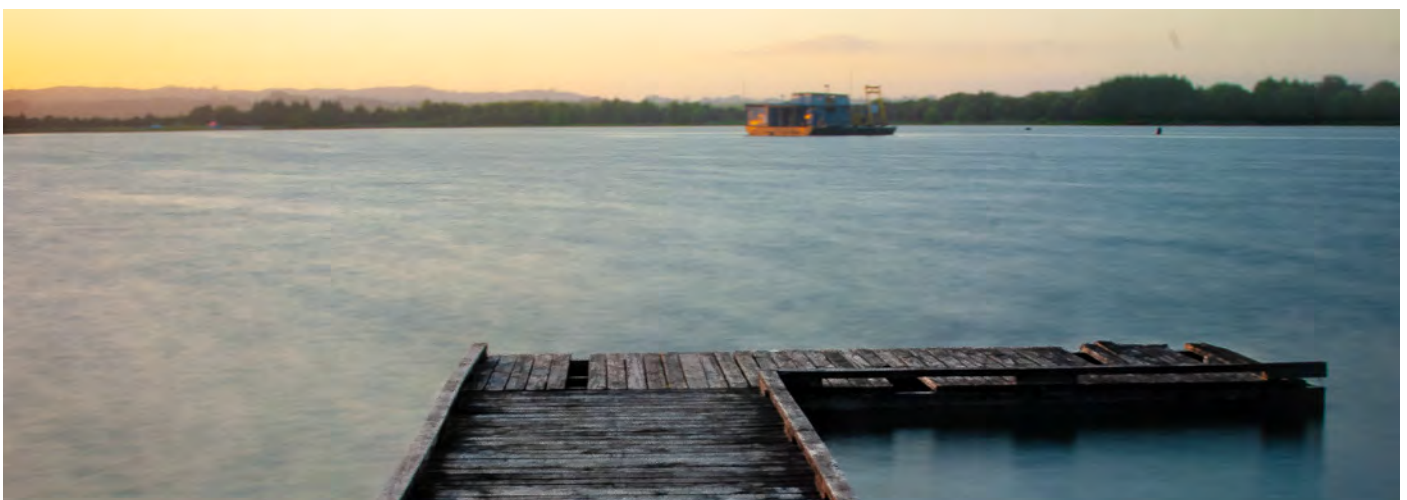
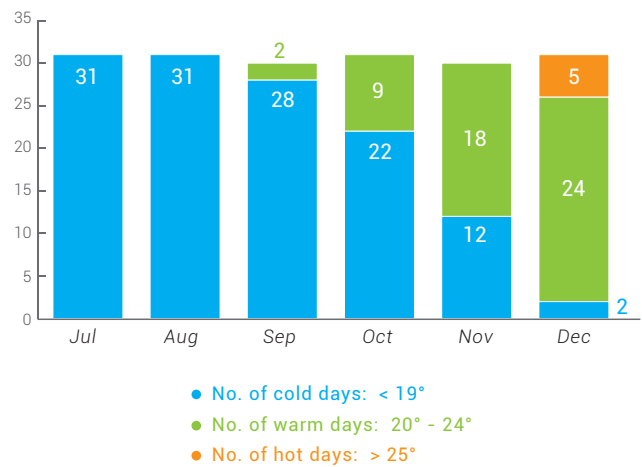
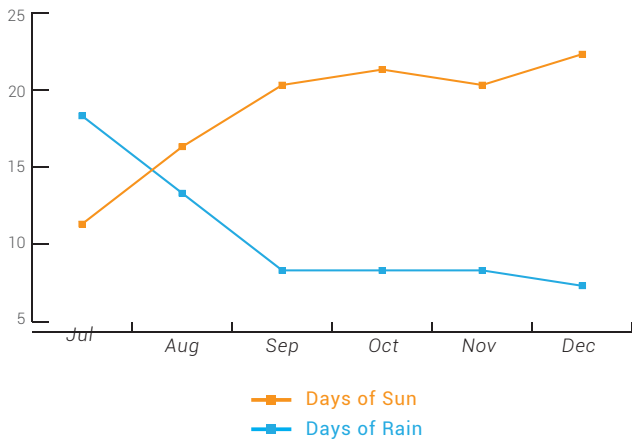
# Visitor Interests



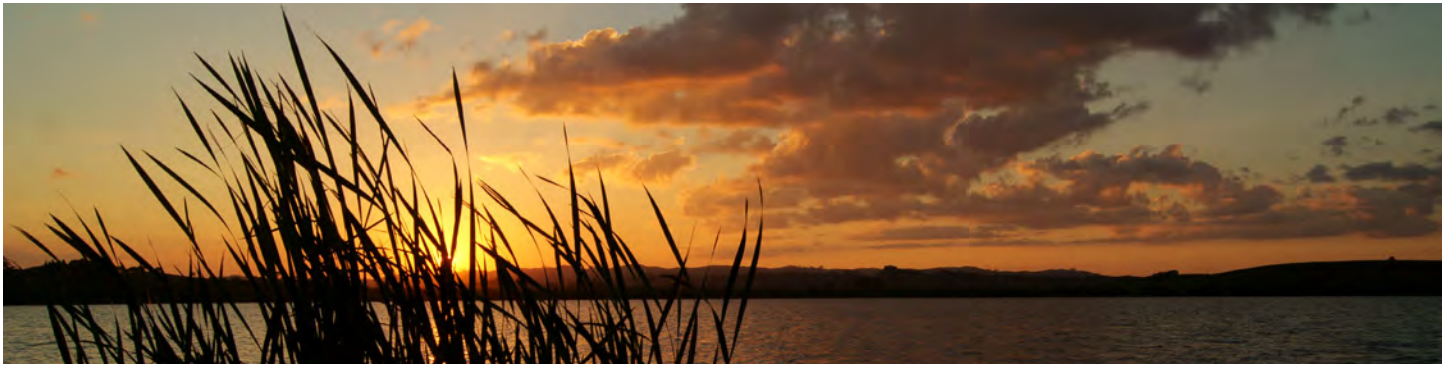
- Browsing/Brochures
- Local Referrals: includes business referrals, walks, eateries, parcel delivery for local residents
- Coffee specific referrals locally
- Referrals to lakes, walks, cycle trails, toilets
- WDC & Beyond

**176** Intercity Bus Bookings

# Huntly Weather







# Huntly i-SITE

As the Huntly Information Centre is due to close on 31 March 2019 in anticipation of the expressway opening in 2020 and bypassing the township. It is worth reflecting on the history of this site as it has served a broad cross section of travellers entering into the Waikato District. The site was opened in 1996 by the Mayor Angus McDonald and the Waikato Enterprise Agency has held the contract for services during this time.

As we reflect on some interesting milestones the board want to acknowledge and congratulate the iSITE teams that have worked in this building over the 23 years of operation and have collectively produced the following achievements:



*looked after over 2.5 million inquiries*



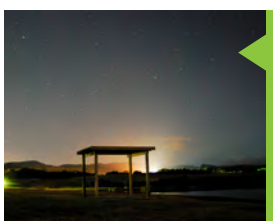
*given work experience and jobs to dozens of local youth*



*on-sold local lakes, walks, food places, supermarkets, cafes and petrol stations to over 1,125,000 free travellers*



*worked and supported tourism groups and operators*



*booked many weddings at the Green Cathedral at Lake Hakanoa*



*been a key supporter and provider of information and travel services to approximately 375,000 local inquiries*

# Raglan i-SITE Operational Statistics

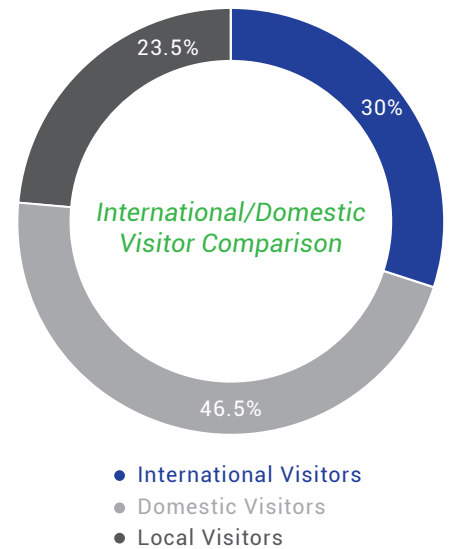
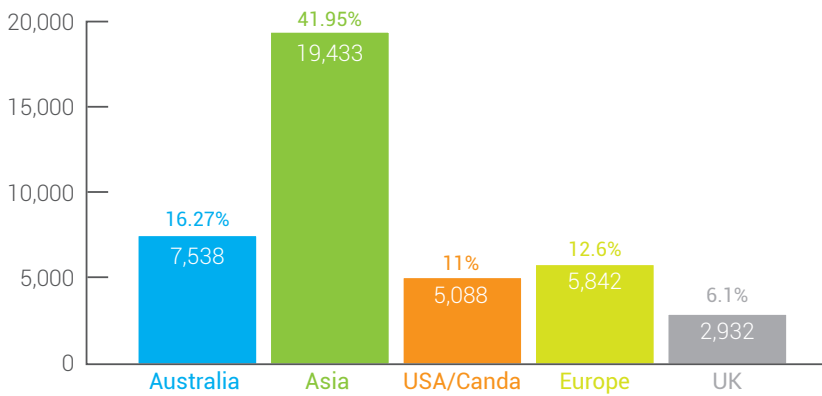
1 July 2018 - 31 December 2018

**14,960** Total Visitors

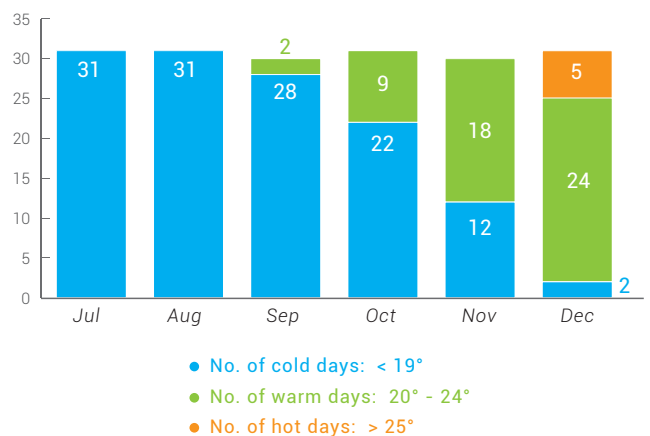
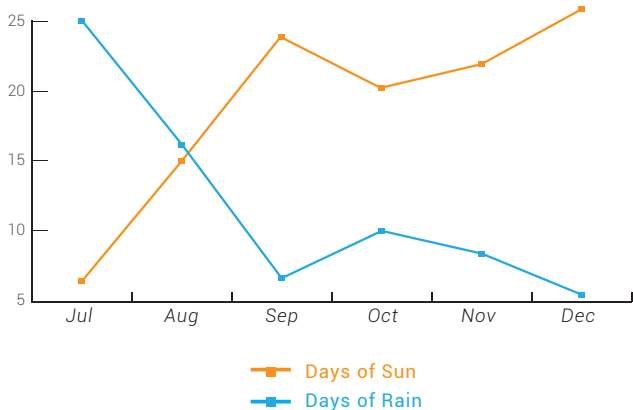
**59** hrs/week average open time

## Visitor Breakdown

International Visitor by Country:

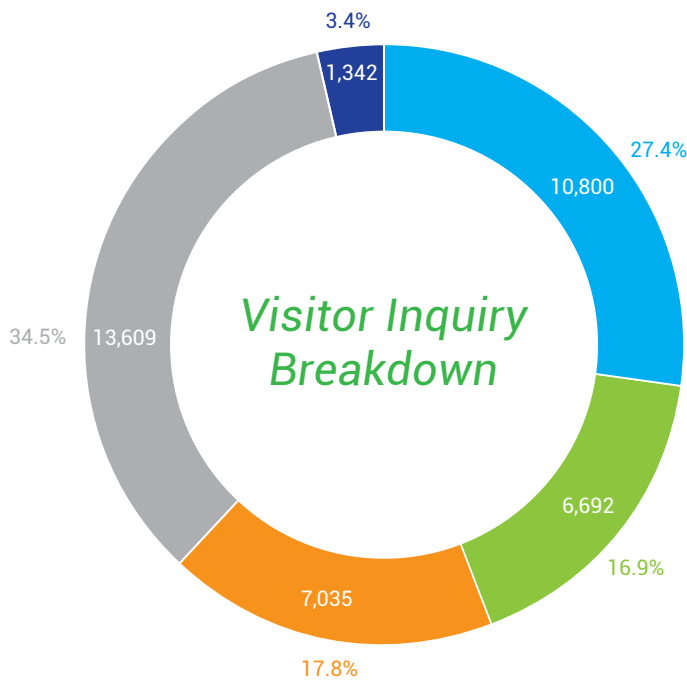


## Raglan Weather





# Visitor Interests



- Browsing/Brochures
- Local Referrals: includes business referrals, coffee, eateries, and events
- Travel & Directions
- Referrals to beaches, walks, cycle trails, toilets
- Museum Entry & Parcel pick-ups

**55** Intercity Bus Bookings

## Highlights:

**1,418**  
**Museum Visitors**  
 - "At The Seaside" exhibition proved popular

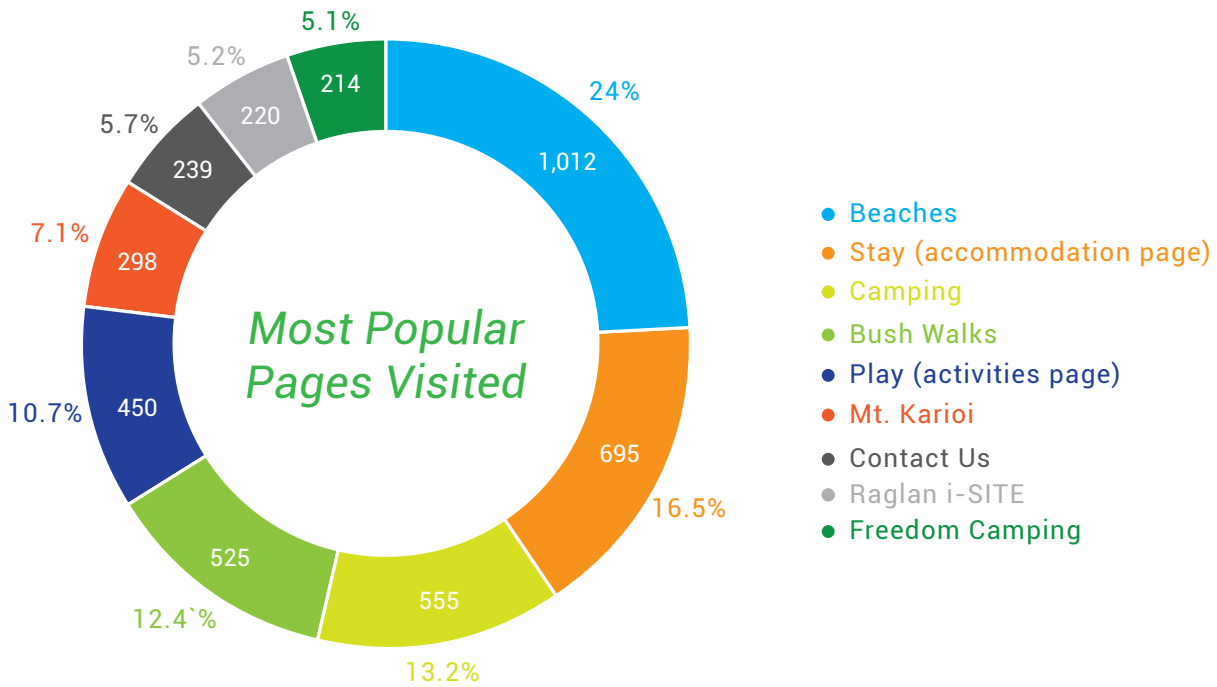
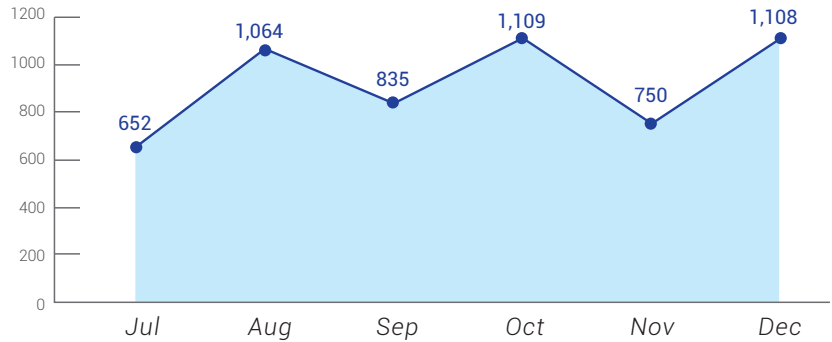
**400+**  
 Raglan walks brochures handed out over the months of November & December

**\$10,640**  
 Tickets sold on behalf of Raglan Art to Wear



# Raglan Website Statistics

**5,518**  
 Total Website Visits  
 1 Jul - 31 Dec 2018



# The Impacts of AirBNB

There are over 500 - AirBNB, Bookabach, Holiday Homes etc - offering accommodation in the Waikato District.

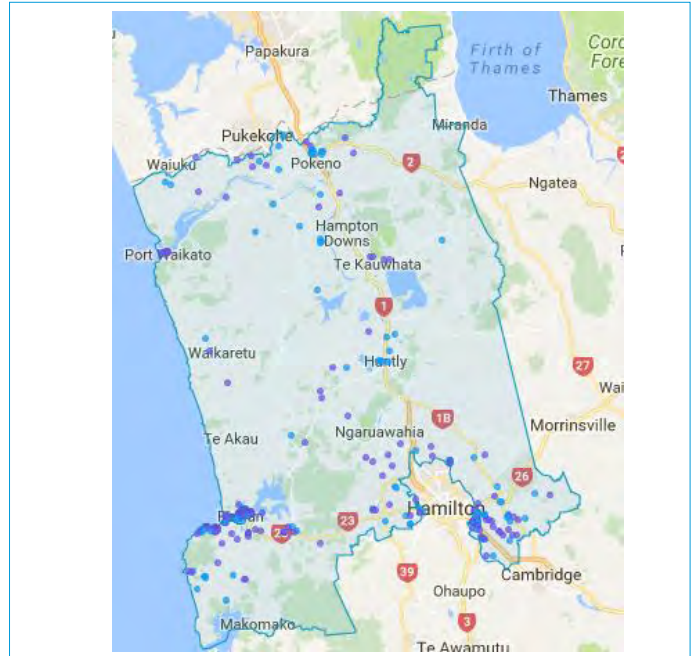
Raglan has a large proportion of this number, it is impacting on the iSITE and its ability to provide a decent variety of accommodation options to visitors. Requests for accommodation have decreased significantly.

i-SITE Membership has dropped from 97 to 41 - all of which are accommodation providers. Some of the loyal i-SITE supporters have sold their properties, and the new property owners have declined to stay as members.

Accordingly bookings through the Raglan i-SITE have dropped significantly. However numbers of visitors are only slightly down due to an unusually busy October the previous year in 2017. This reaffirms the continued need for an i-SITE service. As visitors arrive at their Airbnb's, they then head to the i-SITE to enquire and book any activities, walks or events as provided by the team in Raglan.

Perhaps the way the service is being delivered needs to be reviewed as the current model is expensive and as membership and support for the site changes it is opportune to explore new ideas and thinking.

Justification for the cost of the service may become very difficult to measure and consequently this may put the service at risk long-term.



## Rental Growth 47%



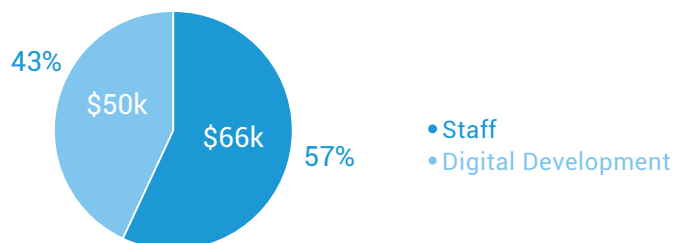
# Potential Service

With such a dramatic shift in the way visitors are booking and interacting with i-SITEs, it is necessary to look at how an i-SITE can keep up with such changes. Having less opening hours can be cost effective, while providing comprehensive after-hours information can be created to be just as helpful to visitors. These resources can be in the form of digital, print or on-call, that can be easily accessed by visitors and ensure their needs are met.



## Potential Cost:

Year One: \$116k  
 Sequential years becoming less after the initial set-up of digital resources.





### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	8 March 2019
<b>Prepared by</b>	Katherine Overwater Senior Policy Planner
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2194715
<b>Report Title</b>	Update on National Policy Statement for Highly Productive Soils

## **I. EXECUTIVE SUMMARY**

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Following the “Our Land 2018” report released in April 2018, the Ministry for Primary Industries with support from the Ministry for the Environment have been developing a National Policy Statement for Highly Productive Soils (NPS-HPS), which would provide national direction addressing the issues and pressures on productive soils locally and regionally. The NPS would be implemented through regional policy statements and plans and district plans prepared under the Resource Management Act 1991. The Waikato District Council Resource Management Policy Team has been involved in a working party to assist with the development of the proposed NPS-HPS.

The work has been split into two phases. Phase One is focused on urban/rural interface issues that are resulting in a reduction in the availability of highly productive soils for primary production activities. This phase will focus on providing national direction on appropriate land use controls to manage these issues and ensure that the availability of highly productive soils for primary production is maintained. Phase Two will consider broader issues relating to soil health and will be progressed over a longer timeframe.

A further report will be provided to the Strategy & Finance Committee when formal consultation is undertaken on the Proposed NPS-HPS.

## **2. RECOMMENDATION**

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

### 3. BACKGROUND

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In April 2018, the Minister for the Environment instructed the development of the NPS-HPS.

The NPS-HPS aims to provide national direction addressing the issues and pressures on productive soils locally and regionally. The NPS would be implemented through regional policy statements and plans and district plans prepared under the Resource Management Act 1991.

The Resource Management Policy Team has been involved in stakeholder workshops held by the Ministry of Primary Industries and Ministry for the Environment. The first workshop was held in Auckland in November 2018, and a second workshop was held in Wellington in February 2019, which was specifically for feedback from Regional and Territorial Authorities.

Further consultation with other key stakeholders is being undertaken at present by the Ministry for Primary Industries and the Ministry for the Environment, and the draft National Policy Statement will be out for wider public consultation in April this year.

### 4. DISCUSSION

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The proposed NPS-HPS will provide national direction for the management and protection of highly productive soils for primary production and at present is intended to focus on the following matters:

- The benefits of highly productive soils
- The availability of highly productive soils for primary production
- Protection from inappropriate subdivision, use and development
- Identification of highly productive soils/land
- Protection/maintenance of highly productive soils for primary production
- Managing new urban development and urban growth on highly productive soils
- Fragmentation
- Reverse sensitivity
- Increasing productive potential
- Subdivisions and urban development – consideration of applications

Some of the challenges presented at the stakeholder workshops have included: definitions; the mapping of highly productive land (not just the high class soils); and conflicts with other National Policy Statements (Freshwater Management and Urban Development Capacity).

Further discussions are being undertaken with other government departments regarding the conflicts and how they can be overcome (i.e. amendments to other NPS documents).

The Council team has provided the following feedback to the Ministry of Primary Industries and the Ministry for the Environment to date:

- Discussion on the implementation of the proposed objectives and policies, with particular mention of the implications/consequences of using words such as: “protect”, “productive soils” vs “productive land” and “avoid”.
- Highlighted the implications of “protecting” productive land surrounding towns/villages and what this would mean for the Waikato District where this land comprises predominantly “highly productive land”.
- Highlighted concern in regards to the practicality, cost and responsibility for mapping the highly productive soils.
- Highlighted concern in regards to national direction incentivising transferable development rights.
- Discussion on the difficulties faced by decision makers interpreting certain objectives and policies, particularly where it is not clear what the “tipping point” is (i.e. when subdivision comprises the potential for highly productive soils to be used).
- Highlighted that there needs to be some flexibility with some of the policy direction to ensure Waikato rural areas do not become “locked up” for all time from further development. However it also needs to be directive in certain situations (i.e. directing potentially incompatible activities away from areas of highly productive soils).
- Raised the implications of the timing of the National Policy Statement and the current status of the Waikato District’s Proposed District Plan Project.

## 5. CONCLUSION

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The Ministry for Primary Industries and the Ministry for the Environment are working on the development of a National Policy Statement for Versatile Land and High-Class Soils. Targeted stakeholder consultation has been undertaken to date.

The direction of the proposed National Policy Statement for Highly Productive Soils will provide both Regional and Territorial Authorities further policy tools to more carefully consider activities occurring on High Class Soils.

Council will be provided an opportunity to formally submit when the Proposed National Policy Statement for Highly Productive Soils is formally consulted on later this year.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	12 March 2019
<b>Prepared by</b>	Will Gauntlett RM Policy Team Leader
<b>Reviewed by</b>	Jim Ebenhoh Planning and Policy Manager
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2197641
<b>Report Title</b>	Proposed Waikato District Plan - Appointment of hearing commissioners with an understanding of tikanga and the perspectives of local iwi/hapuu.

## **I. EXECUTIVE SUMMARY**

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The hearings on submissions on the Proposed Waikato District Plan are expected to commence in the second half of 2019.

Council appointed Councillors Sedgwick, Gibb and Fulton as independent commissioners to the Hearings Panel pool in September 2018. As independent commissioners they will continue on the Hearings Panel pool should they not stand for, or not be elected to, Council in the 2019 local body elections.

Council appointed Dr Phil Mitchell and Paul Cooney as independent expert commissioners to the Hearings Panel pool in December 2018, appointed as Chair and Deputy Chair, respectively.

The December report indicated that, following engagement with tangata whenua, at least one further independent commissioner with an understanding of tikanga Maaori and of the perspectives of local iwi or hapuu, would be appointed by Council at a later date.

This report seeks approval to appoint two commissioners to the Hearing Panel pool who have an understanding of tikanga Maaori and of the perspectives of local iwi or hapuu. One in a lead role and one in a support role.

## **2. RECOMMENDATIONS**

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



**AND THAT the Strategy & Finance Committee recommends to Council that, pursuant to section 34A(1) of the Resource Management Act 1991, Linda Te Aho be appointed to the Hearings Panel pool for the Proposed Waikato District Plan Stages 1 and 2 as lead independent commissioner bringing an understanding of tikanga Maaori and of the perspectives of local iwi and hapuu;**

**AND FURTHER THAT the Strategy & Finance Committee recommends to Council that, pursuant to section 34A(1) of the Resource Management Act 1991, Weo Maag be appointed to the Hearings Panel pool for the Proposed Waikato District Plan Stages 1 and 2 as a supporting independent commissioner bringing an understanding of tikanga Maaori and of the perspectives of local iwi and hapuu.**

### **3. BACKGROUND**

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The District Plan Review is Council's response to the statutory requirements of the Resource Management Act 1991 and will result in a toolbox of provisions to comprehensively manage the natural and physical resources of the Waikato district, including growth across the whole of the district.

Hearing Panels, drawn from a pool of commissioners, will convene in the second half of 2019 through mid-2020 to consider the submissions received, hear those submitters who wish to be heard, and make decisions on the matters raised in the submissions.

Council has already appointed the following independent commissioners to the Hearings Panel:

- Cr Dynes Fulton
- Cr Janet Gibb
- Cr Jan Sedgwick
- Dr Phil Mitchell (Chair)
- Paul Cooney (Deputy Chair)

The December 2018 report recommending the appointment of the expert commissioners indicated that, following engagement with tangata whenua, at least one further independent commissioner with an understanding of tikanga Maaori and of the perspectives of local iwi or hapuu, would be appointed by Council at a later date.

The December 2018 report also sought delegation to the panel to make decisions on the Proposed District Plan.

## 4. DISCUSSION

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### 4.1 DISCUSSION

A pool of commissioners has been established to be available to make up the Hearings Panels to consider, hear, deliberate and make the decisions on submissions.

Staff have acted on council's obligations to engage with iwi to discuss participation in decision making on the Proposed District Plan (PDP) and the appointment of one or more commissioners who understand tikanga Maaori and the perspectives of local iwi and hapuu.

Letters were sent to the following iwi groups inviting nominations and discussion:

- Waikato Tainui
- Ngati Tamaoho
- Maniapoto Maaori Trust Board
- Tainui o Tainui
- Hauraki Collective

Subsequent to sending the letters, conversations have been held with Waikato Tainui and the Maniapoto Maaori Trust Board.

Marae Tukere, General Manager, Development and Wellbeing, has nominated one or two of the following commissioners on behalf of Waikato Tainui:

- Linda Te Aho
- Shane Solomon
- Steven Tipene Wilson

Ngahua Herangi, Team Leader for Whanake Taiao, has nominated the following commissioners on behalf of the Maniapoto Maaori Trust Board:

- Wayne Jensen (Mr Jensen has advised he is not available)
- Weo Maag

No responses were received from Ngati Tamaoho, Tainui o Tainui, or the Hauraki Collective.

It is recommended that Council appoint Linda Te Aho as the lead commissioner bringing an iwi perspective and understanding of tikanga Maaori to the Hearings Panel pool. In addition, it is recommended that Weo Maag is engaged in support of Ms Te Aho.

It is recommended there are two such commissioners in the pool to ensure appropriate representation, bring additional expertise on relevant topics, and ensure there remains a commissioner with an understanding of tikanga on any particular hearing topic if one or other should have a conflict of interest.

As reported in the November 2018 report to the Committee (GOV1318 / 2120782), it is proposed that the hearings of submissions will be programmed into different topics, with at least three pool members sitting on each hearing topic. This will help contain the deliberations and manage costs. The hearing topics for the strategic chapters may require more panel members than other hearing topics. One of the first tasks for the Chair of the

Hearing Panel pool is to lead a discussion with the pool on the make-up of the panels hearing the different topics.

## 5. CONSIDERATION

### 5.1 FINANCIAL

The financial cost of commissioners has been considered, alongside other remaining costs of the District Plan Review. Further to the update given in the December 2018 Council workshop on the Annual Plan approach, a more thorough financial update will be provided to the Committee in April.

### 5.2 LEGAL

Development of the PDP must follow the RMA Schedule 1 process. Council's external legal advisor, Tompkins Wake, has been advising on the PDP to ensure that legal matters are appropriately considered.

Specific consideration of commissioners with an understanding of tikanga Maaori and the perspectives of local iwi and hapuu, and engagement with iwi regarding this, is required by RMA s34A.

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

Engagement with iwi regarding the Hearings Panel pool, and the appointment of commissioners nominated by Waikato Tainui and the Maniapoto Maaori Trust Board, is aligned with the agreements under the respective Joint Management Agreements<sup>1</sup> between these iwi and Council.

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

The PDP project triggered the significance and engagement policy and Council has involved the community in a number of ways to date.

There has been direct engagement regarding the hearing panel with Waikato Tainui and the Maniapoto Maaori Trust Board, as per the JMAs, and letters were sent to representatives from the other hapuu/iwi organisations with interests in the district.

There has been no community input in terms of the recommended make-up of the hearing panel pool.

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Council has an obligation to engage with Waikato Tainui and the					

<sup>1</sup> [http://www.waikatoregion.govt.nz/assets/PageFiles/15805/JMAs/S3257\\_Maniapoto\\_JMA\\_web.pdf](http://www.waikatoregion.govt.nz/assets/PageFiles/15805/JMAs/S3257_Maniapoto_JMA_web.pdf);  
<https://www.waikatodistrict.govt.nz/docs/default-source/your-council/council-committees-and-boards/waikato-and-waipariver-settlements/joint-management-agreement.pdf>

	<p>Maniapoto Maaori Trust Board, as per the JMAs, throughout the plan making process and in particular in regard to participation in decision making.</p> <p>Council has a statutory obligation to consult with tangata whenua through relevant iwi authorities on whether it is appropriate to appoint a commissioner with an understanding of tikanga Maaori and of the perspectives of local iwi or hapuu.</p>
--	---

The following stakeholders have been (or will be) engaged with as part of the process to determine the pool of commissioners to make up the Hearings Panel:

Planned	In Progress	Complete	
		✓	Internal
		✓	Waikato-Tainui
		✓	Maniapoto Maaori Trust Board
		✓	Iwi authorities (including Waikato-Tainui)
✓ (inform)			Iwi Reference Group

## 6. CONCLUSION

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This report seeks support to appoint Linda Te Aho (lead) and Weo Maag (support), as external hearings commissioners with an understanding of tikanga Maaori and the perspectives of local iwi and hapuu, to the Hearings Panel pool for the duration of the PDP hearing process (Stages 1 and 2).

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	11 March 2019
<b>Prepared by</b>	Giles Boundy Senior Environmental Planner
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2195368
<b>Report Title</b>	Consideration of Conservation Fund Applications

## **1. EXECUTIVE SUMMARY**

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

## **2. RECOMMENDATION**

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**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 \$9,000.00 from David Johnstone Pukemokemoke Bush Reserve Trust 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. As per the Strategy applications over \$1,500.00 require Council consideration and approval.

There is \$87,456.49 in the Conservation Fund available for distribution after commitments.

<b>Conservation Fund:</b>	<b>103,312.70</b>
<b>Commitments:</b>	
<i>Remaining approved for restoration to enhance Significant Natural Areas</i>	
- R Hos	1,500.00
- M ter Beek	4,825.00
- A & M Underwood	4,531.21
- B Carsons	5,000.00
- <b>Total Commitments:</b>	<b>15,856.21</b>
<b>Net Funding Remaining</b>	<b>87,456.49</b>

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

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### **4.1 DISCUSSION**

The application is for \$9,000 (\$3,000 per year over 3 years) for planting native trees and shrubs to enhance a Waikato District Council Conservation Covenant area on the David Johnstone Pukemokemoke Bush Reserve Trust (“the Trust”) Land.

Pukemokemoke Bush is a native forest remnant at Tauhei on Whitikahu Road, with extensive public use throughout the year. Pukemokemoke Bush consists of 40 hectares of indigenous forest cover. The bush contains specimens of forest trees including kauri, rimu, totara, kahikatea, matai, tawa and pukatea.

### **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 planned restoration efforts of the Trust, who have contributed considerably over the years to protecting and enhancing biodiversity as well as enabling extensive public use and enjoyment of the site.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

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

There is \$87,456.49 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;”*

The site is an identified Significant Natural Area and is classed as being nationally significant. The Trust has demonstrated commitment and effort in controlling pest plants and protected the area. The area also has legal protection in perpetuity through a Conservation Covenant with Council. They have further demonstrated restoration through restoration planting.

The pest animal control is funded and carried out by the neighbouring Tauhei Quarry as part of their aggregate extraction Resource Consent.

*(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;*

The habitat type (low-land podocarp) at the site is threatened and underrepresented in the Waikato district and region. The particular site is classed as being nationally significant. The restoration proposed aligns with the assistance available from other funders. In recent years the Trust has been successful in gaining funding from Trust Waikato for, and constructing, upgrades to the track network at the site. These upgrades have both enhanced the visitor experience and aided to keep walkers away from kauri roots.

*(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 restoration efforts of those applying have wider ecological and community benefits well beyond the site.

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. For example the continued restoration of habitat at this site will provide an enhanced stepping stone, particularly for threatened species such as Kaka.

There are wider community benefits from the continued public access, track maintenance and upgrades, and general passive and active recreation use of the site. Events such as the Waikato Biodiversity Forum annual youth event have been hosted at the site.

Added to this, the site is a key site in the District for environmental education, being host to a number of school group outings. The Trust has produced a comprehensive Bush Learning Resource for teachers, with assistance from the Perry Foundation, which is made available via both the Department of Conservation and Waikato Regional Council websites.

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

The conservation value of the site is protected in perpetuity by a conservation covenant. Furthermore, as described elsewhere, the Trust has a proven record of enhancing and restoring the site.

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

The Trust has committed significant funds to the restoration efforts, which are well underway. The proposed measures will help reduce capital expenditure required over time. Furthermore, to reduce expenditure on projects the Trust relies on volunteer labour to carry out restoration tasks (e.g. site preparation, planting and weed control).

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

The Trust has quotes of between \$5,000.00 and \$7,000.00 per year to source the trees required for planting (varying based on size of plants). The Trust will fund the shortfall.

Furthermore labour costs associated with project are reduced given the use of volunteers for all aspects of the work.

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

As addressed above, community volunteers are involved significantly in all aspects of maintaining and enhancing the site.

#### **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**

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The funding application at hand requires Council consideration as per the Conservation Strategy (2004). There is \$87,456.49 in the Conservation Fund available for distribution after commitments. It is recommended that the application from the David Johnstone Pukemokemoke Bush Reserve Trust be approved given its fit with the Conservation Strategy and criteria therein.

## **7. ATTACHMENTS**

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NIL



### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Roger MacCulloch Acting General Manager Service Delivery
<b>Date</b>	12 March 2019
<b>Prepared by</b>	Donna Rawlings Project Development Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2196725
<b>Report Title</b>	Whatawhata Community Facility Consultation Outcome

## **1. EXECUTIVE SUMMARY**

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This report has been prepared to advise Council of the outcome of the community consultation regarding Whatawhata Community Facility.

This report seeks Council's direction and a formal resolution that \$250,000 budget be made available for the project.

## **2. RECOMMENDATION**

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**THAT** the report from the **Acting General Manager Service Delivery** be received;

**AND THAT** the Committee recommends that Council provide \$250,000 of seed funding for the project via a deficit reserve, until such time the consultation has concluded and final funding solutions can be confirmed by Council;

**AND FURTHER THAT** the Committee recommends that Council rescind the resolution passed in 2016 (WDC1612/04/3/2) to declare the proposed hall site as surplus land;

**AND FURTHER THAT** the Committee will review the funding mechanisms for community facilities for both capital and operational costs to deliver better alignment across all social infrastructure projects in the district.

## **3. BACKGROUND**

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The Whatawhata community does not currently have a designated community facility.

The 2016 Visitor Solutions halls' feasibility and facilities study included discussion around a facility in Whatawhata. The study examined current community facility use, local needs and the types of activities likely at a community facility.

Through the initial engagement completed by Visitor Solutions a number of sites were considered for the facility. The preferred site at this time was a strip of land adjacent to the Waipa River on SH39. On further investigation it was dismissed due to the available footprint of the site.

The results of this work were presented to Council and a community of interest approach was agreed to progress work with the Whatawhata community.

A project team was formed comprising of representatives of the Whatawhata Residents & Ratepayers Association (WRRRA), the local Councillor and a Council project manager. The project team have been working toward developing a full scope and costing for the project to facilitate consultation with the community and to support funding applications.

Further engagement and feasibility work has been completed (including facilitated discussions between the Rugby Club and project team) and the old hall site has been identified as the preferred site. The old hall site is behind the Village Café, situated between numbers 1, 3 and 9A Rothwell Lane (Legal description PT SEC 20 WHATAWHATA SUBS BLK III ALEXANDRA SD).

Funding for a facility was available in the 2015 – 2025 Long Term Plan (LTP) which was dependent on the old hall site being sold to fund a new facility. As the preferred site has been confirmed as the old hall site the funding solution included in the LTP is no longer available.

It has been indicated that Council may provide \$250,000 as seed funding to allow for applications to be made to outside funding providers. This would be subject to community support and a two stage consultation process was agreed.

It was anticipated that after the first round of consultation Council would confirm its support of the project and confirm the \$250,000 funding (dependent on results). The first round closed on 22 February 2019 and is discussed within this report.

The proposed catchment was agreed through Council (WDC1803/16). Within this proposed catchment there are approximately 140 dwellings that are currently paying a targeted rate toward the Koromatua Memorial Hall. This money is collected by Council and paid across to the Waipa District Council (Waipa).

The Koromatua Community Hall Committee has indicated that they would give up these ratepayers if a facility was built in Whatawhata and the ratepayers would be incorporated into a Whatawhata Community Facility catchment. This feedback has been provided to Waipa District via the local councillor. Staff have had initial discussions with Waipa and will keep them informed of the outcome of consultation and Council deliberations.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

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### 4.1 DISCUSSION

#### Funding and project update

The project team estimate the total project cost of between \$750k - \$1m. The aim is to fund this through:

- work to be completed by NZTA/Roading \$15k
- \$20k fundraised by the WRRRA
- \$250k from Council
- \$20k from Wellbeing Trust
- \$20k Trillion (fixtures/furniture)
- \$50k WEL Energy Trust
- \$75k Trust Waikato
- Balance from Lotteries (\$300k - \$550k)

The project team has met with the outside funding providers (not including Trillion) and all have indicated initial support of the project and been impressed with the level of planning undertaken to date. All have also indicated that it is expected Council provide a portion of the funding (at least 25%). The WRRRA has also been talking with the Glenice & John Gallagher Foundation around funding opportunities through the foundation.

The WRRRA applied for, and received, funding from WEL to fund a feasibility study to accompany the funding applications and to be used for community engagement. The feasibility study concluded that the *“project is well conceived and has a very high likelihood of providing significant benefits for Whatawhata, at a realistic cost”*.

A high level concept plan has also been produced based on the community feedback to date. At a high level, the facility will:

- be 200 - 300 square meters (bound by cost, though future proofed for expansion)
- have the ability to open out onto outdoor area
- have a kitchen (basic, not a commercial size or specification) and restrooms
- have lockable cabinets for specific community groups
- have the ability to move internal walls to create different spaces

The concept design has been included as Appendix I.

The community facility concept has been named “Our Place” and was re-launched by the WRRRA at the Whatawhata Christmas Market Day. On the day over \$5,000 was raised by the WRRRA toward its contribution to the project. Ongoing WRRRA fundraising activities are underway and planned.

Through the first round of consultation a number of local businesses came forward offering support to the project. These included businesses involved in building supplies and building services, painters, acoustics and concrete foundations. Initial discussions have been had

about how this support may look though the detail will be developed and agreed once Council agrees the way forward.

### Consultation

The first stage of formal consultation has been undertaken introducing the high level idea and asking the community if they want a facility and would pay a targeted rate.

It was indicated that, if the facility goes ahead, a targeted rate would be applied to cover ongoing operational expenses (as with other Council halls and community facilities). It was also flagged that, subject to a second round of consultation, an additional amount of targeted rate may be required to cover any capital shortfall.

The consultation letter and feedback form is attached at Appendix 2. Note that ratepayers currently contributing toward Koromatua Memorial Hall received a version of the letter advising that, if the facility goes ahead, they would no longer contribute toward Koromatua and instead come into the Whatawhata catchment.

The consultation:

- advised that the ratepayer was in the proposed catchment
- outlined the preferred option and specifications
- asked whether they wanted a community facility
- outlined how much they would need to pay in targeted rate for operational expenses and that an additional amount may be required for any capital shortfall. Note that a targeted rate would only be applied on a “per dwelling” basis

In particular, we asked:

- **Do you want a community hub in Whatawhata and would you be prepared to pay between \$25-\$35 per year for operational costs?**
- **Would you be prepared to pay a targeted rate, above operational costs, to ensure a community hub is built?**

Submission forms were sent to ratepayers within the proposed catchment and were made available through the Whatawhata School, Ngaruawahia Council Office, online and via Facebook (both the WRRRA and Council Facebook pages).

During the consultation process an open evening was held at the Whatawhata School to allow the community discuss any issues or concerns directly, prior to providing feedback. The evening was well attended with some robust discussion held.

In total 894 submission forms were sent out to ratepayers (this included properties with dwellings and without) and 177 submissions were received. From this:

- 106 (60%) wanted a community hub and were prepared to pay a targeted rate
- 75 (42%) indicated they would be prepared to pay a targeted rate above the operational costs (to cover any capital funding shortfall)

96 respondents provided additional comments which can be broadly placed into these categories:

- Overall support for the facility and recognition that it will be a great asset for the community (23 respondents)
- Concern around feasibility and that there were other under-utilised halls and facilities in the area (24 respondents)
- Concern for other aspects of the community, this was mostly to do with road safety, public toilets, rubbish bins (23 respondents)
- Support for the facility and further suggestions around types of users, building design and a suggestion to more formally recognise Peehi Houkura Urupaa (12 respondents)
- Concern around affordability due to fixed income (5 respondents)
- Identification with Koromatua or Te Kowhai Halls (3 respondents)

#### Proposed next steps

Where Council supports the outcome of this consultation and resolves to provide the \$250,000 requested as seed funding, this will allow the design, consent planning and detailed costing to be undertaken.

A number of concerns raised through the first round of consultation will be addressed through the Resource Consent process. In particular, we will need to consider the impact on adjacent properties, access/road safety and wastewater treatment. Ongoing discussions with NZTA, local Iwi and other stakeholders will be held to address these concerns.

Once we have the costing complete we will look to apply for third party funding (expected timing April – November 2019). Based on the feedback received through the first round of consultation the community does not support an additional amount of targeted rate to cover any capital shortfall. The project team will therefore be bound by the amount of outside funding able to be secured and the level of support offered by businesses within the community.

A second round of consultation will be held (late this calendar year) to advise ratepayers of the final cost and to confirm their support to go ahead (including confirmation on the amount of operational targeted rate that will apply). The results of the second stage of consultation (that is, any applicable targeted rate) will be included in the in the 2020/2021 Annual Plan. The targeted rate would apply from 1 July 2020.

## **4.2 OPTIONS**

### Option 1

Accept the community engagement outcome and commit \$250,000 as seed funding to the project to be funded via deficit reserve. As noted above, there will be a second round of consultation to confirm with the community the final cost of the operational targeted rate prior to any physical works being undertaken.

This option is recommended.

Option 2

Reject the community engagement outcome and not commit \$250,000 in seed funding. The project will not proceed.

This option is not recommended.

## **5. CONSIDERATION**

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### **5.1 FINANCIAL**

There is currently no budget in the 2018 - 2028 LTP. This report requests that Council make \$250,000 available via the creation of a separate reserve until all practicable funding options have been fully considered (e.g. sale of land, use of other council reserve funds etc.)

Council's Revenue & Financing Policy outlines the approved funding options for capital projects; development contributions for the portion relating to growth, replacement reserves for replacement works, and loans or rates for betterment of existing service levels. At this point in time, and because some of the early expenditure may have operational elements, a separate reserve allowing for spend of up to \$250,000 would be created to capture the costs outlined in this report.

If Council resolves to support the project an operational targeted rate will apply once the facility is built. A second round of consultation will be undertaken late this calendar year to confirm the amount of this with the community.

### **5.2 LEGAL**

If it is to apply, the targeted rate would be set based on the number of separately used or inhabited parts of the rating unit on a uniform basis. Council's funding impact statement would need to refer to this targeted rate and it will need to be included in the 2020/2021 Annual Plan.

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

The project was supported through the 2015-2025 LTP. However, funding was dependent on the sale of a property on which the proposed facility will be built.

The 2016 Visitor Solutions included discussion around a facility in Whatawhata. The study examined current community facility use, local needs and the types of activities likely at a community facility.

Council has previously indicated that it supports a Community of Interest Approach for the Whatawhata community (relating to the halls' feasibility and facilities study). This means that Council supported development of a community facility within Whatawhata though recognising that it did not want to duplicate adjacent facilities (i.e. Te Kowhai).

The project team, with support from wider Council staff, will continue to engage with the community and other stakeholders to achieve the best outcome.

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

Council's Significance and Engagement Policy requires Council to consider the significance of the proposal and appropriate level of engagement. Factors to consider include the degree to which the issue will impact rating levels, community interest, relative increase in expenditure and proportion of people impacted.

The Significance and Engagement Policy will be triggered as the construction of a Community Facility will require the introduction of a new targeted rate, consistent with Council's funding of its other community halls and facilities. As outlined above, a second round of consultation will be undertaken to confirm the amount.

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The external stakeholders that have been, or will be, engaged with:

Planned	In Progress	Complete	
	✓		Internal
	✓		Residents & Ratepayers Association
	✓		Waikato-Tainui/Local iwi (in particular, local marae)
	✓		Households – formal consultation with both ratepayers and residents
	✓		Business
	✓		Other – School, local sport clubs

## 6. CONCLUSION AND NEXT STEPS

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If Council supports the outcome of this consultation and resolves to provide the \$250,000 requested as seed funding this will allow the design, consents and detailed costing to be undertaken and the project will proceed.

## 7. ATTACHMENTS

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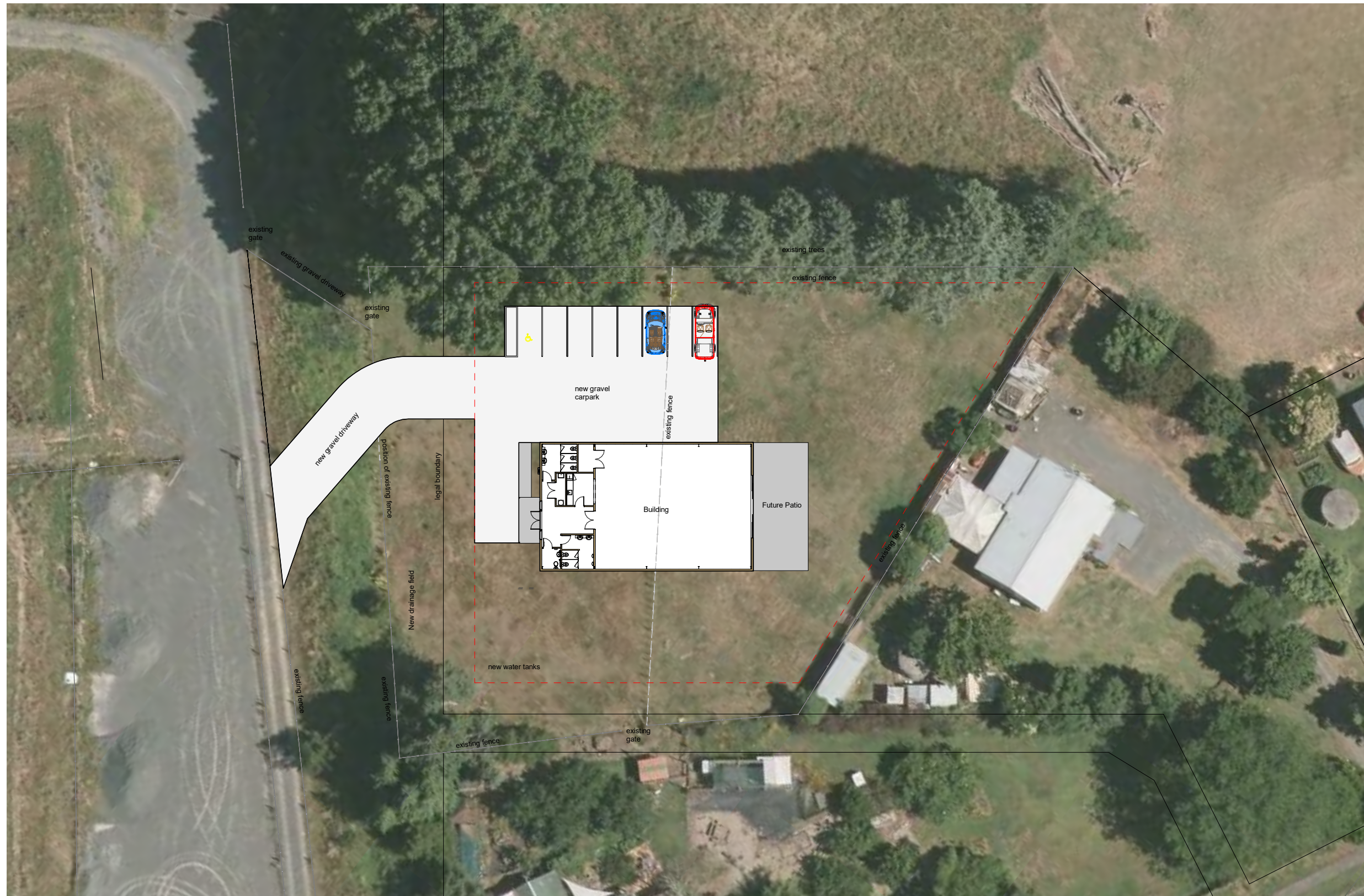
Appendix 1 – High level concept plan

Appendix 2 – Consultation material (first round, now complete)









**Site Information & Requirements**

Street Address: tbc  
 DP & Lot Number: Part Section 20 TN OF Whatawhata, SA228/85  
 Local Council: Waikato District Council  
 Zone: Living Zone (Waikato River Catchment)  
 Site Area: 2023m<sup>2</sup>  
 Permeable Area required: tbc  
 EQ zone: 1 Windzone: H Corrosion zone: C  
**Planning Requirements:**  
 Max ht 7.5m  
 HRB: 2.5m +37°  
 Coverage: 40% max  
 Setbacks: Nil front, 1.5m (others)  
 Carparks >3m from boundary and screened  
 30 vehicles max/day, 4x HGV  
 50dBA(L10) 7am-7pm Mon-Sat  
 45dBA(L10) 8pm-10pm Mon-Sat  
 40dBA(L10), 65dBA(Lmax) all other times and public holidays  
 70% permeability max  
**2500m<sup>2</sup> min efficient disposal area**  
**Parking Requirements:**  
 1 per 35m<sup>2</sup> = 7 required, 7 shown  
 +1 HGV  
**Notes**  
 • Site boundaries/levels nominal and subject to survey.  
 • Easements not shown  
 • Dimensions approximate and subject to confirmation  
 • Structure and grid setout indicative only and subject to calculation  
 • Stormwater detention/soakage/treatment/discharge not yet checked  
 • Resource Consent expected

**Toilet Calculation**  
 Building Use = Assembly Service  
 105m<sup>2</sup>

NZBC G1 Table 1  
 Assembly Service - Assembly Halls

Table 4 - Occupance rate  
 Areas without seating or aisles 1.0  
 105 x 1.0 = 105 persons

Table 3  
 Toilet requirements  
 M=0.8, F=0.6. M=84, F=63  
 Male 2 pans, 2 urinals, 2 whbs  
 Female 3 pans, 2 whbs  
 Accessible 1

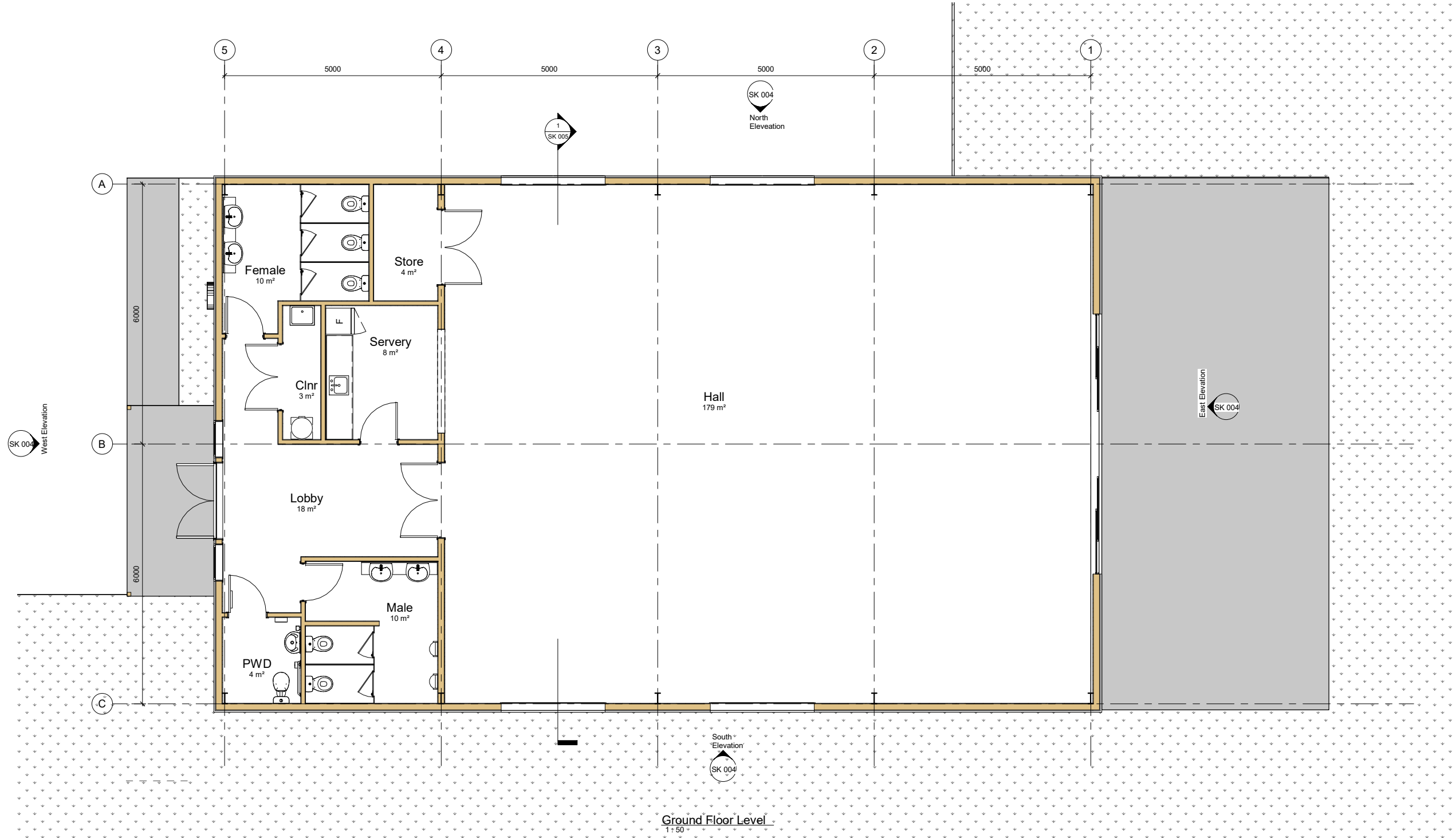
Provided toilet capacity (200):

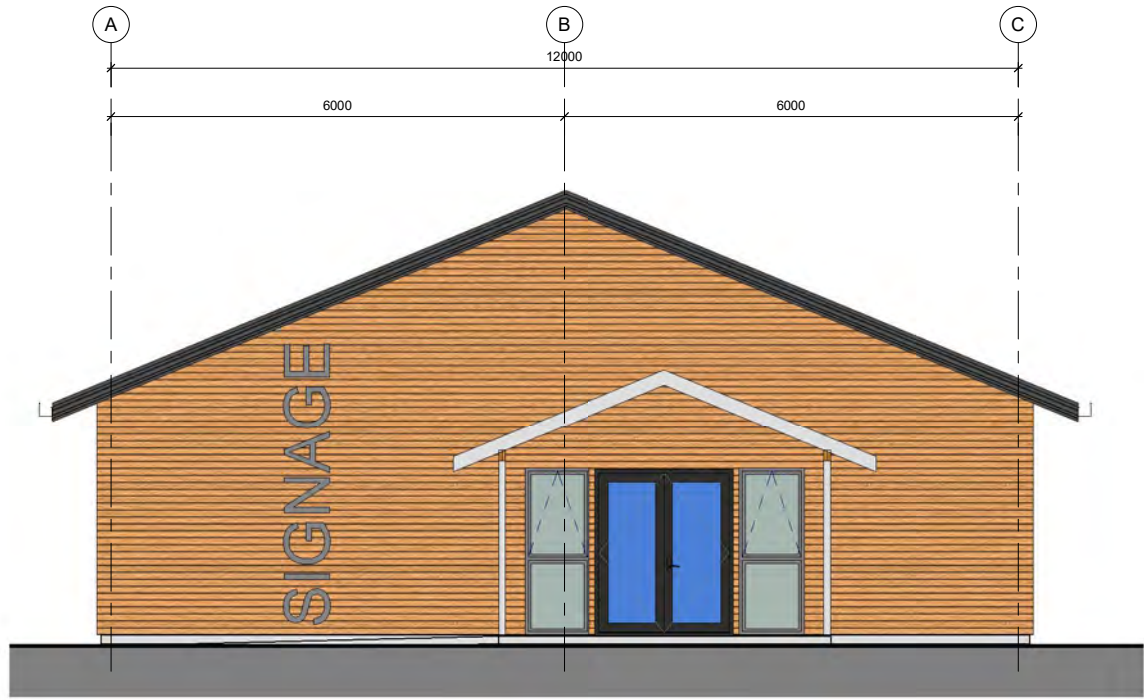
	n	xFactor	Capacity
Male			
2 pans	250	0.8	313
2 urinals	220	0.8	275
2 whbs	230	0.8	288
Female			
3 pans	120	0.6	200
2 whbs	200	0.6	333

Accessible 1 300  
 Lowest number above is 200

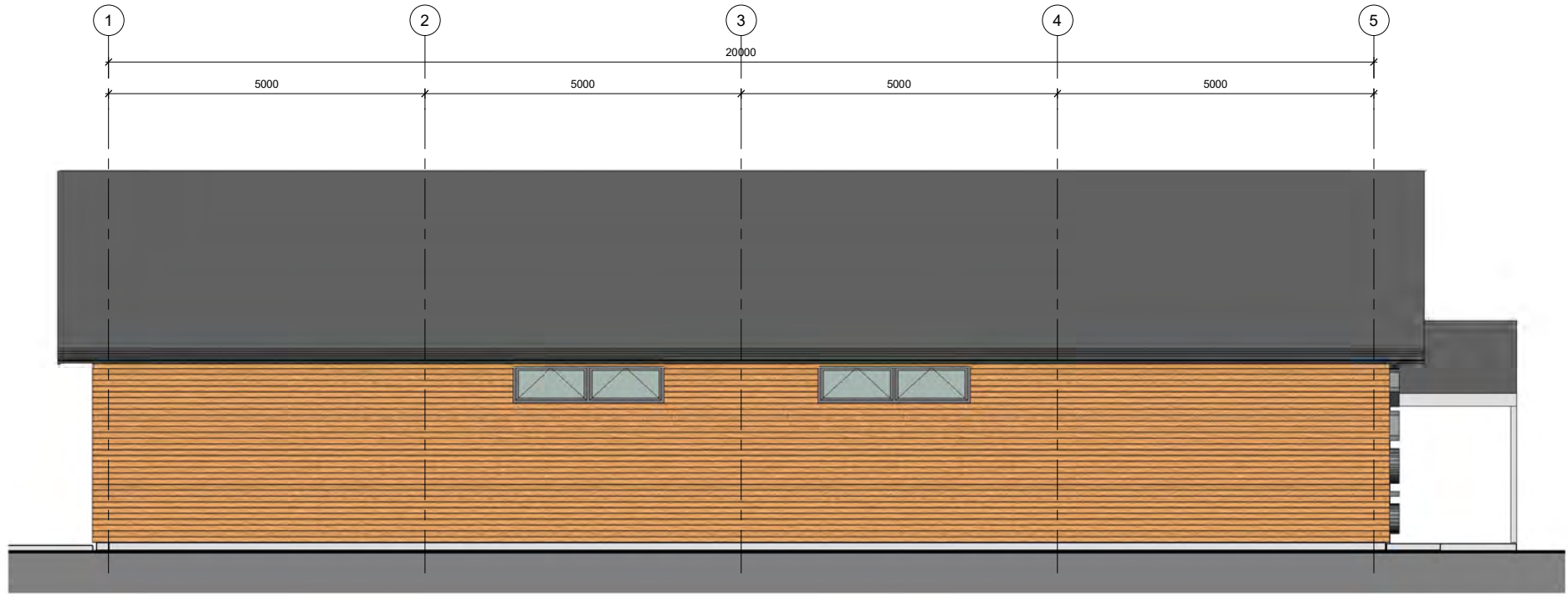


Room Schedule	
Name	Area
Clnr	3 m <sup>2</sup>
Female	10 m <sup>2</sup>
Hall	179 m <sup>2</sup>
Lobby	18 m <sup>2</sup>
Male	10 m <sup>2</sup>
PWD	4 m <sup>2</sup>
Servery	8 m <sup>2</sup>
Store	4 m <sup>2</sup>

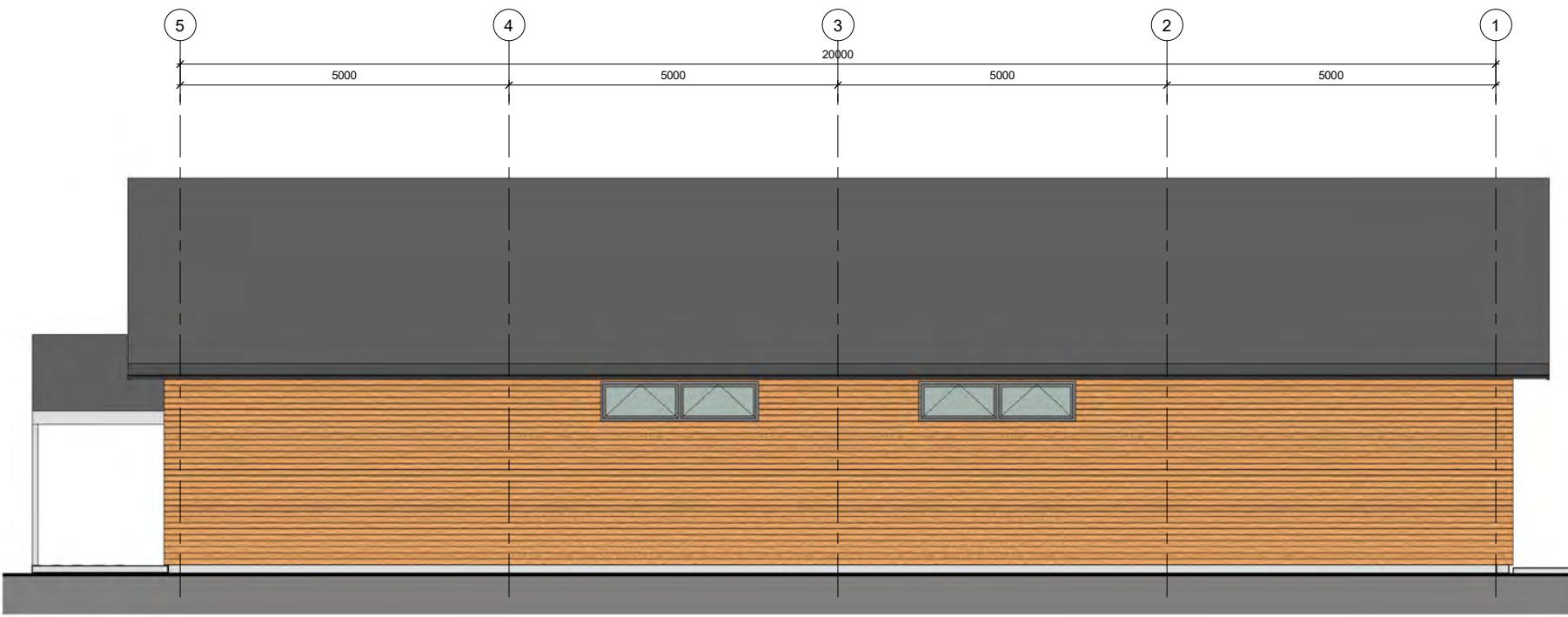




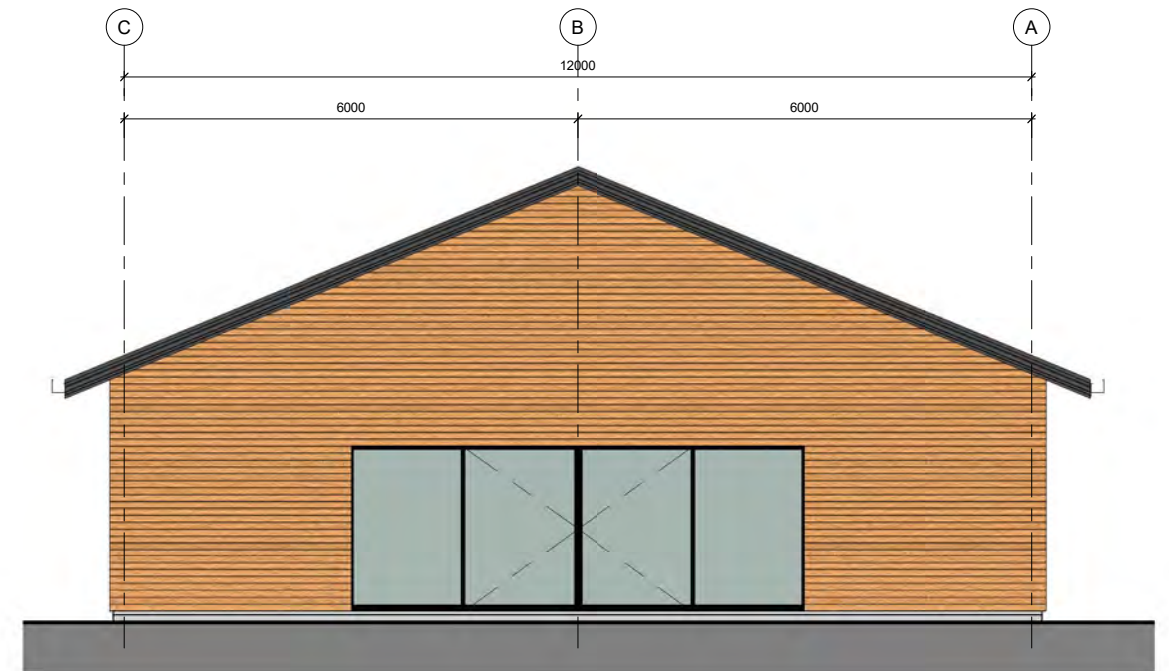
West Elevation  
1:50



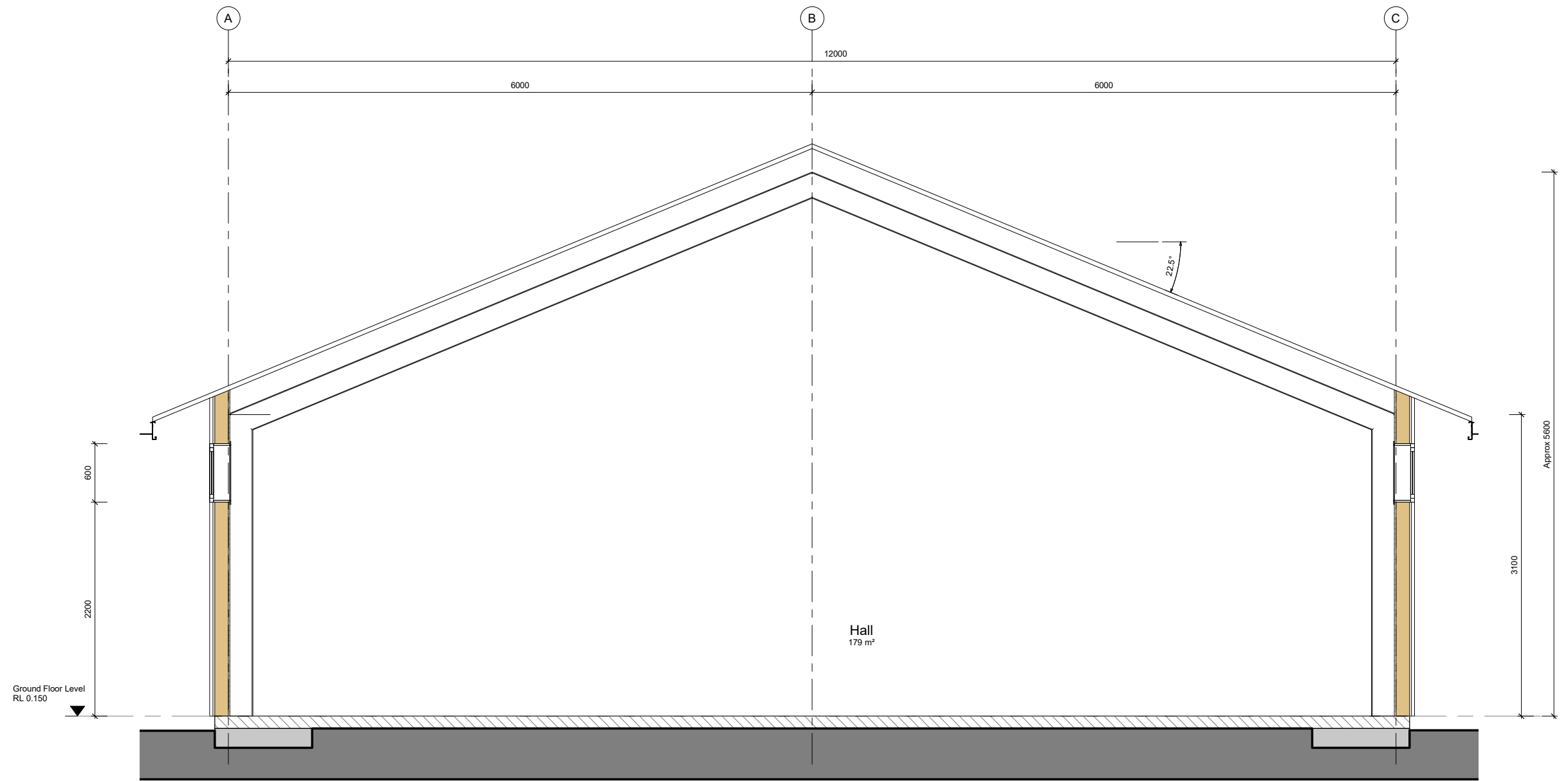
North Elevation  
1:50



South Elevation  
1:50



East Elevation  
1:50



Typical Section  
1:25





25 January 2019

Dear Sir/Madam

## **PROPOSED WHATAWHATA COMMUNITY HUB**

The purpose of this letter is to request your feedback on a proposed community hub in Whatawhata.

As a ratepayer within the proposed catchment area you would be impacted financially by its construction. Council intends to provide \$250,000 funding towards the project but further money would be needed to complete the construction of a hub.

Council and the Whatawhata Residents and Ratepayers Association (WRRRA) would be applying for outside funding to complete the project. As part of the funding application process we are required to provide robust evidence of community support for the project.

Before we invest ratepayer money on detailed planning for the construction of a community hub we want to confirm initial engagement that has taken place, that the community does indeed want a community hub in Whatawhata.

## **FINDINGS OF INITIAL ENGAGEMENT**

Key points from initial engagement carried out by the WRRRA were:

- The community supports a stand-alone, Council-owned community hub in Whatawhata
- The old hall site is the preferred site (situated behind the Village Café)
- The community wants a basic building with an open space for activities, a separate meeting room, lockable storage, basic kitchen and toilet. A concept plan can be found on Council's website, WRRRA's Facebook page or can be viewed at the WRRRA open night detailed below
- Potential users would be community and sport groups, the local school, play groups, local families and the local Marae

## **WHAT WOULD IT COST YOU?**

If the \$250,000 provided by Council and money sourced from outside funders covers the project cost, you will simply pay for operational costs through a targeted rate levied on a per household basis. This is the case with all Council community halls and would be between \$25 and \$35 a year (per household).

However, if there is a funding shortfall after the funding application process, this will also be covered by the targeted rate paid on an annual basis.

As mentioned, the project is dependent on community support. So should there be an appetite for a community hub and we are successful in applying for outside funding, there will be a second round of consultation to inform you of the cost.

By this stage detailed planning would have been undertaken and we will know the total cost of the project, so we will ask you if you are prepared to pay the amount required to complete the project.

## WHAT WE NEED FROM YOU

To confirm we have community support we are asking:

- **Do you want a community hub in Whatawhata and would you be prepared to pay between \$25-\$35 per year for operational costs?**
- **Would you be prepared to pay a targeted rate, above operational costs, to ensure a community hub is built?**

Let us know your thoughts by returning the feedback form included with this letter to:

**Post:** Waikato District Council  
Attn: Corporate Planner  
Private Bag 544

**Or:**

**Online:** [www.waikatodistrict.govt.nz/sayit](http://www.waikatodistrict.govt.nz/sayit) (or view our Have Your Say page)

**Email:** [consult@waidc.govt.nz](mailto:consult@waidc.govt.nz)

Feedback opens on **28 January 2019** and must be received by **5pm** on **22 February 2019**. We encourage you to tell us what you think and make a submission on the proposal.

### Want to know more?

The WRRRA and Council will be holding an open evening at the Whatawhata School on 12 February from 5:30pm – 7:30pm. Further information can also be found on Council's website <https://www.waikatodistrict.govt.nz>.

Or please contact us on 0800 492 452 or email [Donna.Rawlings@waidc.govt.nz](mailto:Donna.Rawlings@waidc.govt.nz)

Yours faithfully

Donna Rawlings  
**Project Development Team Leader**



### Open Meeting

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	15 March 2019
<b>Prepared by</b>	Sharlene Jenkins Executive Assistant
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2199462
<b>Report Title</b>	Proposed Target Rate Increase for Matangi Hall – Alternation of Resolution

## I. EXECUTIVE SUMMARY

---

A report went to the Strategy & Finance Committee in February 2019 regarding Consultation Results on the Proposed Target Rate Increase for Matangi Hall (see attached).

Council, at its full meeting on 11 March 2019 resolved:

*“THAT Council implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 June 2019 to support the ongoing maintenance of the Matangi Hall.” WDC1903/12.*

Unfortunately, the date in this resolution was incorrect. The Strategy & Finance Committee are asked to recommend to Council that resolution S&F1902/07 be altered and replaced with the following resolution:

*“THAT Council implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 July 2019 to support the ongoing maintenance of the Matangi Hall.”*

## 2. RECOMMENDATION

---

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

**AND THAT the following Strategy & Finance Committee resolution (S&F1902/07) be altered from:**

***THAT the Strategy & Finance Committee recommend to Council to implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 June 2019 to support the ongoing maintenance of the Matangi Hall.***

to:



***THAT the Strategy & Finance Committee recommend to Council to implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 July 2019 to support the ongoing maintenance of the Matangi Hall.***

### **3. ATTACHMENTS**

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Consultation Results on the Proposed Target Rate Increase for Matangi Hall Report dated 19 February 2019

### Open Meeting

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Clive Morgan General Manager Community Growth
<b>Date</b>	19 February 2019
<b>Prepared by</b>	Melissa Russo Acting Corporate Planning Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2168748
<b>Report Title</b>	Consultation Results on the Proposed Target Rate Increase for Matangi Hall

## I. EXECUTIVE SUMMARY

---

At the request of the Matangi Hall Committee, Council has undertaken consultation with the ratepayers who are charged a targeted rate for the Matangi Hall, seeking feedback on whether or not they support the increase in the targeted rate for Matangi Hall from \$24 to \$30 annually. The purpose of the proposed increase is to enable the continued maintenance of the hall facility.

The consultation period was open between 7 December 2018 and 18 January 2019, and a total of 83 submissions were received. A total of 50 submitters (60%) indicated their support for the proposal and 33 submitters (40%) were against it.

Themes included in the comments section of submissions related to:

- good facility for the community (13 submitters)
- rarely or never using the hall (13 submitters)
- rates are already high enough without the increase (12 submitters)
- proposed increase is reasonable
- important to maintain the facility
- 'user pays' principle

Attached to this report is:

1. Summary of submissions
2. Breakdown of income and expenditure

## 2. RECOMMENDATION

---

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

**AND THAT the Strategy & Finance Committee recommend to Council to implement the proposed increase to the annual targeted rate from \$24 to \$30 as at 1 June 2019 to support the ongoing maintenance of the Matangi Hall.**

### **3. BACKGROUND**

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The Matangi Hall Committee requested through their local Councillors that the targeted rate collected for the purposes of maintaining the hall be increased.

The rationale behind this proposal was that in previous years a number of new subdivisions in the area meant that the rating base and therefore the rates collected for the maintenance of the hall had increased. This increase allowed for the rising maintenance costs to be met with the increase in rates collected.

There are no new subdivisions being planned for the Matangi area, therefore the Matangi Hall Committee requested the targeted rate be increased to meet the costs of maintenance.

The current targeted rate for Matangi Hall is \$24. The proposal was for it to increase to \$30.

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

---

#### **4.1 DISCUSSION**

##### The Proposal

The current targeted rate for Matangi Hall is \$24. The proposal was for it to increase to \$30 to help cover the increasing maintenance costs.

##### Consultation

Consultation on the proposed targeted rate increase was open from 7 December 2018 to 18 January 2019, and a total of 83 submissions were received. A total of 50 submitters (60%) indicated their support for the proposal and 33 (40%) were against it.

Themes included in the comments section of submissions related to:

- good facility for the community (13 submitters)
- rarely or never using the hall (13 submitters)
- rates are already high enough without the increase (12 submitters)
- proposed increase is reasonable (11 submitters)
- important to maintain the facility (9 submitters)
- 'user pays' principle (7 submitters)

#### **4.2 OPTIONS**

1. Council approve the proposed targeted rate increase from \$24 to \$30.
2. Council do not approve the targeted rate increase and the targeted rate remains at \$24.

## 5. CONSIDERATION

### 5.1 FINANCIAL

The proposed increase from \$24 to \$30 equates to an additional \$5,718 excl. GST of annual revenue for maintenance of Matangi Hall, based on the current number of contributing ratepayers (1,096).

### 5.2 LEGAL

Under section 82 of the Local Government Act 2002 Council is required to consult with those who may be affected by or have an interest in the decision.

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

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Although not a large dollar amount the Significance and Engagement Policy was triggered due to the percentage increase on the targeted rate.				

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

Planned	In Progress	Complete	
		✓	Internal
			Community Boards/Community Committees
			Waikato-Tainui/Local iwi (provide evidence / description of engagement and response)
		✓	Households
			Business
			Other Please Specify

## 6. CONCLUSION

Consultation was undertaken with those who currently pay a targeted rate towards Matangi Hall seeking feedback on a proposal to increase the targeted rate from \$24 to \$30.

Staff are seeking a recommendation from the Committee to Council on whether to approve the proposed increase.

## **7. ATTACHMENTS**

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Attachment 1: Summary of Submissions

Attachment 2: Breakdown of Income and Expenditure

COPY

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	15 March 2019
<b>Chief Executive Approved</b>	Y
<b>Ref #</b>	GOV1318 / 2198234
<b>Report Title</b>	Financial Review of Key Projects

## **1. EXECUTIVE SUMMARY**

---

To update the Strategy & Finance Committee on the monitoring and process that has been undertaken during 2017/2018 to ensure that the financial implications of projects are known at an early stage and to agree a list of projects for the 2018/19 financial year.

## **2. RECOMMENDATION**

---

**THAT the report from the Chief Operating Officer be received.**

## **3. BACKGROUND**

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The Chief Executive, on an annual basis, provides details on a range of projects to be monitored and reported to the Strategy & Finance Committee. The Chief Operating Officer will now be delivering this report. The projects are selected based on value, level of risk and other factors. A series of projects were identified for particular scrutiny during 2018/2019. Regular reports are provided on progress.

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

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### **4.1 DISCUSSION**

Council has been kept fully informed of the financial consequences of the key projects that were identified at the start of the financial year. This is an interim report for the 2018/2019 financial year and supplements monthly reports to the Infrastructure Committee on the detailed projects.

The table attached to this report gives an update on the specific projects that Council wished to be given special consideration. The list was based on the major non-roading projects which Council planned to undertake for 2018/2019, including carry forwards.

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

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

Some of the projects are delayed for strategic reasons or are developer led and consequently timing from a council perspective is uncertain. An example is where we were awaiting a final decision on our Housing Infrastructure Fund application. This impacted the upgrade of our Huntly Wastewater Plant.

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

Councillors have now indicated their willingness to review the risk management approach on some key projects. This will be worked through in the next year.

## **4.2 OPTIONS**

This report is largely for information only. It is to update Councillors on progress with the financial implications of the key projects identified for the 2018/2019 financial year.

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

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

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

The following is the list of projects agreed for the new financial year:

- Mangawara Bridge construction (Taupiri)
- Raglan wastewater treatment plant upgrade
- Raglan wastewater rising main renewals
- Te Kauwhata water supply reservoir extensions
- Te Kauwhata wastewater reticulation extensions
- Tamahere Recreation Reserve Project
- Tamahere sports ground
- Ngaruawahia library
- Tuakau cemetery
- Pokeno parks and reserves
- Tuakau dog pound

It should be noted that some of the projects are contingent on the speed of development and are controlled by developers rather than Council.

## **5. CONSIDERATION**

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### **5.1 FINANCIAL**

All of the projects included in the list form part of the Annual Plan for 2018/2019 or are carry forwards.

### **5.2 LEGAL**

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

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

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

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

The report is concerned with delivering the Council vision of Liveable, Thriving and Connected Communities.

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

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

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

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



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

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

## **6. CONCLUSION**

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Staff believe that appropriate systems are in place to identify the cost implications of the various key projects that Council wished to ensure were given additional monitoring during the year. Council has been kept informed of cost implications as they arise. This report provides an update on progress with the key projects for 2018/2019.

## **7. ATTACHMENTS**

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Financial Review of Key Projects

KEY PROJECTS						
Project Description	Full Year Budget	YTD Actual	Remaining Budget	Full Year Forecast	Expected Completion Date	Progress & Risk Comment
Mangawara Bridge construction (Taupiri)	3,299,408	10,249	3,289,159	1,350,000	Mar-20	The NZTA have approved the requested increase in subsidy. Detailed design by Emmetts is complete and costing is being worked on. A deed of funding has been signed. The gross budget has been increased to reflect the additional funding approved. The 17/18 WDA gain share has been applied as approved by Council. The project is hoping to establish on site in May/June 2019.
Raglan wastewater treatment plant upgrade	1,156,861	80,289	1,076,572	128,051	Nov-19	Advancement of tertiary membrane procurement documentation and design is complete. Tendering to be undertaken in March 2019 with an anticipated four month construction completed late in 2018/19.
Raglan wastewater high risk rising main renewals	645,373	543,152	102,221	480,269	Mar-19	Three of the remaining four Raglan rising main pipelines have been fully commissioned on Kaitoke Street, Tutchen Avenue and Nihinihi Avenue. Additional work is required for Wallis Street due to quality management identifying connection faults in the installed line post CCTV inspection. Rectification is required prior to pipeline test regime. High risk manhole replacement and contingency plans have been approved, and physical works preparation are underway with the high risk work penciled in for April 1st & 2nd.
Te Kauwhata water supply reservoir extensions	1,010,213	21,859	988,354	170,000	Jun-21	Land secured. Scoping Instruction for Service for concept design and Implementation Plan is complete and paper being submitted to the Infrastructure Committee for further direction.
Te Kauwhata wastewater reticulation extensions	4,376,888	78,944	4,297,944	170,000	Jun-23	A report was presented to Council in September to update the Housing Infrastructure Fund Detailed Business Case with an alternative option for wastewater treatment.
Ngaruawahia Memorial Hall/Ngaruawahia Library <i>Budget shared between the Ngaruawahia Memorial Hall and the Ngaruawahia Library with approval to proceed with minor refurbishment of the Ngaruawahia Memorial Hall upto \$400K, with the remainder of the budget to be spent on the Ngaruawahia library.</i>	750,000	22,637	727,363	750,000		Initial discussions progressed. WDC need to provide options for the community to consider if an increase in the budget is required for the refurbishment.
Pokeno parks and reserves	3,285,632	972,471	2,313,161	3,285,632		Developer led - as per DFH schedule received May 2018.
Tamahere recreation reserve	2,780,793	2,126,003	654,791	2,780,793	Jun-19	Piazza - All concrete areas have been acid washed and sealed to agreed finish. Topsoiling of grassed areas complete with planting of specimen trees and lighting by the end of March. Skate park - Completed feature items include Western quarter pipe, Eastern drop-in bank, Pool bowl, half court basketball court, launch ramp. Acid NZ are currently working on the concrete wall ride, double quarter pipe with platform and raised platform above pool bowl. All works are expected to be complete by the end of May. Playground - All equipment has been placed on order and fabrication of these items is underway with some items having a lead time of 26 weeks. Update to TCC on final colour concept of rubber pour matting was accepted and supplier has continued programmed works with no delay. Earthworks has begun with the construction of the earth mound underway. Works is still on track to be complete by June however have seen some minor programme gains to complete earlier. Cricket Pitch - The pitch has been marked out with confirmation of location to be finalised and works completed by the end of March. This will include the lowering of two stormwater manholes within the fields. Fitness trail - TCC have accepted final alignment to shorten the length and make use of existing the footpath on airport road. Fosters are providing a cost variation for the reduced scope. Works not yet programmed however would expect this to be complete before the end of April.
Tamahere sports ground	550,000	29,683	520,317	550,000	Jun-19	Hamilton Asphalt are currently underway with the construction of the basecourse pavement layers and are expected to complete up to the bottom of the sealed surface by the end of March. Final surfacing will not commence until after the playground construction has been completed as heavy machinery is required to lift the playground equipment and place it onsite.
Tuakau cemetery	750,000	128,741	621,259	750,000	May-19	The Alliance has completed the road widening of Whangarata Road and included a 20m stub up McCready road for the development of the cemetery. Further consultation and confirmation from a private funeral director that they have need for a crematorium at this site is planned to be finalised mid March. Pending result of this consultation Resource consent may be lodged if the crematorium is not needed and only minor changes are likely to come from further community consultation. The cemetery development is on hold pending the engagement. Works will remain on hold until all consultation is complete as demand for burial plots is no longer urgent with an estimated projection of 4 years capacity at existing cemeteries.
Tuakau dog pound	525,760	149	525,611	525,760		Anthony Averil has been brought on board to progress the land purchase as well as other strategic land acquisitions we require. He will look at all options and make strategic recommendations on which land we should be buying, when and how.

### Open Meeting

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	15 March 2019
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2200225
<b>Report Title</b>	Council Controlled Organisations' Interim Accounts

## I. EXECUTIVE SUMMARY

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The attached interim accounts from the Waikato District Wellbeing Trust (“WBT”), Waikato Local Authority Shared Services Limited (“WLASS”), and the Waikato Regional Airport Limited (“WRAL”) are presented in accordance with the requirements of section 66 of the Local Government Act 2002.

### WBT

The WBT has sustained a deficit of \$201,913 for the six months compared with a surplus of \$283,562 in the corresponding period of the previous year and a full year budgeted surplus of \$52,482.

Budgets are based on an assumed long term, sustainable return of 7.26%. This allows for the expected fluctuations in financial returns and enables the Trustees to take the longer term view reflected in their investment and distribution policy. At 31 December 2018, the return on the fund since its inception in 2010 is 72.0% or 8.2% on an annualised basis.

Grant payments of \$53,774 were made during the six months and commitments of \$124,388 remain outstanding.

### WLASS

WLASS has made good progress against most of their Statement of Intent performance measures for the year. The report shows that one of the Waikato Building Consent Group measures relating to industry competency and compliance is unlikely to be achieved before the end of June 2019.

### WRAL

The attached report indicates that the performance measures stipulated within WRAL’s Statement of Intent (“SOI”) for 2018/19 are likely to be met and in most instances exceeded for the year. When compared against prior period results, performance has been far better, with an operating surplus increase of \$483,000 principally due to an increase in net land sales of \$309,000.

The overview from the Chair provides a summary of highlights, including not only revenue growth but milestones achieved against key strategic initiatives.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received.**

## **3. ATTACHMENTS**

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Interim Accounts for:

- Waikato District Wellbeing Trust
- Waikato Local Authority Shared Services Limited
- Waikato Regional Airport Limited

**Waikato District Community Wellbeing Trust**  
**Statement of financial performance**  
**For the six months ended 31 December 2018**

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2018/19	2017/18	2018/19	2017/18
<b>Revenue</b>				
Finance income	91	75,032	61,429	2,694
Dividend income from portfolio of investments managed by Kiwi Wealth Ltd	-	11,007	28,937	16,467
Realised gains on investments	14,808	125,655	113,718	343,229
Unrealised gains on investments	-	98,339	100,519	39,408
<b>Total revenue</b>	<b>14,899</b>	<b>310,033</b>	<b>304,603</b>	<b>401,798</b>
<b>Expenses</b>				
Audit fees				
- Current year	-	-	7,700	7,697
Other expenditure	12,619	12,429	27,163	25,401
Grants	53,774	14,042	217,258	55,528
Unrealised losses on investments	150,419	-	-	-
<b>Total expenses</b>	<b>216,812</b>	<b>26,471</b>	<b>252,121</b>	<b>88,626</b>
<b>Surplus (deficit) for the period</b>	<b>(201,913)</b>	<b>283,562</b>	<b>52,482</b>	<b>313,172</b>

**Waikato District Community Wellbeing Trust**  
**Statement of financial position**  
**As at 31 December 2018**

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2018/19	2017/18	2018/19	2017/18
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	16,613	248,007	290,439	139,800
Prepayments	958	-	-	366
Other financial assets	3,887,194	3,849,761	3,970,612	4,037,842
Accrued interest	-	-	-	-
<b>Total current assets</b>	<b>3,904,765</b>	<b>4,097,768</b>	<b>4,261,051</b>	<b>4,178,008</b>
<b>Total assets</b>	<b>3,904,765</b>	<b>4,097,768</b>	<b>4,261,051</b>	<b>4,178,008</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	171,778	182,687	227,392	233,108
Accrued expenses	17,997	27,789	7,700	27,997
<b>Total current liabilities</b>	<b>189,775</b>	<b>210,476</b>	<b>235,092</b>	<b>261,105</b>
<b>Total liabilities</b>	<b>189,775</b>	<b>210,476</b>	<b>235,092</b>	<b>261,105</b>
<b>Total assets less total liabilities (net assets)</b>	<b>3,714,990</b>	<b>3,887,292</b>	<b>4,025,959</b>	<b>3,916,903</b>
<b>Trust equity</b>				
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	446,101	370,894	486,402	406,932
Accumulated funds	688,990	936,499	959,658	930,072
<b>Total Trust equity</b>	<b>3,714,990</b>	<b>3,887,292</b>	<b>4,025,959</b>	<b>3,916,903</b>

**Waikato District Community Wellbeing Trust**  
**Statement of cash flows**  
**For the six months ended 31 December 2018**

	6 mths		Full year	
	Actual	Actual	Budget	Actual
	\$	\$	\$	\$
	2018/19	2017/18	2018/19	2017/18
<b>Cash flows from operating activities</b>				
<b>Cash was received from:</b>				
Interest receipts	92	75,033	61,429	2,694
Dividends received	-	11,007	28,937	16,455
<b>Cash was applied to:</b>				
Payments to donees	(118,798)	-	(205,529)	-
Payments to suppliers	(19,517)	(11,932)	(34,587)	(24,108)
<b>Net cash flows from operating activities</b>	<b>(138,223)</b>	<b>74,108</b>	<b>(149,750)</b>	<b>(4,959)</b>
<b>Cash flows from investing and financing activities</b>				
<b>Cash was received from:</b>				
Sale of investments	146,091	1,622,939	113,718	4,545,988
<b>Cash was applied to:</b>				
Acquisition of investments	(131,054)	(1,621,860)	-	(4,538,737)
<b>Net cash flows from investing and financing activities</b>	<b>15,037</b>	<b>1,079</b>	<b>113,718</b>	<b>7,251</b>
Foreign exchange translation differences	-	(109)	1	14
<b>Net increase (decrease) in cash for the year</b>	<b>(123,186)</b>	<b>75,078</b>	<b>(36,031)</b>	<b>2,306</b>
Add opening bank accounts and cash	139,799	172,929	326,470	137,494
<b>Closing bank accounts and cash</b>	<b>16,613</b>	<b>248,007</b>	<b>290,439</b>	<b>139,800</b>



# **Half-yearly report to Shareholders**

1 July 2018 to 31 December 2018

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## 1 Introduction

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The Board of Waikato Local Authority Shared Services Ltd (WCLASS) is pleased to present its report to shareholders on the first half of the 2019 financial year (to 31 December 2018). During the period the first steps have been taken to reorganise the way WCLASS operates and interacts with its shareholding councils, to generate greater value. The vision for the future is more fully detailed in the company's 2019 Statement of Intent (SOI).

## 2 Overview of WCLASS

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WCLASS was established in December 2005. It is jointly owned by the following shareholding councils:

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

WCLASS was initially established to provide the local authorities in the Waikato Region with a vehicle to procure shared services. The key purpose of WCLASS has evolved and it now drives collaboration between councils, aiming to improve customer service and performance and reduce costs.

The vision for WCLASS is to be:

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

Its objectives are:

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

The Board of WCLASS comprises a representative from each of the shareholding Councils<sup>1</sup>.

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<sup>1</sup> In February 2019 Shareholders were asked to pass a resolution to reduce the size of the Board to six, including the appointment of an independent Chair.

The company has several key workstreams. However, the resource within WLASS itself during the period comprised a contracted Chief Executive (part-time) and since November, a part-time Company Administrator (see below for detail on changes since period end). Beyond that, it has established working parties made up of employees from the Councils who are charged with advancing the workstreams.

Each of the 12 Waikato local authorities owns a share in WLASS and as such has an equal say in its development.

### 3 Statement of Service Performance

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Since its inception the company has delivered benefits to its shareholding councils through enabling:

- Improved levels and quality of service;
- A more co-ordinated approach to the provision of services;
- Reductions in the cost of services;
- The development of new initiatives;
- Standardisation of service levels;
- Opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives; and
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

#### 3.1 Activity during the period

Highlights of activity during the six months to 31 December 2018 are:

##### WLASS transformation project

The most significant piece of work for the company throughout the period has been delivering the plan to implement a new operating model. Detail of this transformation project is included in the company's SOI. However, during the period that project has resulted in the appointment of a Business Analyst and Company Administrator (part-time). These roles represent the first employees of WLASS.

Subsequent to the period in question the Board will be also:

- Appointing a full-time Chief Executive (to date this role has been contracted in two days per week); and
- Recommending shareholders resolve to change the composition of the Board, appointing an independent Chair and reducing the number on the Board to six.

As a consequence of these changes there has been/will be some increase to the company's central administration costs. Chief executives of the shareholding councils supported the need for this additional investment, which can be accommodated within existing budget in the 2019 financial year<sup>2</sup>.

##### Health & Safety

WLASS completed the development of a Regional Health & Safety Management framework, together with 13 Best Practice documents. These documents will assist councils to manage

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<sup>2</sup> Funding being sought for financial years 2020-2022 is set out in the company's SOI

health and safety effectively, and guide Chief Executives and senior leaders to understand their roles and responsibilities.

## Procurement

### *Professional services panel*

Initial work took place to re-market the WLASS professional services panel. This is a significant piece of work to standardise the terms and conditions for engagement with professional service providers across several disciplines. The Request for Proposal was issued to the market mid-February, with the evaluation process taking place to allow contracts to take effect in the latter half of 2019. When the current panel was established four councils elected to participate. Significantly, this time round ten councils will be participating, reflective of the significant efficiencies to be gained from this form of procurement.

### *Procurement framework*

A regional procurement framework has been established. The document sets a minimum standard for procurement practice across the region. Initial working establishing the procurement toolbox was undertaken and this, together with procurement training, will be rolled out in the first half of 2019.

## SVDS

SVDS activity centred around establishing a new SVDS service contract under a Software As A Service (SAAS) arrangement which was concluded in September. Since then Waipa District Council have been the pilot for the new software with implementation underway. Member charges will continue to reduce under the new arrangement, and it is expected that these will not be necessary beyond 2020, providing revenue from data sales remains intact.

## Waikato Data Portal

Phase 1 of a roadmap to toward regional spatial information has progressed well throughout the period. The output from Phase 1 is a single centralised Data Portal. Ultimately, the expectation is to progress toward a centralised and distributed GIS platform managed by one team.

An implementation Project charter was developed and a governance group to oversee the project established. Build of the data portal is now well underway and council have been trained on using the data portal application.

## RATA

New data collection contracts covering manual data collection (visual rating surveys, footpath condition surveys, and traffic counting) commenced on 1 July 2018.

Taupo District Council joined RATA on 1 July 2018 and South Waikato District Council made the decision to move to a higher level of participation in RATA, with the increased level of support to the council commencing in January 2019.

There has been significant activity during the period including:

- Workshops to develop a consistent regional maintenance specification (these have been well attended and good progress has been made);
- Completing the forward works programme tour for 2018 (part of the Assessing The Right Treatments, At the Right Time programme);

- Publishing Road Efficiency Group Data Quality Reports. RATA's Asset Information Engineer has been using these reports to support data quality improvement tasks within each of the participating councils; and
- Investigating collaboration opportunities in the Waters activities across seven participating councils (a Mayoral forum initiative).

### **Future proof**

The key project underway is the phase 2 update of the Future Proof Strategy, with a draft completed and submitted to Ministry for the Environment in December. Work will continue this year to develop the strategy to ensure alignment with other projects, including the Hamilton-to-Auckland Corridor Plan and Waikato District blueprints.

### **Regional Infrastructure Technical Specifications (RITS)**

The project plan for the RITS provided for six- and twelve-month reviews following adoption, with subsequent annual updates. This was to allow users to live test the document and identify any issues and improvements.

The first review is underway with feedback received from various council staff and consultants over the last six months. The feedback is being worked through and at the same time the document is being checked for errors, omissions and inconsistencies. We have received positive feedback and comments indicate the RITS is being widely used and the identified benefits are being realised.

Councils outside the Waikato region expressed interest in adopting the RITS and WLASS is progressing this opportunity.

### **Energy management**

WLASS is in the third year of a three-year collaboration with the Energy Efficiency Conservation Authority (EECA) who have supported the programme by part funding energy management professional services, energy audits and energy monitoring software (Epro).

The collaboration with EECA targeted 2.5 million kWh of energy savings across the three-year programme. As at 31 December 2018, implemented projects will deliver savings of 3.3 million kWh with a value of \$440k. Of this sum, \$153k is related to cost reductions arising from optimising energy tariffs and demand charges.

### **Aligned resource consent planning**

The alignment of resource consent documentation across councils went live in August. Processing resource consents is now more efficient and user friendly, delivering a better service to customers.








### 3.2 Performance Targets

The following performance measures were included in the Statement of Intent for the 2018/19 financial year. An update on their status as at 31 December 2018 is shown in the table below.

**Key:**

- On track: has been completed or will be by 30 June 2019
- Currently behind schedule but target expected to be met by 30 June 2019
- Currently behind schedule and target unlikely to be met by 30 June 2019








Target	Method	Measure	Outcome	
<b>Procurement</b> Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.	The Regional procurement framework is complete. The associated toolbox and training are expected to be delivered in March 2019.	<span style="color: green;">●</span>
		New suppliers are awarded contracts through a competitive tender process.	Competitive tendering for professional services is currently underway.	<span style="color: green;">●</span>
<b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum.  If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	The WLASS transformation is being delivered. The Professional Services Panel is being re-tendered with ten councils participating (previously four). Opportunities relating to the go-to-market strategy for capital works are being considered. A business case for regional LiDAR at a significantly reduced cost utilising PGF co-funding has been developed. The Health & Safety Management framework and Best Practice documents have been completed.	<span style="color: green;">●</span>
<b>Existing WLASS Contracts</b> Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	Ongoing	<span style="color: green;">●</span>
		Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.	Contracts have been re-negotiated and where appropriate re-tendered through a competitive process.	<span style="color: green;">●</span>





Target	Method	Measure	Outcome	
<b>Cashflow</b> The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.	The WLASS Board reviews the financial statements at least quarterly.	Management accounts, including financial performance and cashflow are reported at each Board meeting (six time per annum)	
<b>Cost Control</b> Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Administration expenditure is expected to exceed the 2019 budget by 52%. This is solely a product of the WLASS transformation and the associated change to the operating model which was approved by the Board in September 2018. The 2019 position has been reforecast as a result.	
<b>Reporting</b> Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.  One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.  Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	Half-yearly report will be delivered in February 2019.  The 2018 Annual report was prepared and provided to shareholders in September 2018.	  
<b>Waikato Mayoral Forum</b> The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20 <sup>th</sup> of the month following their receipt.	Ongoing	
<b>SVDS</b> The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.  The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	The SVDS is available to users at least 99% of normal working hours.  The SVDS Advisory Group meets at least 6-monthly.  The Annual Business Plan is accepted by the Advisory	On target – the SVDS has been available 100% for users during normal business hours.  On target. Two meetings held in first 6 months; August & November  Not yet due	  

Target	Method	Measure	Outcome	
	<p>Risks associated with the SVDS are well managed.</p> <p>The long-term provision of SVDS services is achieved.</p>	<p>Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.</p> <p>The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.</p>	<p>Project has begun and is tracking well for time and budget. Steering committee made up of Advisory Group members meets monthly.</p>	●
<p><b>Insurance</b></p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p>	<p>Will be assessed as part of the annual shareholder survey</p> <p>Will be assessed as part of the annual shareholder survey</p>	
<p><b>RATA</b></p> <p>Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p>Lead engagement and increase capability within the sector</p>	<p>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p> <p>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</p> <p>Innovation: Identify opportunities to modify standard approaches and/or</p>	<p>Reports are presented to stakeholders in October/January/April and July each year.</p> <p>Reports on progress presented to WCLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WCLASS 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</p>	<p>KPI Partially Met</p> <p>All reports supplied to stakeholders. The reports to four councils to 30 September were late being delivered and this will be remedied in January 2019.</p> <p>Reports to WCLASS Board presented to required deadlines.</p> <p>All data received was reviewed for quality requirements and approved.</p> <p>Procurement of services compliant with WCLASS and NZTA requirements.</p> <p>KPI Met</p> <p>RATA presented at RIMS conference in 2018 on work completed. Submitted abstract for IPWEA and NAMS.</p> <p>RATA Guidance documents developed based on REG</p>	●

Target	Method	Measure	Outcome	
	<p>develop new approaches that will lead to optimal asset management.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	<p>practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p>	<p>data quality reports to support improvement planning.</p> <p>RATA is supporting Waters Collaboration investigation work for seven participating councils.</p> <p>RATA Fora were held two-monthly during 2018 with high levels of attendance from participating councils.</p>	
<p><b>WRTM</b></p> <p>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>●</p> <p>●</p> <p>●</p>
<p><b>Waikato Building Consent Group</b></p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> <li>• Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons.</li> <li>• People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 - 11.</li> </ul>		<p>●</p> <p>●</p>



Target	Method	Measure	Outcome	
	Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.	<ul style="list-style-type: none"> <li>• Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</li> <li>• Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.</li> <li>• Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.</li> </ul> <p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ol style="list-style-type: none"> <li>i. Full participation in WBCG projects and programmes</li> <li>ii. Audits demonstrating implementation and compliance with the agreed QA systems</li> <li>iii. Consistency in service delivery, measured by customer surveys.</li> </ol> <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>	<p>The WBCG manager has been working with WINTEC students on building consenting and compliance. The project is yet to be allocated and scope defined.</p> <p>Relationship building and lobbying is on-going. No legislative consultation during the year to date.</p>	     
<b>Future Proof</b> Planning for growth in the sub-region is	Joint preparation and input into	Phase 2 of the Future Proof Strategy is adopted by the Future Proof	The draft Future Proof Strategy (phase 2) was reported to the Future	

Target	Method	Measure	Outcome	
<p>co-ordinated and collaborative.</p> <p>The Future Proof budget is well managed and monitored.</p> <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p>	<p>Phase 2 of the Strategy update.</p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.</p> <p>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p>	<p>Implementation Committee no later than December 2018.</p> <p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>	<p>Proof Implementation Committee and submitted to MfE in December 2018. Work will continue on the draft Strategy in 2019 to ensure alignment with the Hamilton to Auckland Corridor Plan.</p> <p>The Future Proof work programme to the end of December 2018 is tracking on budget. A bi-monthly budget report was reported to the Future Proof Chief Executive Group in February 2019.</p> <p>Future Proof made two submissions in 2018, on the Proposed Waikato District Plan and Proposed Plan Change 11 to the Waipa District Plan (Bardowie Industrial Precinct).</p>	
<p><b>Aligned Resource Consent Planning Project</b></p> <p>Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.</p>	<p>Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.</p>	<p>Common forms are in place for all Councils involved by December.</p>	<p>The forms went live in the 2<sup>nd</sup> half of 2018.</p>	
<p><b>Shareholder Survey</b></p> <p>Shareholders are satisfied with the performance of WLASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>Survey will be distributed to shareholders in March 2019.</p>	
<p><b>Review of Benefits</b></p> <p>Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p>	<p>The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders. The WLASS website is regularly maintained and updated.</p>	<p>WLASS achievements are included in this report and were set out in the 2018 Annual Report provided to shareholders in September 2018. The WLASS website has been updated where appropriate.</p>	

## 4 WCLASS Financial Position

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### 4.1 Summary

#### By the numbers:

Summary financial results for the six months to 31 December 2018 are:

	2019 actual YTD \$000	2019 budget YTD \$000	Variance \$000 (actual v budget)
Total income	3,105,924	2,520,409	585,515
Total operating expenditure	2,001,758	2,590,692	588,934
Net surplus before tax	1,104,166	(70,283)	1,174,449
Cash on hand	346,329	n/a	n/a

The favourable variance to budget YTD is expected to largely abate over the remainder of the year and reflects timing of spend on some workstreams and the recognition of revenue in advance from the prior year that was not budgeted.

#### Outcome of 2017 audit

Audit New Zealand issued an unqualified audit opinion on the company's 2017 Financial Statements. No issues were raised by the auditor, which was a very pleasing result.

## 4.2 Statement of Financial Performance

### Waikato Local Authority Shared Services For the 6 months ended 31 December 2018

	YTD ACTUAL	YTD BUDGET	VARIANCE	FY BUDGET	FORECAST	PY ACTUAL
<b>Trading Income</b>						
Company Administration	250,199	253,140	(2,941)	299,784	359,868	216,847
Procurement	301,314	169,920	131,394	439,166	665,480	301,314
Information Technology	115,399	45,057	70,342	45,594	116,976	115,201
Energy Management	106,720	101,500	5,220	136,500	106,720	101,500
Shared Valuation Data Service (SVDS)	386,137	366,479	19,658	701,892	701,892	6,250
Road Asset Technical Accord (RATA)	762,190	846,449	(84,259)	978,560	1,099,090	639,986
Waikato Regional Transport Model (WRTM)	23,814	41,394	(17,580)	98,626	98,626	20,790
Waikato Building Consent Group (WBCG)	384,534	159,274	225,260	318,548	541,895	382,621
Future Proof	272,196	272,196	(1)	544,391	544,391	136,098
Mayoral Foryum	132,932	5,000	127,932	5,000	132,932	57,932
Waikato Plan	370,490	260,000	110,490	520,000	-	104,345
<b>Total Trading Income</b>	<b>3,105,924</b>	<b>2,520,409</b>	<b>585,515</b>	<b>4,088,061</b>	<b>4,367,870</b>	<b>2,082,885</b>
<b>Total Income</b>	<b>3,105,924</b>	<b>2,520,409</b>	<b>585,515</b>	<b>4,088,061</b>	<b>4,367,870</b>	<b>2,082,885</b>
<b>Operating Expenses</b>						
Company Administration	154,938	169,870	(14,932)	299,784	498,604	3,344
Procurement	336,971	455,006	(118,035)	656,058	735,764	173,539
Information Technology	92,319	58,063	34,256	134,727	147,297	-
Energy Management	57,206	81,149	(23,943)	136,500	141,720	11,010
Shared Valuation Data Service (SVDS)	271,154	349,978	(78,824)	886,017	986,603	46,332
Road Asset Tecnical Accord (RATA)	446,708	564,068	(117,360)	1,016,336	1,019,339	(15,385)
Waikato Regional Transport Model (WRTM)	18,008	43,525	(25,517)	98,626	117,470	2,182
Waikato Building Consent Group (WBCG)	150,115	265,090	(114,975)	529,549	581,289	(2,836)
Future Proof	281,131	272,184	8,947	544,391	544,391	103,965
Mayoral Forum	19,755	2,497	17,258	51,440	126,439	-
Waikato Plan	91,646	247,458	(155,812)	520,000	-	1,400
<b>Total Operating Expenses</b>	<b>1,919,950</b>	<b>2,508,888</b>	<b>(588,938)</b>	<b>4,873,428</b>	<b>4,898,916</b>	<b>323,549</b>
<b>Gross Profit</b>	<b>1,185,974</b>	<b>11,521</b>	<b>1,174,453</b>	<b>(785,367)</b>	<b>(531,046)</b>	<b>1,759,335</b>
<b>Depreciation</b>						
Depreciation - MoneyWorks	128	126	2	256	2,256	21
Depreciation - SVDS	45,222	45,222	-	90,444	90,444	7,537
Depreciation - WRTM	36,458	36,456	2	72,916	72,916	6,076
<b>Total Depreciation</b>	<b>81,808</b>	<b>81,804</b>	<b>4</b>	<b>163,616</b>	<b>165,616</b>	<b>13,635</b>
<b>Net Profit</b>	<b>1,104,166</b>	<b>(70,283)</b>	<b>1,174,449</b>	<b>(948,983)</b>	<b>(696,662)</b>	<b>1,745,701</b>

### 4.3 Statement of Changes in Equity

#### Waikato Local Authority Shared Services For the 6 months ended 31 December 2018

	2018/19	2017/18
<b>Equity</b>		
Opening Balance	1,026,531	799,675
Current Year Earnings	1,104,166	226,856
<b>Total Equity</b>	<b>2,130,697</b>	<b>1,026,531</b>

### 4.4 Statement of Financial Position

#### Waikato Local Authority Shared Services As at 31 December 2018

	31 Dec 2018	30 Jun 2018
<b>Equity</b>		
Shares - SVDS	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000
Retained Earnings	(1,930,471)	(2,157,327)
Current Year Earnings	1,104,166	226,856
<b>Total Equity</b>	<b>2,130,696</b>	<b>1,026,530</b>
<b>Assets</b>		
<b>Current Assets</b>		
Prepayments	0	149,905
Accounts Receivable	1,429,859	495,885
Accrued Interest	0	2,980
RWT On Interest	7,352	6,744
Transaction Account	231,468	1,238,757
Call Account	114,861	331,247
BNZ - Term Deposit 020	600,000	81,000
GST	48,912	58,604
<b>Total Current Assets</b>	<b>2,432,452</b>	<b>2,365,121</b>
<b>Non-current Assets</b>		
SVDS - Original Cost	3,065,316	3,065,316
WRTM - Original Cost	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195
IT equipment	5,398	0
Accumulated Depreciation	(5,281,581)	(5,199,774)
<b>Total Non-current Assets</b>	<b>87,183</b>	<b>163,592</b>
<b>Total Assets</b>	<b>2,519,635</b>	<b>2,528,713</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	217,919	659,338
Accounts Payable Accrual	176,853	101,235
Revenue in Advance	0	741,610
PAYE Clearing Account	733	0
<b>Total Current Liabilities</b>	<b>395,505</b>	<b>1,502,183</b>
<b>Non-current Liabilities</b>		
KiwiSaver payable	457	0
suspense	(7,023)	0
<b>Total Non-current Liabilities</b>	<b>(6,566)</b>	<b>0</b>
<b>Total Liabilities</b>	<b>388,939</b>	<b>1,502,183</b>
<b>Net Assets</b>	<b>2,130,696</b>	<b>1,026,530</b>

## 4.5 Statement of Cashflows

### Waikato Local Authority Shared Services As at 31 December 2018

	Actual YTD	Full Year Budget	Last YTD
<b>Cashflows from Operating Activities</b>			
Interest Received	3,388	14,000	19,075
Receipts from Other Revenue	1,895,759	4,074,061	4,680,206
Payments to Suppliers	(2,429,673)	(4,873,426)	(4,032,901)
Taxes Paid (net)	(608)	0	(6,426)
Goods & Services tax (net)	(168,143)	(119,905)	(43,897)
Net cash from operating activities	(699,277)	(905,269)	616,057
Purchase of property, plant and equipment	(5,398)	0	0
Net funds placed on term deposit	(519,000)	0	0
Purchase of Intangible Assets	0	0	0
Net cash from investing activities	(524,398)	0	0
<b>Net increase in cash, cash equivalents and bank account</b>	<b>(1,223,675)</b>	<b>(905,269)</b>	<b>616,057</b>
Opening cash and cash equivalents and bank overdrafts	1,570,004	1,171,586	953,948
<b>Closing cash, cash equivalents and bank accounts</b>	<b>346,329</b>	<b>266,317</b>	<b>1,570,005</b>



**WAIKATO REGIONAL  
AIRPORT LIMITED**

**INTERIM REPORT**

For the six months ended 31 December 2018

## RESULTS AT A GLANCE

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**Passenger Volume** 191,000  
Growth of 13,000 / 7%

**Aircraft Movements** 68,000  
Unchanged from prior year

**Operating Revenue** \$4,678,000  
Growth of \$474,000 / 11%

**EBITDA** \$1,736,000  
Growth of \$152,000 / 10%

**Net Surplus After Tax** \$429,000  
Growth of \$342,000 / 397%

**Total Shareholder Funds** \$85,846,000  
Growth of \$3,151,000 / 4%

\* growth is measured compared to the six months ended 31 December 2017



## CHAIR'S REPORT

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The Group's Directors and Management are pleased to report continued and significant growth across all areas of the WRAL Group including Hamilton Airport, the Titanium Park property development initiatives and Hamilton & Waikato Tourism as the regional tourism organisation for the Mighty Waikato. This has culminated in a \$429,000 after tax profit for the period. While this profit includes the effect of Titanium Park land sales, the underlying earnings of the Group reflected in EBITDA, which exclude land sales, have still grown by 10% on the same time last year.

### Year to date

#### *Airport*

The Airport has continued to enjoy another period of sustained passenger growth, with airline customers up 7% on the same time last year, this coming on the back of 12% and 8% increases in previous periods. A pleasing aspect of the passenger growth has been the corresponding revenue growth with all major streams experiencing increases in the last six months. Passenger growth is reflected in our financial results by aeronautical charges received from airlines which are levied on a "per passenger basis" and additionally through carparking and concessionary income – a variable component built into many of the lease and rental agreements we have with tenants and service providers in and around the terminal precinct.

The Airport completed a much-needed extension of the terminal carpark and installation of new control equipment shortly before Christmas. Carparking revenue has increased by 14% on the same period last year, at almost twice the rate of passenger movements which are a key driver of carpark utilisation. This is without any change to our pricing structure. Global ride sharing service Uber also joined the list of transport options available to travellers and visitors to Hamilton Airport in the period.

Our capital program has also included an upgrade to the first of our three rescue fire fighting appliances, with the second appliance to commence its upgrade in the latter stages of the financial year. The upgrades ensure the Airport's emergency response services meets and exceeds the requirements for an Airport of our size.

During the reporting period, management have been working on plans to significantly refresh and upgrade the terminal building. To date our architect has provided a re-design of the interior of the terminal with the primary aim of upgrading the look and feel of the terminal to enhance the customer experience. In addition, we are taking the opportunity to review all elements of the terminal. To date we have received a componentry report addressing non-structural elements of the terminal; in summary the report indicates there is only minor work to remediate which will be completed when the terminal is upgraded mid-2019.

We have also had specialist aviation consultants review the terminal from a passenger flow perspective and that report has confirmed we have a well-designed terminal with sufficient latent capacity to handle the passenger forecast volume growth in our 10 year plans.

Finally we have also commissioned a report on the resilience of the terminal structure. The draft structural report is still with our engineers as they are also completing reports on other Airport buildings including the fire station. We expect a substantive update in March which will then inform the level of any required remediation. The company will then be in a position to brief the shareholders at our half year update, proposed to be early April 2019.

Our investment into growing our social media presence has meant we have become much more engaged with travelers and visitors to our airport. Feedback from this process is being incorporated into our plans for the terminal refresh and infrastructure upgrades to ensure our terminal remains responsive to changing customer demands. Social media has also allowed us to break down common misconceptions about flying out of Hamilton

by informing the local community, around airfare comparability with Auckland airport as well as the price of other relevant charges.

The terminal facilities continue to be well utilised as conferencing facilities. A number of Airport and Titanium Park tenants have taken the opportunity to hire these to give them short term additional space in close proximity to their current operations. In addition to the benefits they offer for visitors flying into the city, the facilities are proving popular with Waikato businesses due to their modern and vibrant feel, their unique location and outlook and the quality of the supporting services available in the terminal.

A major stream of work for the Airport operations team has been the re-certification approval by the Civil Aviation Authority. This is a five yearly process in addition to the routine ongoing audit and surveillance requirements, whereby the Airport must reapply for its Aerodrome Certificate. This certificate is required before the Airport can receive aircraft with more than 30 seats.

Activity around the Airport remained strong through winter with minimal fog disruptions and in August, the Airport received more flights diverted from other Airports due to bad weather than were lost due to local fog. Overall aircraft movements remain unchanged from the same period last year however the traditionally busier months unfold in the second half of the year, as late summer and autumn offer favourable months for flight training activity by the L3 Airline Academy.

The Group remains on track to achieve all operational KPIs set in the statement of intent and it is pleasing to once again report there have been no notifiable Health & Safety incidents involving Group personnel.

#### *Property*

We continue to receive very good levels of land sale inquiries. In response to the emerging demand for larger industrial lot sizes, the Southern Precinct has been introduced to the market. This is the first precinct development constructed by the Group itself, with all previous developments commenced under the former joint-venture with specialist property developers McConnell Group.

Of the 10 hectares on Southern precinct, over 4 hectares was under contract at 31 December 2018. Of these 4 hectares, 3 have been sold to a nationwide household brand name in the automotive industry, with the purchaser being unconditional and settlement due upon completion of the subdivision construction which is expected in the second half of the current financial year.

There have been three smaller lots sold on the Titanium Park Central Precinct as well, one having already settled by 31 December 2018. This sale is the only transaction reflected in the accompanying land sales figure in the half year financial statements as the Group recognises land sales as income on settlement, rather than on execution of a contract. The full year (to 30 June 2019) forecast is for 5 hectares of land sales, grossing revenue of \$7.1 million and yielding a margin of at least \$2.0 million.

#### *Tourism*

The first half of the year has seen Hamilton & Waikato Tourism expand its focus from business and events tourism to leisure and visitor tourism. This has culminated in the launch of a regional brand *“The Mighty Waikato: where the magic runs deep”* for use in both domestic and international campaigns.

The established business and major events tourism strategies continue to support the buoyant local market with a 60% increase in the level of inquiry received on the same time last year. The region has maintained its market share as the third largest multi-day business events hub in the country, which is a pleasing outcome as new facilities are emerging around the country providing increased competition. Visitor expenditure in the region is up 8% on the same time last year.

The significance of the growing influence Hamilton & Waikato Tourism is having in the local tourism industry to achieve is best reflected by the level of industry funding secured: at the half year period end, Hamilton & Waikato

Tourism have already exceeded their annual budget by some 20%. This is just one of several annual targets already achieved in the first six months of the June 2019 financial year.

#### Outlook for remainder of the year end beyond

The success of all three businesses in our group over the past six months have contributed to the double digit revenue and earnings growth compared to the same time last year. What the results do not however reflect is the significant milestones made in the foundation of several key strategic initiatives that will shape the future of the Group over the course of the next decade and beyond.

#### Airport

During the past twelve months the Airport has completed a consultation process with its major aviation customer Air New Zealand as part of the regulatory process to set its aeronautical charges for the coming three years through to December 2021. Aeronautical charges, which include landing charges applicable to all aircraft, small and large alike; and a terminal levy applicable for airline passengers were last revised in 2013 following the withdrawal of international air services.

The Group will begin to realise (approximately) an extra \$1.5 million per annum in revenue as a result of the revised charges, this being in addition to the organic growth expected from continued increases in passenger numbers passing through the terminal. These charges do not result in any increased operational costs to the Airport however they do obligate the Airport to invest in some specific capital projects which are not a significant departure from the existing 10 year plan. Charges at these levels now mean the Airport is on track to achieving a commercial scale return on its aeronautical assets.

#### Property

The second half of the June 2019 financial year will see the Group complete the purchase of the Hamilton Airport Hotel and Conference Centre. The buildings were acquired in January 2018 and continue to be leased back to the incumbent operator. At the time of authoring this report, the Group is in the final stages of signing an agreement with a nationally recognised operator to take over the hotel in mid-2019. To secure an operator of this calibre, WRAL has made a commitment to spend approximately \$4 million on a comprehensive refurbishment and upgrade, both internally and externally, that will see the Hotel brought up to a Qualmark 4 Star standard in keeping with the operator's brand standards and a level of investment that optimises our return on the property while best meeting the demand in the region for higher quality accommodation.

Titanium Park is reaching a tipping point in its long term strategy. The successes of the industrial park development and land sale model have been covered earlier in this report however the next step for Titanium Park is to move to being a property investor through design/build to lease opportunities. Levels of strong and positive inquiry continue to accelerate, including from some national and global brand names looking to establish themselves in the Waikato or move within the region to a future-proofed and central location.

#### Tourism

The second half of the year will see the wider scale roll out of the Mighty Waikato regional visitor brand identity. The organisation will continue its work as an advocate for investment in local tourism and as a central organisation in the local industry with advice and support being provided for new accommodation facilities and tourism experiences and operators.

Hamilton & Waikato Tourism are also assisting in supporting Provincial Growth Fund applications for local tourism businesses and expect this activity to increase in the second half of the current financial year.

### Overview

At our last Annual General Meeting we presented our ten year strategic plan to shareholders. We are halfway through the first year of this, and have already met and actually exceeded a number of critical milestones set for the first two years across all aspects of Airport, Property and Tourism. The positive outlook for the remainder of the year and into the coming financial year further indicates that the key initiatives across the group are on track and we expect these will be executed successfully.

**John Spencer**

Chairman

## FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Revenue & Expense

For the six months ended 31 December 2018

	GROUP \$000	
	2018	2017
<b>REVENUE</b>		
Operating revenue	4,678	4,204
Land Sales	1,121	32
Other gains/(losses)	75	-
<b>Total Revenue</b>	<b>5,874</b>	<b>4,236</b>
<b>EXPENSES</b>		
Cost of land sales	812	41
Employee benefit expenses	1,191	1,134
Depreciation and amortisation expense	1,234	1,210
Operating expenses	1,633	1,347
Directors' fees	119	130
Finance costs	263	235
<b>Total Expenses</b>	<b>5,252</b>	<b>4,097</b>
<b>Surplus Before Tax</b>	<b>622</b>	<b>139</b>
Income tax expense	193	53
<b>Surplus After Tax</b>	<b>429</b>	<b>86</b>
<b>Other Comprehensive Revenue</b>		
Gain on property revaluation	-	-
<b>Total Other Comprehensive Revenue and Expense</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>429</b>	<b>86</b>

*The above results have not been audited.*

## FINANCIAL STATEMENTS

### Consolidated Statement of Financial Position

As at 31 December 2018

	GROUP \$000	
	2018	2017*
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	56	77
Receivables	602	449
Inventories	95	95
Prepayments	82	77
Development property	9,220	9,345
<b>Total Current Assets</b>	<b>10,055</b>	<b>10,043</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	74,477	76,571
Intangible assets	814	979
Investment property	21,503	15,307
Other non-current assets	60	69
<b>Total Non-Current Assets</b>	<b>96,854</b>	<b>92,926</b>
<b>Total Assets</b>	<b>106,909</b>	<b>102,970</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables and accruals	1,262	812
Employee benefit liabilities	230	238
Revenue in advance	137	195
<b>Total Current Liabilities</b>	<b>1,629</b>	<b>1,245</b>
<b>Non-Current Liabilities</b>		
Term loans	12,680	11,248
Deferred tax liabilities	7,326	7,783
<b>Total Current Liabilities</b>	<b>20,006</b>	<b>19,031</b>
<b>Total Liabilities</b>	<b>21,635</b>	<b>20,276</b>
<b>Net Assets</b>	<b>85,274</b>	<b>82,694</b>
<b>Equity</b>		
Share capital	14,860	14,860
Retained earnings	23,822	21,100
Dividend to shareholders	(250)	(200)
Other reserves	46,842	46,934
<b>Total Equity</b>	<b>85,274</b>	<b>82,694</b>

*The above results have not been audited. The balance sheet as at 31 December 2017 has been restated in line with the adjustment referred to in Note 26 of the 30 June 2018 annual report.*

## PERFORMANCE REPORTING

### Performance against Statement of Intent

For the six months ended 31 December 2018

MEASURES (all amounts \$000)	Actual 31 Dec 2018	Forecast 30 Jun 2019	SOI 30 Jun 2019
Earnings before interest, taxation & depreciation (EBITDA) excluding land sales	1,736	3,845	3,400
Net surplus/(deficit) after tax	429	1,340	127
Net operating cash flow	814	2,374	1,900
Net investing cash flow	(412)	(1,570)	(4,300)
Total debt	12,680	13,290	18,000
Total liabilities/shareholders' funds (debt/equity ratio)	25:75	26:74	35:65
Shareholders' funds to total assets	20:80	21:79	26:74
Percentage of non-landing charges revenue to total revenue	76%	80%	74%
Interest cover	6.60	6.25	4.00

*The above results have not been audited.*

## CORPORATE DIRECTORY

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For the six months ended 31 December 2018

**Board of Directors** John Spencer CNZM (Chair)  
Annabel Cotton  
Carlos da Silva  
Margaret Devlin

**Chief Executive** Mark Morgan

**Chief Executive, Hamilton & Waikato Tourism** Jason Dawson  
**Group Finance & Corporate Services Manager** Scott Kendall  
**General Manager Operations** Simon Hollinger  
**Group Property Manager** Dion Merson  
**Commercial, Growth & Marketing Manager** Rebecca Corbett

**Registered Office** Hamilton Airport Terminal Building  
Hamilton Airport  
Airport Road, R D 2  
Hamilton 3282

**Telephone** 07 848 9027

**E-mail** [wral@hamiltonairport.co.nz](mailto:wral@hamiltonairport.co.nz)

**Auditors** Audit New Zealand, Tauranga on behalf  
of the Controller and Auditor-General

**Solicitors** Ellice Tanner Hart, Hamilton

**Bankers** Bank of New Zealand

**Website address** [www.hamiltonairport.co.nz](http://www.hamiltonairport.co.nz)



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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	15 March 2019
<b>Prepared by</b>	Finance Planning & Reporting Team
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2200798
<b>Report Title</b>	Financial performance summary for the period ending 28 February 2019

## **1. EXECUTIVE SUMMARY**

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This report presents year-to-date financial performance against the 2018/19 Annual Plan and those budgets carried forward from the 2017/18 financial year.

The report provides a summary of revenue and expenses, capital expenditure, treasury risk management policy compliance and key reserve balances.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received.**

## **3. ATTACHMENTS**

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Financial Performance Summary

**AT A GLANCE**

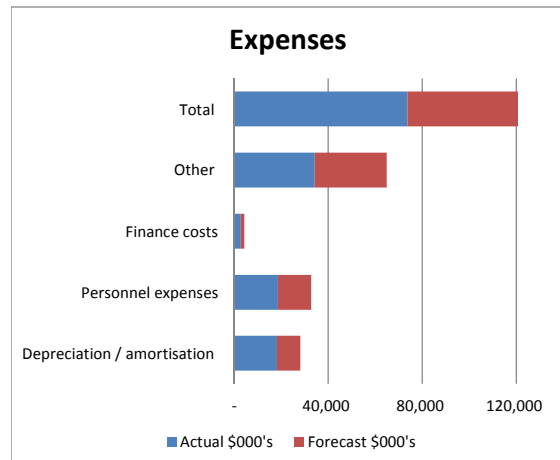
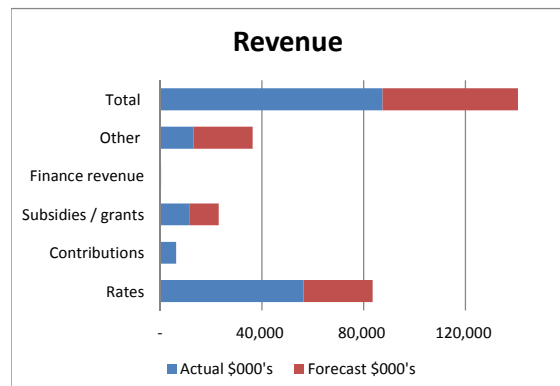
Capital expenditure is approximately \$14 million behind year-to-date expectations. Cashflow forecasts profile a further \$24 million in capital spend before 30 June, bringing total capital spend expectations to around \$54 million. Subsidy income is in part related to capital works so is also below year-to-date expected levels. Development and financial contributions are ahead of forecast, and rating income exceeded the full year budget.

Treasury policy measures, other than the proportion of debt in the 3-5 year maturity, are compliant as at 28 February. This is expected to self-correct in March.

	Feb-18	Open Bal
	\$000's	\$000's
<b>Reserve Balances Summary</b>		
Restricted reserves	192	187
Council reserves	24,033	27,543
Development contributions	(40,891)	(36,737)
Replacement funds	18,240	16,084
Targeted rate reserves	(5,539)	(6,403)
<b>Total</b>	<b>(3,965)</b>	<b>674</b>

**Key reserves (included in balances above)**

	Feb-18	Open Bal
	\$000's	\$000's
Disaster recovery	410	407
Hamilton East Property proceeds	2,308	2,308
Structure plan non-growth reserve	909	887
Northgate development area	(4,228)	(4,112)
Pokeno Structure plan	(12,623)	(11,680)
Tamahere Structure plan	(2,076)	(2,050)
DW water targeted rate	(4,927)	(4,395)
DW wastewater targeted rate	(3,606)	(4,819)



**FINANCIAL PERFORMANCE SUMMARY**

For the period ending 28 February 2019

	Actual \$000's	FY Forecast \$000's	% usage	YTD Variance \$000's	Ref.
<b>Revenue</b>					
Rates	56,341	83,579	67%	(621)	1
Development and financial contributions	6,275	6,174	102%	(2,159)	2
Subsidies and grants	11,477	23,020	50%	3,870	3
Finance revenue	330	130	254%	(243)	4
Other revenue	13,071	36,388	36%	11,187	5
<b>Total revenue</b>	<b>87,494</b>	<b>149,291</b>	<b>59%</b>	<b>12,033</b>	
<b>Expense</b>					
Depreciation and amortisation expense	18,146	28,165	64%	631	6
Personnel expenses	18,547	32,779	57%	3,306	7
Finance costs	2,835	4,267	66%	10	
Other expenses	34,176	64,943	53%	9,119	8
<b>Total operating expenses</b>	<b>73,704</b>	<b>130,154</b>	<b>57%</b>	<b>13,065</b>	
<b>Surplus (deficit) before tax</b>	<b>13,790</b>	<b>19,137</b>	<b>72%</b>	<b>(1,032)</b>	

Year-to-date net operating surplus of \$13.8 million is approximately \$1 million ahead of year to date expectations.

Items to note are as follows:

**Income**

- Favourable - Rating income is above long term plan budget expectations for the year. The results are nett of both penalty income and remission costs which are similar in quantum to the same period in the prior financial year at \$1.2 million and \$500,000 respectively.
- Favourable - Contribution income is above year to date expectations. Approximately \$710,000 relates to older consents with financial contributions, with the remainder coming from development contributions (DCs). Approximately 51% of the DC income received relates to Pokeno.
- Unfavourable - Subsidy is linked to physical work programmes. From an operational spend perspective, both sealed and unsealed pavement maintenance costs are below year-to-date expectations. The new low cost/low risk category of NZTA is where the majority of the variance lies in terms of roading capital spend.
- Favourable - Permanent variance from unbudgeted term deposit interest
- Unfavourable - Timing of vested assets. Almost \$16 million is expected to be vested in the Horotiu and Pokeno areas before 30 June..

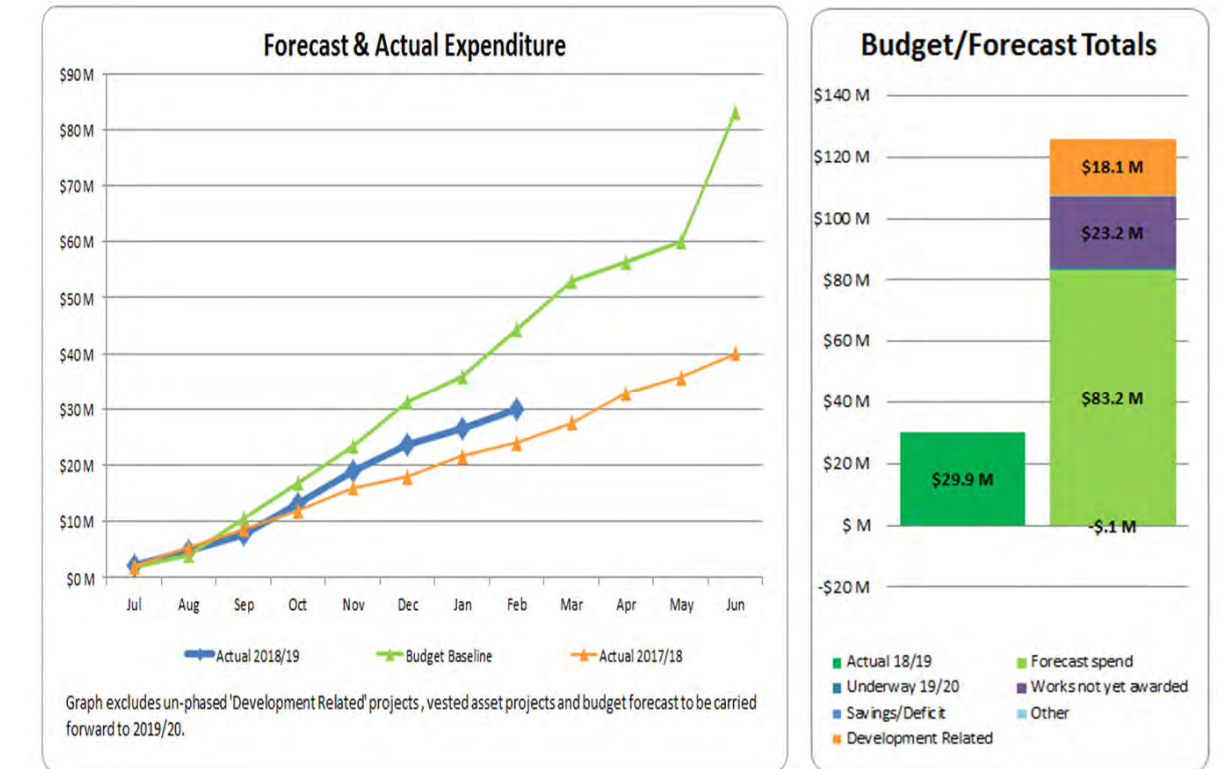
**Expense**

- Favourable - impact from lower spend in capital work programme.
- Favourable - Impact of vacancies.
- Favourable - Operational work programme variance.

Net Operating Surplus (Deficit) Breakdown	Actual \$000's	FY Forecast \$000's	YTD Variance \$000's	Favourable / Unfavourable
Roading	5,310	27,201	12,824	U - Subsidy income timing
Water	1,138	(202)	(1,272)	F - Low levels of activity expenditure
Wastewater	2,023	865	(1,447)	F - Low levels of activity expenditure
Stormwater	794	(805)	(1,330)	F - Low levels of activity expenditure
Sustainable Communities	1,307	(537)	(1,665)	F - Timing of grants payments
Sustainable Environment	160	(519)	(506)	F - Timing of fees and charges income
Governance	(60)	(826)	(490)	F - Timing of expenditure
Organisational Support	(1,085)	(6,041)	(2,943)	F - Lower internal interest and internal recoveries
<b>Total Group of Activities</b>	<b>9,587</b>	<b>19,137</b>	<b>3,171</b>	
General rate usage	4,203	-	(4,203)	F - The general rate income recognised currently exceeds the amount of general rate used. This number adjusts throughout the year relative to activity expenditure
<b>Surplus (deficit)</b>	<b>13,790</b>	<b>19,137</b>	<b>(1,032)</b>	

Capital expenditure	Actual \$000's	FY Budget \$000's	% usage
Roading	14,580	59,239	25%
Water	1,763	19,762	9%
Wastewater	3,300	19,759	17%
Stormwater	1,474	7,441	20%
Sustainable Communities (P&R, halls, pools, toilets, walkways)	7,289	24,701	30%
Sustainable Environment (landfills)	16	153	10%
Governance	46	-	0%
Organisational Support (plant, offices/libraries & IM)	1,452	7,915	18%
<b>Total Group of Activities</b>	<b>29,920</b>	<b>138,970</b>	<b>22%</b>

The "FY Forecast" relates to the first year of the LTP, including vested assets plus any carry forward works from 2017/18. The work programme was resized to a programme of approximately \$83 million. The budgets do not reflect these changes.



Treasury Policy compliance	Policy limit	Actual	Compliance
<b>Prudential limits</b>			
Percentage of net external debt to annual revenue	<150%	53%	✓
Net interest expense on net external debt as a percentage of total annual revenue	<20%	3%	✓
Net interest expense on net external debt as a percentage of annual rates	<25%	5%	✓
<b>Interest rate risk controls limits (interest rate exposure)</b>			
Fixed interest proportion	50%-100%	96%	✓
<b>Liquidity/funding risk (access to funds)</b>			
Liquidity	>110%	148%	✓
Broken down:			
0-3 years	15%-60%	53%	✓
3-5 years	15%-60%	14%	✗
5 years plus	10%-40%	33%	✓

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	15 March 2019
<b>Prepared by</b>	Planning & Reporting Team
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 2199714
<b>Report Title</b>	Operational Budget Reviews

## **1. EXECUTIVE SUMMARY**

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This report summarises the issues and results from internal operational budget reviews for the information of the Strategy & Finance Committee.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received.**

## **3. BACKGROUND**

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Council follows a tiered budget review process to support:

- Financial accountability – finding funding solutions at the time of planned expenditure;
- Identification of savings as they arise;
- Improved variance commentary; and
- Removal of duplication of effort.

There are four different levels of budget review, three of which utilise an operational budget review process; movement between budgets within the same cost centre, movement between budgets at the group level, and employment related budget changes.

The fourth type of budget review relates to capital works and non-neutral funding changes (which alter the Annual Plan / Long Term Plan that was adopted and communicated to ratepayers, residents and other stakeholders).

These changes are advised to the relevant committee with specific financial resolutions that identify funding solutions/savings. Where contracts are let under delegated authority and budget changes are required, the tender report includes a resolution to allow funding to be adjusted as identified in that report (i.e. a separate committee report is not required).

The approved process is in place to improve flexibility during the year and aligns with transparency requirements under the Local Government Act 2002.

#### 4. ISSUES AND RESULTS

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An organisation-wide budget review process is conducted in March each year to capture the remaining operational variances to mitigate surplus/deficit positions ahead of the financial year end. Invariably budgets differ from actual costs charged, and the purpose of the tiered budget review and operational budget review processes is to manage the impact of these changes without adversely affecting the overall funding position.

The General Accounting Reserve Fund (“GARF”) which is comprised of general rate surpluses from prior financial years is used to manage one-off adverse general rate variances. Through the Long Term Plan process, a commitment was made to:

- a) capture upfront those savings typically generated during the year against salary budgets (mainly from vacancies and timing of replacement); and
- b) capture the anticipated efficiency savings associated with the digital roadmap work.

Therefore, the expectation in the 2018/19 year is that any general rate surpluses will be at a lower level than those experienced previously. The reserve is forecast to have a balance at 30 June 2019 of approximately \$270,000.

Further to this fund a separate reserve was established from the 2017/18 GARF closing balance, as agreed by Council, to implement the internal resourcing changes geared towards delivering Councils’ vision for Liveable, Thriving, Connected Communities. Any people related operational budget savings will be credited to this reserve to assist in funding any shortfall in staff related expenditure in 2019/20.

In 2018/19 the following general rate funded items have been able to be returned to the GARF reserve:

<u>Operational budget review one-off process savings+/-deficit-</u>	
Animal control expenses (stock pound etc.)	\$ 6,000
Consent team advertising (less notified consents)	\$ 4,000
Monitoring & Bylaws contractors	\$ 15,000
Pest control contract savings	\$ 18,000
Term deposit interest income	\$190,000
Master planning (Blueprints) funding brought forward	(\$134,000)
*Building Quality (remove reliance as funding source)	(\$512,675)
<u>Plus: Additional income/funding offsets</u>	
WaterCare transition budget (WDC savings)	\$200,000
Additional general rate received	\$317,000
<b>Total return to the reserve (savings)</b>	<b>\$103,325</b>

\*Any surplus generated from building activity in the district is earmarked for digital improvements to building processes. At present it is being returned to the GARF reserve, however, the funding is committed over the

long term (overs and unders across the LTP period) so it has been removed as a funding source for the accuracy of this report.

Further savings are anticipated for depreciation expense. Legal costs related to employment matters have been identified as a potential area for savings (approx. \$11,000), however, will not be able to be quantified in full until the end of the year due to the reactive nature of the overall legal budget. Similar circumstances exist in terms of debt collection expenses.

Targeted rate funding issues are out of scope in these reviews as any decision to increase targeted rates must be consulted on.

## **5. CONCLUSION**

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The operational budget review processes conducted during the year have resulted in a return of funds to GARF. This is at a lower level than in prior years due to the Long Term Planning process which led to budgets already allowing for major salary and process efficiency savings.

## **6. ATTACHMENTS**

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NIL

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	22 March 2019
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Exclusion of the Public

## **I. EXECUTIVE SUMMARY**

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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**

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**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 27 February 2019**

**Receipt of Audit & Risk Committee Minutes dated Wednesday 13 March 2019**

### **REPORTS**

#### **a. Draft Statements of Intent for 2019/20**

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:

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

Section 48(1)(3)(d)